

# **Northwestern Ontario: Preparing For Change**

## **Northwestern Ontario Economic Facilitator Report**



**Dr. Robert G. Rosehart  
February 2008**



## ACKNOWLEDGEMENTS

*The nature of this undertaking was very much dependent on the willingness of others to be open and candid about the economic realities and opportunities for Northwestern Ontario.*

*The willingness of people to give freely of their time, to assemble their thoughts, to travel to meetings -- sometimes over long distances on cold and icy evenings-- speaks strongly about the interest in creating a climate of prosperity in Northwestern Ontario. Nowhere did I hear messages of lament or desire to turn back the clock. Instead, I heard from Northerners who recognized the economic transition that is underway in their region, with a readiness to engage that change to ensure a prosperous role for the Northwest in Ontario's economy.*

*I would be remiss not to acknowledge the tremendous support and interest from the media in Northwestern Ontario during the entire process.*

*This report is a reflection of the issues, concerns, and opportunities that have been shared with me over the past five months and, as such, very much reflects the readiness expressed by Northerners to face the realities of economic change. They ask only that those in senior governments provide the means and willingness to engage in partnerships that will build a prosperous Northwestern Ontario in the future.*

*Perhaps one of the most encouraging signs during the development of this report was the cooperation and collaboration that is taking place between First Nations and non-Aboriginal communities across the region. While there are points of disagreement, overall there was a collective expression of working together to build strong futures and a wealth of opportunity for the sons and daughters of all in Northwestern Ontario.*

*Two things that were brought to my attention during the course of the study reinforce the sense of permanence and tenacity that permeated my conversations with Northerners: Firstly, a comment by a First Nation leader who simply observed that First Nations people were here long before the first wave of non-Aboriginal settlement, and they plan to be here in the future. No matter what that future brings, Northwestern Ontario is their home.*

*The second was a reminder of the motto of the Northwest Company, whose fur traders first canoed across this great land to bring furs from the west and to build a major fur trading exchange post at Fort William. Their motto was simply 'Perseverance, Perseverance, Perseverance'.*

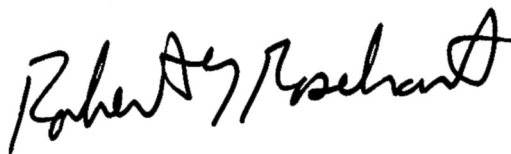
*Lastly, I would like to thank Dale Ashbee, Bob Jeffery and Megan Chochla who supported me in this project from start to finish, along with the entire staff of the Ministry of Northern Development and Mines and the inter-ministry working group. A special thank you to Beth Harrison and Tina King for their ongoing support.*

*To all those who kindly shared with me their thoughts and vision for Northwestern Ontario,*

Thank You!

Merci!

Meegwetch!





## GLOSSARY OF ABBREVIATIONS

ADM	Assistant Deputy Minister
COMRIF	Canada-Ontario Municipal Infrastructure Fund
DM	Deputy Minister
DRP	Demand Response Programs
DUI	Driving Under the Influence
FedNor	Industry Canada FedNor
FWHP	Fort William Historical Park
GDP	Gross Domestic Product
GPS	Global Positioning System
INAC	Indian and Northern Affairs Canada
LU	Lakehead University
MMRC	Molecular Medicine Research Centre
MW	Megawatt
NADF	Nishnawbe Aski Development Fund
NAN	Nishnawbe Aski Nation
NDC	Northern Development Council
NOACC	Northwestern Ontario Associated Chambers of Commerce
NOHFC	Northern Ontario Heritage Fund Corporation
NOMA	Northwestern Ontario Municipal Association
NONTA	Northern Ontario Native Tourism Association
NOSM	Northern Ontario School of Medicine
OMICC	Ontario Mineral Industry Cluster Council
PNP	Provincial Nominee Program
SFL	Sustainable Forest License
US	United States

### ONTARIO GOVERNMENT MINISTRIES

MAA	Ministry of Aboriginal Affairs
OMAF	Ministry of Agriculture and Food and Rural Affairs
MCSCS	Ministry of Community Safety and Correctional Services
MEDT	Ministry of Economic Development and Trade
MEDU	Ministry of Education
ENE	Ministry of Environment
ENG	Ministry of Energy
FIN	Ministry of Finance

MNR	Ministry of Natural Resources
MNDM	Ministry of Northern Development and Mines
MPIR	Ministry of Public Infrastructure and Renewal
MRI	Ministry of Research and Innovation
MSBE	Ministry of Small Business and Entrepreneurship
TOUR	Ministry of Tourism
MTCU	Ministry of Training, Colleges and Universities
MTO	Ministry of Transportation

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## 1.0 EXECUTIVE SUMMARY

The dependence of the Northwestern Ontario economy on the forestry sector and its unprecedented and extended downturn prompted the Government of Ontario to appoint an Economic Facilitator to work with the people of Northwestern Ontario to identify initiatives that would build a prosperous economy in the region.

Dr. Robert Rosehart, at the time President of Wilfrid Laurier University and past president of Lakehead University, was selected to act as the Economic Facilitator for the region. In addition to long-term familiarity with Northwestern Ontario through his years at Lakehead University, Dr. Rosehart also led a review of the Northern economy in 1986. The recommendations he provided the government of the day have guided much Northern policy, program and project development in the intervening years, including the suggestion of the Northern Ontario Heritage Fund and the development of the Northern Ontario School of Medicine. As well, Dr. Rosehart has carried out other assignments for various provincial and federal agencies involving different economic groups in Northern Ontario. Dr. Rosehart also has significant economic development experience in the Region of Waterloo area, which has had considerable success in growing its new economy.

Dr. Rosehart was asked to work with the people and businesses of Northwestern Ontario to help inspire a new generation of growth in the Northwest. In June 2007, Dr. Rosehart started talking with people and organizations in the region, and with others closely involved and concerned with the success of the Northwest economy. During more than 120 meetings, groups and individuals outlined strengths, weaknesses, concerns, and opportunities for building a prosperous economy in Northwestern Ontario. This input, along with 16 visits to Municipalities, more than 20 meetings with First Nation leaders and related research, has painted a picture of the region's current challenges and opportunities. People are working hard to help Northwestern Ontario communities and businesses make the transition during this unprecedented time of change, but it is not an easy task.

Northwestern Ontario's demographic, economic and environmental future can be described as "out-of-step" with much of the rest of the province, and to some extent, even from Northeastern Ontario. Other economic regions of Ontario, until very recently, have experienced growth or at least stabilization of their population and economy. In Northwestern Ontario, the only significant population growth is among Aboriginal communities. While mining exploration activity is buoyant, the GDP and employment levels for the Northwest have declined.

Because the Northwest is currently facing different and more extreme economic challenges, standard programs and approaches of government are not sufficient to offset the significant changes that are coming. A willingness of government to consider new and innovative approaches will be required to build a strong Northwestern Ontario economy. Leaders are working together in unprecedented ways to create a voice for Northwestern Ontario, but this voice is not yet sufficiently strong and unified to attract the attention of senior governments.

*“Innovatively and with creativity Northwestern Ontario Municipal Association is working to ensure that our united voice is heard and that our recommendations are implemented by the other orders of Government.”*

**-Anne Krassilowsky, President of the Northwestern Ontario Municipal Association (NOMA) and Mayor of Dryden**

During the course of this study it became evident that a number of communities in other parts of the province had been negatively impacted by the transition in the forest industry. Many of the recommendations in this report may prove useful in dealing with similar issues in those communities.

There are three main areas of concern that will be addressed by the recommendations in this report:

1. Action must be taken to help **Stabilize the Current Economy** by providing targeted assistance to relieve factors which impact the ability of Northwest industries to either compete or make changes to create new markets and/or value-added products.
2. Assistance is needed to help **Build Capacity for the New Economy** -Northwestern Ontario needs to continue to build capacity and ensure appropriate knowledge, skills, and governance models are in place to take advantage of new economic opportunities. There is a need for additional and more accurate regional information, and for appropriately trained and skilled workers ready for new opportunities. As well, there is a need for strong collaboration and vision with functioning governance structures to support communities and businesses as they navigate through these changing times.
3. Finally, **Growing a Prosperous Northwest Economy** will require certain investments that signal a commitment to the people, communities, and economy of the Northwest and contribute to the foundation for their future. The report presents the recommendations by sector, allowing for focused conversation in each key area.

How various recommendations will be applied to these three main areas of concern -- *Stabilizing the Economy*, *Building the New Economy* and *Growing a Prosperous Northern Economy* -- will become apparent as the report is read and will be further identified in the “Summary of Recommendations” at the end of this report. The summary section will also identify whether recommendations are more focused on policy changes or on specific program initiatives within existing policy approaches.

With the current global trend for governments to centralize their functions and provide leadership through their policies and programs, it has also become clear that there is a need to provide additional leadership in the regions. As a distinct geographic and economic region of the province, Northwestern Ontario offers a ready opportunity to pilot regional initiatives within the context of Ontario public policy. This approach will help

Northwestern Ontario residents deal with the severe economic challenges they are facing and may become a model for other parts of the province facing their own economic changes.



## 2.0 INTRODUCTION

In the 2007 Ontario Budget, the Ontario Government announced the appointment of a Northwestern Ontario Economic Facilitator, Dr. Robert G. Rosehart, to work with the people and businesses of Northwestern Ontario to help inspire a new generation of growth in the region.

This initiative was undertaken because of lingering concerns about the ability of the regional economy of Northwestern Ontario to respond both in the short and long term to the significant declines in the forestry sector. The economy of Northwestern Ontario has traditionally been more focused on the lumber and pulp and paper forestry sector than has the economy of other parts of Northern Ontario. While total GDP contributions of the forest industry are similar in Northeastern and Northwestern Ontario, the forest industry makes up a much larger portion of the smaller Northwest regional economy than it does of the larger Northeastern economy<sup>1</sup>. In undertaking this study, both the short-term (two-to-five year period) and the long-term transition periods were considered in moving towards a more vibrant and resilient economic base.

*“Thunder Bay is making good progress on diversifying its economy in the biotechnology and molecular medicine research areas. It is extremely important that our commitment to growing our future continues to be supported by the senior levels of government.”*

**-Lynn Peterson, Mayor, City of Thunder Bay**

The task of the Northwestern Economic Facilitator was to build on initiatives already underway, including the recent Northern Development Councils' (NDC) recommendations on '*Growing and Strengthening Northern Business*', various sectoral studies, the Forest Sector Prosperity Fund and local and regional initiatives such as the Northern Ontario Municipal Association's (NOMA) '*Forging the Future*'. As the Economic Facilitator title implied, the most significant task was to facilitate

discussions among local stakeholders and governments at all levels to help the people of Northwestern Ontario to build a prosperous future.

A working group of staff from key Ontario economic ministries was established to provide input and advice to the Northwestern Ontario Economic Facilitator, and two staff were assigned to assist the Facilitator with this report.

Background information included existing economic development programs, an outline of economic development and economic transition “best practices” in other jurisdictions, and information related to the existing economic status and issues in the region.

A four-phase work plan was developed to guide activities over the next several months as Dr. Rosehart canvassed the Northwest for input. He spoke first with a large number of decision makers and key economic

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<sup>1</sup> Estimates provided by Dr. B. Moazzami, Department of Economics, Lakehead University

development players both in and outside of the region. By December 2007, Dr. Rosehart had met with more than 120 different groups and organizations, visited 16 municipalities and met with 20 Aboriginal leaders, including several Chiefs. To encourage public participation, a webpage was established through the Ministry of Northern Development and Mines (MNDM) where people could share their ideas, values and concerns. The Facilitator's phone number was also distributed to those who wished to contact Dr. Rosehart directly.

Input from individuals and groups was constantly monitored, and the Facilitator refined his lines of inquiry with various stakeholders to clarify common themes and concerns. This allowed Dr. Rosehart to refine his findings as he met with subsequent groups.

The fourth and final stage of the process was to formulate and test the resulting recommendations and develop several initiatives that will help the governments, people, and businesses of Northwestern Ontario to work together towards a more prosperous future.



### 3.0 NORTHWESTERN ONTARIO

Northwestern Ontario is comprised of three districts: Thunder Bay, Kenora, and Rainy River. The region represents 58% of the total land mass of the province of Ontario, as shown in Map #1.

#### **MAP #1: NORTHERN DISTRICTS IN ONTARIO**



Table #1 demonstrates what has happened to the economy of Northwestern Ontario over the past five years. On a regional basis, the Gross Domestic Product (GDP) for the Northwest has declined 6.7%, while the Northeast GDP increased 3.5% and the rest of Ontario rose 13.6% over the five-year period from 2001-2006.

**TABLE #1: GROSS DOMESTIC PRODUCT<sup>2</sup>**

	% of Ontario (2006)	Change from 2001-2006
<b>Northwest</b>	1.54%	-6.7%
<b>Northeast</b>	3.7%	+3.5%
<b>Southern</b>	94.76%	+13.6%

Northern Ontario is often thought of as a homogeneous landscape of natural resource opportunities, but there are key differences between the Northeastern and Northwestern regions. In this timeframe, when considering economic performance, these two regions are facing a mix of thriving mining activity and a downturn in the forestry sector.

Northwestern Ontario is experiencing an overwhelming loss of jobs and an economic downturn because of the historical dependence on the forestry sector. In Northeastern Ontario, the negative impacts of the forestry downturn are being mitigated by a strong and thriving mining sector. As well, the Northeast has a significantly larger population base (five times greater in density and proximity to large urban markets) which helps sustain a more diverse economy than that of the Northwest.

These regional differences are reflected in Table #2 which shows the regional employment trends over the past five-year census period.

**TABLE # 2: REGIONAL EMPLOYMENT LEVELS<sup>3</sup>**

	2006	Change from 2000-2006
<b>Northwest</b>	104,700	-5.5%
<b>NORTHEAST</b>	255,600	2.7%
<b>Southern</b>	6,132,400	11.2%

This analysis demonstrates dramatically the recent economic decline in the Northwest region, while other parts of Ontario have had significant economic prosperity during the same timeframe. Recent events, such as the

<sup>2</sup> Data from the Centre for Spatial Economics

<sup>3</sup> "The State of Small- and Medium-Sized Enterprises in Northern Ontario", November 2007, Ron Mulholland and Claude Vincent, Laurentian University

increase in the Canadian dollar, coupled with the loss of the competitive position of the manufacturing sector, have resulted in some sectoral slowdown and lower projected growth rates for the entire province. However, these events serve to compound the deteriorating situation of the Northwestern economy, which has traditionally been disadvantaged due to “distance-to-market” issues, low population density, low job creation potential, and an economy rooted in resource extraction.

In order to understand the current economy and where it is likely to go in the future, one must consider the regional demographics of Northwestern Ontario. Table #3 demonstrates that both the Northwest and the Northeast have declined in population over the ten-year period from 1996-2006, while Southern Ontario has experienced significant population growth.

**TABLE #3: REGIONAL DEMOGRAPHICS<sup>4</sup>**

	NW ONT	NE ONT	SOUTHERN ONT
<b>Population (2006)</b>	235,046	551,192	11,374,044
<b>Population Change (1996-2006)</b>	-3.7%	-5.3%	+14.6%
<b>Population Density per km<sup>2</sup> (2006)</b>	0.45	2.0	108
<b>Aboriginal Population Change (1996-2006)</b>	+33.9%	+44.1%	+45.9%
<b>Aboriginal Population As % of Region (2006)</b>	15.2 %	5.2%	0.49%

This table again demonstrates the challenges faced by the commercial and business sector in the Northwest. When reviewing ‘in region’ market potential related to population density, one realizes that there is a relatively low population density (0.45 persons/ km<sup>2</sup> in the Northwest, 2 persons/ km<sup>2</sup> in the Northeast) compared to the 108 persons/ km<sup>2</sup> in Southern Ontario. The small and widely dispersed population in Northwestern Ontario makes it significantly more difficult for business to grow on the basis of local markets or to compete in distant markets. The major focus in the economy of Northern Ontario (including Northwestern Ontario) has been the traditional economic base of natural resources; however the Aboriginal economy is of growing importance.

<sup>4</sup> estimates provided by Dr. B. Moazzami, Department of Economics, Lakehead University

*“A growing First Nation population only emphasizes the need for First Nations to be active participants in the economy. As First Nation people we must capitalize on this reality sooner than later. The opportunity available to my people, as one of the fastest growing and youngest populations, is endless if we position ourselves to learn and work alongside other successful Aboriginal and non-Aboriginal Ontarians.”*

**-Stan Beardy, Grand Chief, Nishnawbe Aski Nation**

In the Northwest, the Aboriginal population increased 33.9 % from 1996-2006, and Aboriginal people represent 15.2 % of the regional population (2006). According to the province's “Places to Grow” initiative, the projected growth for Ontario over the next 25 years is expected to represent a 33% increase in population. In Northwestern Ontario, it is estimated that the population will decline by 5.8% during the same time period. However, this projection masks the fact that simultaneously, there will be significant growth in the Aboriginal population. Although it is difficult to give accurate

estimates, the Aboriginal population in communities like Sioux Lookout and Thunder Bay continues to grow significantly. Recent Statistics Canada information (2006 Census) indicates an Aboriginal population growth rate of 20% over five years in the city of Thunder Bay.

## 4.0 OVERVIEW OF NORTHWESTERN ONTARIO REGIONAL ISSUES

While the traditional economy of Canada (and Northwestern Ontario) has been dominated by the natural resources sector, public policy has signaled an interest to diversify and promote value-added components to address both longer-term resource depletion and the changing markets for Canada's natural resource products (e.g. lumber and pulp and paper manufacturing). As the country moves towards the new economy, post-secondary education, research and innovation are major building blocks. The new economy is likely to be less concentrated, be more diverse in the number and types of companies, have fewer employees per company and be heavily focused on small-to medium-sized employers. The traditional economy of Northwestern Ontario has been dominated by a small number of larger companies with relatively high employment levels as the core economic engine, as well as service industries dependent on larger employers or communities. Clearly, Northwestern Ontario is a vulnerable economy while it is in economic transition.

*"As we move forward in creating new economic opportunities in Northwestern Ontario, it is crucial that one essential initiative be the introduction of a revised land tenure system, in terms of forestry."*

**-Michael Power, Mayor, Greenstone**

There has been considerable turmoil in the regional economy recently, with the closure of several pulp and paper and lumber mills. These closures are being driven by factors largely outside of the influence of Ontario, including the rising Canadian dollar, the declining US housing market, strong international competition, increasing energy prices, environmental pressures and climate change.

Some efforts are underway to restructure and refocus the products of some of the forestry operations that have closed. If these efforts demonstrate viable business plans (over a reasonable time frame), the resulting employment levels will be important as a bridge to the new economy.

While the forest industry is undergoing major consolidation and restructuring, the mining industry is in an upturn. Strong global demand for mineral commodities makes Ontario and in particular Northern Ontario a prime target for investors. Northern Ontario's international reputation for its rich deposits of nickel, gold, silver, platinum and most recently diamonds has attracted considerable interest from the mining sector. With the knowledge that much of the mineral deposits have yet to be discovered, it's stable environment and world class infrastructure, Northern Ontario has seen a sharp increase in mining exploration activity over the past two years. This exploration activity is timely as it requires services and trained workers and is helping to mitigate some of the negative impacts of the forest industry downturn.

Overall, rural and regional economies are somewhat challenged to attract attention because of the current academic fascination with urban clusters, and the concentration of Research and Development (R&D) spending in cities. Throughout the industrialized world, there is a focus on more centralization of government and

services that has been at least partially driven by the introduction of technology into the workplace and the ability to manage many functions centrally. That trend can make it difficult for decision makers to see first-hand the effects of economic downturn on remote regions. This becomes evident when, to varying degrees, governments attempt to use a “cookie-cutter” approach or common program initiatives to deal with the various disparate regions of their jurisdictions.

## 5.0 VISION AND GOVERNANCE

At various times during this study, it was reinforced that governments must have a clear vision for the long-term economic health of Northwestern Ontario. Although the region will always be challenged by vast distances and low population density, it does present opportunities for economic diversification and a gradual change to the new economy. Northwestern Ontario represents both a physical and strategic link between western and eastern Canada.

Without doubt, efforts of two economic development funds have had a profoundly positive impact on the opportunities available for individuals, organizations and corporations in Northern Ontario during the past 20 years. The NOHFC and FedNor have been the catalyst for some of the most exciting new initiatives in Northwestern Ontario. The Ontario government's decision last year to significantly increase funding for the NOHFC is very welcomed and appreciated in the North. Although FedNor's level of funding is much lower than the NOHFC, the two funds over the years have often worked to complement each other. It would be beneficial if over time the Government of Canada could increase the funding available to FedNor.

Input to the study indicated that the entrepreneurial spirit is alive and well in Northwestern Ontario. Most of the promising initiatives now underway, such as the Molecular Medicine Research Centre, have originated in the Northwest and have been supported by both NOHFC and FedNor. During the input phase of this report, it was repeated many times that in order for the region to be successful there must be both strong political will at all levels to support Northwestern initiatives and aggressive regional championing by organizations such as the Ambassadors Northwest, Nishnawbe Aski Nation (NAN), the Northwestern Ontario Municipal Association (NOMA) and the Northwestern Ontario Associated Chambers of Commerce (NOACC) along with organizations from Northeastern Ontario. While new initiatives in the Northwest need to be aligned with provincial objectives, innovation in delivery of programs to break away from the common pattern approach is critical. Recent successful initiatives such as the Northern Ontario School of Medicine (NOSM), the Molecular Medicine Research Centre (MMRC) and the Lake Superior National Marine Conservation Area would not likely have been undertaken or achieved without both strong political will and aggressive regional support.

*"Evidence shows that really big wins for the region will only come from a partnership of all Northerners; citizens, industry and all orders of government – including First Nations."*

**-Iain Angus, Chair, Common Voice Initiative**

There is concern about the lack of presence of senior government in Northwestern Ontario. The most visible presence of government is actually through the two economic development funds, the Northern Ontario Heritage Fund Corporation (NOHFC) and FedNor. There are practical limitations on how such strategic funds can be used and such funds should not be a replacement for government. There has

been a reduction in the number of senior government officials based in the Northwest over the years, largely due to centralization.

For example, in the case of the Ontario government, there has been a significant downgrading of the level of the senior bureaucracy in the Northwest. In the past a Deputy Minister and/or two Assistant Deputy Ministers were located in Thunder Bay. No one is currently positioned at these levels in Northwestern Ontario. Northwestern Ontario now has one cabinet position, which creates the political presence but not necessarily the senior bureaucratic presence. Both are needed.—Coupled with the lack of “on-the-ground” representatives of several ministries, it is not hard to understand why government is not perceived as having enough presence in the region.

## 5.1 Common Voice Initiative

During the past two years, under the leadership of NOMA, a broad-based coalition of 36 groups throughout the Northwest has developed a concept outlined in their final report “*Forging the Future*”. It calls for a new

*“The peoples of Northwestern Ontario, in order to make common cause and ensure a better future for our children in this land we call home, have come together in partnership to speak and act with one voice.”*

—Dr. Livio Di Matteo, ‘*Forging the Future*’, January 2007

advocacy agency to be established in the Northwest to interact with senior levels of government and other related stakeholders. Considering the diversity of communities and organizations within the Northwest, this has been a challenge, and efforts are still underway to try and incorporate First Nations organizations into the broad-based coalition. NOMA has committed to an initial funding formula for the proposed advocacy agency, and efforts will continue to establish a

‘common voice’ for the region. Participants in this study indicated that advocacy methods used in the past are not as effective as they once were. Methods of affecting policy and direction of government have evolved, and new methods of advocacy are needed.

### **RECOMMENDATION 5.1.1 (COMMON VOICE INITIATIVE)**

**It is recommended that the senior governments encourage and support the current Northwestern Ontario Municipal Association-led initiative to bring the economic players in Northwestern Ontario into a coalition that can identify and take action on key economic issues and opportunities by building a ‘common voice’ to advocate for the region with both public and private sector players. The study recognizes that the sub-activities of the initiative will need to be developed and supported based on their individual merit.**



## 5.2 Northwestern Ontario Policy Institute

Over the years there have been a variety of efforts to create Northwestern (Northern) databases and analysis capabilities by a variety of government and educational institutions, but none have been able to sustain their efforts on an ongoing basis. Having longitudinal, historical information on economic performance and public policy trends is important in order to understand the further evolution of Northwestern Ontario. This study looked at several options with respect to the establishment of a Policy Institute for Northwestern Ontario, and finds that the proposal being put forward by the North of Superior Training Board fulfills most of the objectives that would be desired. The Policy Institute would have the potential for sustained funding and would have an arm's length relationship with most other bodies in the Northwest.

*"An opportunity exists to learn from other jurisdictions in crafting a Northwestern Ontario Policy Institute to help steer the regeneration of our economic and employment future."*

**-Marg Scott, Executive Director, North of Superior Training Board**

### **RECOMMENDATION 5.2.1 (NORTHWESTERN ONTARIO POLICY INSTITUTE)**

**It is recommended that senior government support the establishment of a Northwestern Ontario Policy Institute that would operate at arm's length from government and have a mission to analyze data on economic, business, technological, scientific and social issues, and generate policy advice that can be applied to the region's economic and social development.**

## 5.3 Government in the Northwest

In a later section, this study deals with aesthetics in the Northwest and this topic is not unrelated. The décor and presentation in government agencies and offices in other parts of the province are often very impressive and effective. The Northwest would appear to have suffered somewhat in this regard. If out-of-region visitors (potential business investors) are to be introduced to the Northwest, particularly through Thunder Bay, there needs to be some physical improvement to the way in which they are presented to the Ontario government.

### **RECOMMENDATION 5.3.1 (PRESENTATION CENTRE IN THE NORTHWEST)**

**It is recommended that, similar to the MEDT Ontario Investment and Trade Services presentation centre in Toronto, an Ontario Government Presentation Centre be established in a flagship location in Thunder Bay. The Centre will be used by government and regional economic development agencies to present and promote Northwestern Ontario, to host potential investors and to provide electronic linkage to the Ontario Investment and Trade Services resources (e.g. Red River Road Government Building on the Waterfront).**

In terms of the various economic sectors, input was very supportive of the Ministry of Northern Development and Mines (MNDM) in the mining sector. Even though this ministry regulates the mining industry, it seems to

have considerable respect within the sector. Initiatives such as the Ontario Mining Industry Cluster Council (OMICC) have reinforced this respect. On the other hand, the forest industry has concerns about the perceived lack of a 'champion' within government for their sector, and this is an important and long-standing concern that needs to be dealt with. Comments were generally favourable about a variety of government assistance programs, but criticism focused on the programs being too long in the making, and too late to have the desired economic stabilizing effects. There is a growing realization throughout the Northwest of the size and importance of the economy of First Nation communities. However, there is also growing concern with unresolved issues relating to access to resources on traditional lands, and the long lead-time for environmental and other permitting processes associated with new projects.

Participants across a variety of sectors reflected the frustration about the lack of progress on many initiatives that have been talked about in the past.

*"While there have been some successes, there is still a perception in the North that the government spends too much time trying to explain why things cannot happen instead of actually making things happen."*

**-Frank Pullia, Councilor, City of Thunder Bay**

This is a particularly critical time in the future of Northwestern Ontario. Strong political will is needed in order to see positive developments, particularly with respect to Aboriginal communities and economic development in the North. It is particularly important and challenging because of the constitutional relationship requiring participation by the federal government in most issues relating to Aboriginal communities.

Increasingly in the Northwest, access to provincial ministries is by Internet or through Northern Development Officers with the MNDM. Input suggested that it would be beneficial to designate a 'Northern Desk' in the head office of each ministry. This would provide continuity in terms of a contact point for program and policy information, working through Northern provincial field staff. The identification of key contacts with Northern responsibilities in central agencies would greatly improve the access to, and quality of, the information being sought because the 'Northern Desk' would become very familiar with the programs and issues relevant to Northerners. This could be a pilot project mitigating some of the perceived negative issues relating to government centralization, and would be an initiative that would involve minimal cost.

#### **RECOMMENDATION 5.3.2 (NORTHERN DESK)**

**It is recommended that MNDM work with the 'Economic, Environmental and Resources' group of Ontario ministries to establish a 'Northern Desk Model'. 'Northern Desk' officers in other ministries should be afforded the opportunity of regional familiarization through visits to the North.**

Several times during the course of discussions the idea arose for a Northern Development Commissioner or a senior bureaucrat with direct access to senior levels of government, who could represent the region in dealing with issues and opportunities that are beyond the normal day-to-day parameters of line ministry staff and

programming. This concept has merit; especially from a regional perspective where it is perceived that additional advocacy would benefit many projects that otherwise have difficulty getting the attention and support of central agencies. Having a senior-level “champion” at the table would provide the opportunities for fast action on regionally significant economic development projects. This is seen as an important and direct benefit of this model. Research indicated most models for development commissioners either focused on a particular economic crisis (such as a plant closure) or functioned as an Economic Development Commissioner attached directly to a senior political office. Interestingly enough, discussions with an outdoor equipment manufacturer that had gone through downsizing in Southern Ontario indicated that they felt there was no useful role for government in such restructuring. Northern communities’ small size and single economic dependency may account for their support for the regional development commissioner concept.

A regional model for economic development in British Columbia was identified that most closely mirrored the Northwestern Ontario situation. A Northern Development Commissioner was appointed by legislation in 1998, to advocate for economic development and job creation in northern British Columbia. The Commissioner worked with regional groups and represented regional economic interests at the senior levels of government. This model functioned for almost four years, and indications are that it met with some success during that period. Follow-up research noted the absence of a Northern ministry to support the work of the Commissioner, and the geographic distance from the government central offices, as items to be addressed in developing a successful regional Northern Development Commissioner model.

#### **RECOMMENDATION 5.3.3 (NORTHERN DEVELOPMENT COMMISSIONER)**

**It is recommended that provincial and regional economic development partners further examine the development of a regional Northern Development Commissioner model that would advocate for economic development and job creation in Northwestern Ontario (or all of Northern Ontario).**

### **5.4 Public Service Jobs in the North**

A recurring issue raised by Northerners is the need to locate more stable public service jobs in Northern and rural areas that do not enjoy the same access to job growth opportunities as other areas of the province. In the late 1980s, the province launched a successful decentralization of major parts of ministries from Toronto to other parts of the province, and the issue is often raised as “what more can be done?” The Ontario Public Service has shrunk from 84,000 in 1995 to just over 60,000 today. This reduction has posed limitations in opportunities for further decentralization. As well, the move to more online (i.e. Service Ontario) types of services has reduced employment in some regional and rural areas.

If there are appropriate opportunities to locate more public servants in the North, there should be the political will to do it. While it is acknowledged that the Northwest may have a high ratio of public employment per capita already, it is a reality that government is still in the best position to create jobs in Northwestern Ontario, provided

those jobs can provide service to other parts of the province. This study has reviewed literature<sup>5</sup> in other jurisdictions, researching the criteria used to make these decisions (including improvement in the quality of service, improving policy delivery, achieving a better balance between the centre and the periphery, making policy more effective by reducing regional disparities, and reduction of costs). Additional work must be done to have locational decisions be made more on a “client service” and “cost of service” basis rather than using an ad hoc basis in Ontario. In another section of the report, reference is made to a recommendation for the strategic location of a new office of the Ministry of Aboriginal Affairs (MAA) in Northwestern Ontario.

#### ***RECOMMENDATION 5.4.1 (LOCATION OF NEW GOVERNMENT JOBS)***

**It is recommended that Management Board review current literature and devise a strategy, based on a blend of strategic and locational factors including economic cost to government and potential economic benefit for recipient communities, for the physical location of new civil service positions in the province.**

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<sup>5</sup> “Public Sector Relocation Policies in the UK and Ireland”, J. N. Marshall, European Planning Studies Vol. 15, No. 3, June 2007, and “Moving Public Servants to the Regions”, Philippe Le Golf Library of Parliament, March 2006.

## 6.0 AESTHETICS AND THE ENVIRONMENT

Most Ontarians, especially residents of the Northwest and those who visit the Northwest, appreciate the striking scenery and setting where people coexist with nature and the environment. Increasingly, travel across the Northwest reveals various abandoned buildings and businesses along the highways. These run-down and boarded-up buildings create a very impoverished look, particularly to outsiders. A related concern is the potential for abandoned brownfield industrial sites that could potentially occur as major companies sell off facilities to local groups, who may not in the long term have the financial capacity to rehabilitate totally (to the natural state) such sites in the future, when they are no longer economically viable. The government and the mining sector have dealt with this through the creation of a special fund, and although this is not being suggested at this time, a variety of strategies must be considered.

In terms of the mostly small-scale abandoned highway sites, it may be possible to either withdraw land use permits and/or place liens on sales to deal with site remediation if a site has been unused for a number of years. In some cases, a solution could be as simple as providing a training opportunity to set live fires intentionally to help train small volunteer fire departments in Northwestern Ontario.

### ***RECOMMENDATION 6.0.1 (AESTHETICS WORKING GROUP)***

**It is recommended that a task force including TOUR, MNR, MMAH, MTO and MNDM be struck to identify and deliver an initiative to improve aesthetics along the highways and byways of Northwestern Ontario, in recognition of the impact of aesthetics on residents, potential investors and tourists to the region, and the absence of municipal structure over much of the landscape.**

Climate change and the concerns with carbon loading in the environment are also having impacts in Northwestern Ontario. The gradual warming of the environment is playing havoc with the stability of the winter roads system in the Northwest. Winter roads are vital for the delivery of goods and services to remote First Nation communities. Such goods and services already come at a significantly higher cost for remote Northern residents and will further increase in cost if the use of the winter roads system continues to be limited. There is also the potential for significant environmental impact associated with the winter road system.

In terms of climate change, recent reports indicate that a growing and managed boreal forest is a “carbon sink” by absorbing more carbon dioxide, while an over-mature boreal forest becomes a “carbon generator”, primarily due to uncontrolled wildfires.

*“Each hectare of vigorously growing boreal forest has the ability to consume 170 tonnes of carbon each year; however, without utilizing the appropriate silvicultural system, this level of carbon sequestration is not possible.*

*Over-mature forests, like those typically found in unmanaged parks and wilderness areas, actually begin to emit carbon as they decay, which contributes to climate change. Trees become a carbon source as they die and decompose or burn, which releases stored carbon back into the atmosphere.*

*If these trees are harvested, the stored carbon can be transferred into forest products, such as lumber, furniture and other durable goods and continue to sequester carbon for decades or even centuries.*

*In the battle against climate change, there is no substitute for sound forest management practices in the boreal forest.”*

**-Genevieve Knauff, Manager of Project Development, Buchanan Forest Products**

The designation of more park area in the Far North in recent years has created possibilities for a “disconnect” between Aboriginal groups and environmental groups over future development. Some Aboriginal communities are having difficulty reconciling the “no-development” stances of some environmentalists with their own proposed developments. The Aboriginal population deals in a fundamental way with development, in which they respect their land while at the same time, proceed to develop it to meet the needs of their communities.

It is clear from the input received from all sectors that any future economic development initiatives in the Northwest will have to undergo the strictest environmental reviews by the various levels of government.

*“The Creator has given us the responsibility to protect the lands on which we were placed. We are to take care of and nurture everything that the Creator has given as a trust and duty to future generations of Pikangikum people.”*

**-From Pikangikum ‘People Sustaining Our Livelihood on the Land’,  
Whitefeather website**

## 7.0 REGION-PROVINCE-NATION BUILDING

For the past hundred years, developments in Northwestern Ontario have been somewhat piecemeal and sector-driven and this is particularly the case when it comes to road development in the Northwest. Considering that Northwestern Ontario is such a significant link between two distinct regions of Canada (western and eastern), it is time for governments to make some bold new investments which signify the strategic importance of the Northwest to Canada. The recent interest of federal government leaders with Northern sovereignty, and the often very difficult tie-up of commercial vehicles at the US border, have made investments in a secure and dependable "Canada-only" highway route all the more important. Over the years, both the federal and provincial governments have tried several approaches to improve the quality of life for people living in remote Aboriginal communities -- with limited success. Access continues to be a pervasive issue for remote First Nation communities. It is time for new initiatives in nation-building that will deal with all of these matters in a positive way.

### 7.1 Far North Road Development

In any society, reliable and reasonably priced transportation that provides needed access is vital to a successful economy. The lack of significant road infrastructure is an impediment to progress in light of the changing economic circumstances in Northwestern Ontario, particularly with respect to the interests of First Nations and Aboriginal people in becoming more significant players in the local economy and their interests in the resource sector (particularly mining). Winter road systems are increasingly unreliable and expensive to maintain, in part because of climate change, and are subject to potential environmental liabilities.

The time has come to explore the opportunity of a limited series of looping access roads for the Far North. As illustrated in Map #2 (Road System in Canada), all-weather road systems in Quebec and the western provinces go considerably further north than all-weather roads in Ontario, offering those provinces considerable access to small and remote communities in their respective Norths. Manitoba is currently working with Nunavut and the

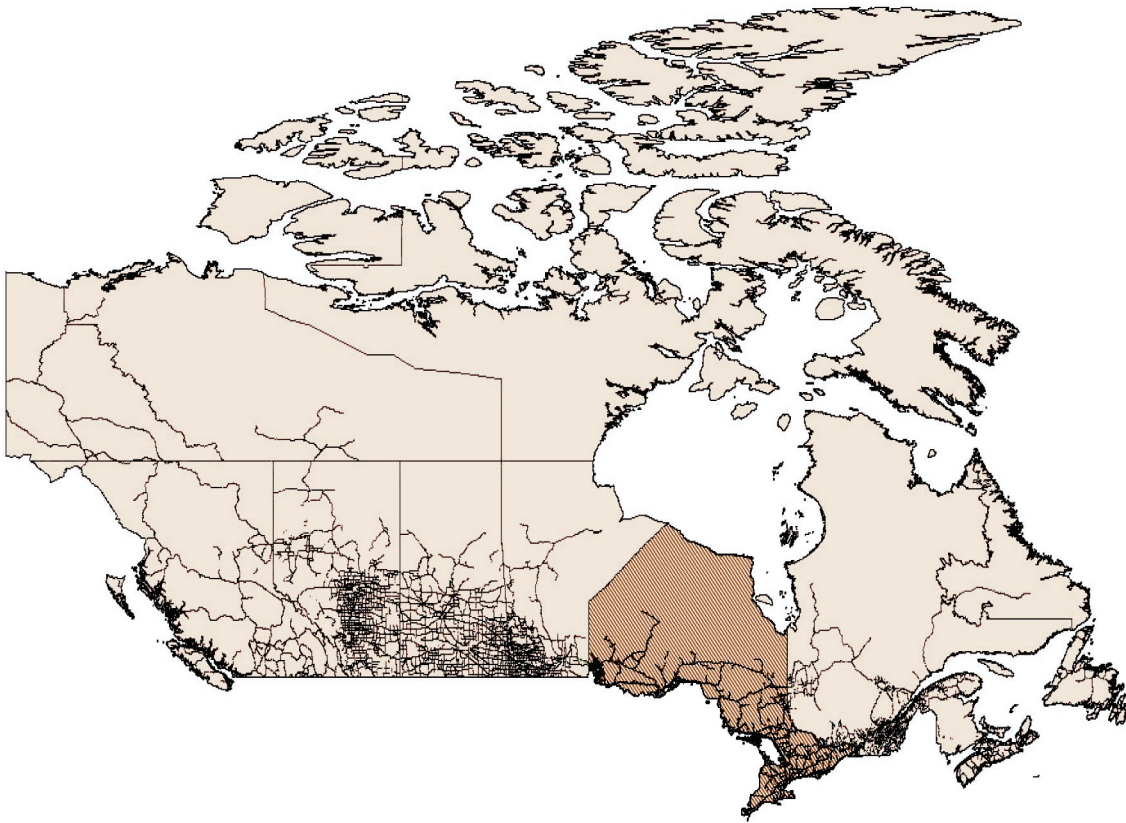
*"All I want is a road to my community."*

**- Aboriginal Leader, Marten Falls, at  
Matawa Tribal Council Chiefs  
Meeting, October 22<sup>nd</sup> 2007, Thunder  
Bay**

federal government on a Route Selection Study for an all-weather road that would link Rankin Inlet to the Manitoba road network, including an all-weather road link to the Port of Churchill. Improved access to currently remote areas of Ontario is seen as a critical step to stimulating and sustaining economic development in the region. While any new road

developments would have to meet the strictest environment requirements, it is difficult to see why, if they have been successfully constructed in other provinces, an all-weather road system could not also be built to serve the Northern reaches of Ontario.



**MAP # 2: ROAD SYSTEM IN CANADA**

Another factor that makes future Far North road development attractive is the concept of convergence of infrastructure within common corridors. Over the next 15 years, there is a need to upgrade the telecommunications systems to remote communities (particularly in the western section of the province). This could be accommodated by a fibre-optic corridor adjacent to an all-weather road. In the same vein, several First Nation communities have considered local renewable-energy generation units from small scale hydro. Here, an all-weather road corridor would provide an opportunity for an associated transmission corridor. Benefits would include lower cost replacement of diesel-generated electricity and a significantly reduced environmental impact.

First Nations that wish to be connected to an all-weather road could realize the benefits of easier access to traditional areas and to the region of Northwestern Ontario. This would create a significant economic advantage by lowering transportation costs of goods and services. As well, job creation and capacity-building opportunities would be presented during the construction phase and the maintenance of such all-weather roads. In addition to these economic benefits, there would increasingly appear to be social, cultural, health and educational benefits for remote Northern communities by being better connected to the rest of the region and province.



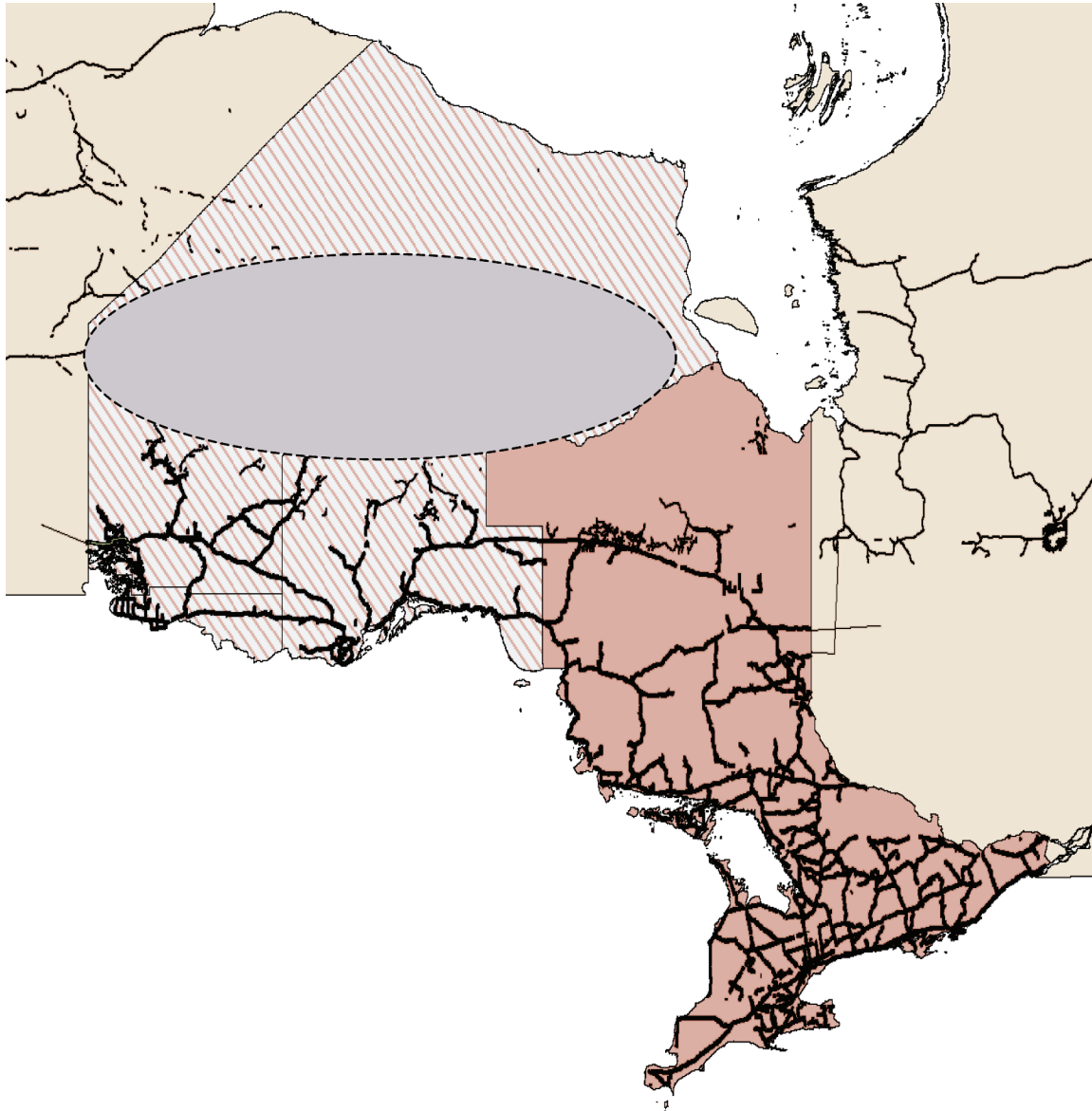
Current plans for realigning difficult sections of winter roads should be carried out with a view for the realignments to be located in proposed areas of all-weather road development.

***RECOMMENDATION 7.1.1 (REALIGNMENT OF WINTER ROADS)***

**It is recommended that, as an interim measure to developing all-weather roads in Ontario's Far North, the senior levels of government support the realignment of winter roads to routes less dependent on ice roads and to locations more suitable to all weather road alignments.**

Map #3 (on the following page) outlines the current Northern road system and the circled area approximates the region that would be considered for all weather road development. Although such initiatives have been talked about for a long time and serious discussion has occurred as recently as within the last twelve months with a variety of interested parties, it is unlikely that progress will occur unless one of the senior levels of government makes a commitment in principle to such a project.

**MAP #3: CURRENT ROAD SYSTEM IN ONTARIO SHOWING GENERAL AREA FOR FAR NORTH ROAD DEVELOPMENT**



***RECOMMENDATION 7.1.2 (ALL-WEATHER ROAD STUDY)***

It is recommended that Ontario commit in principle to supporting the Far North all-weather road development initiative, and make funding available in each of the next two years to lead a consultation process with environmental groups, communities, other levels of government and industry groups to work towards a detailed implementation plan that could be agreed upon by all stakeholders.

This is a major project which would most probably be completed over a 30-year timeframe with project costs shared amongst funding partners. It would be imperative to have one of the major funding partners being the Government of Canada. In view of the lack of positive economic developments in the area over the past 30 years, it is important that 30 years from now the infrastructure is in place to help facilitate a sustainable Far North economy.

## 7.2 Four-Laning Initiative

Several years ago, a long-term project to four-lane Highway 69 to Sudbury, and Highway 11 to North Bay, was initiated with support from the federal government. This initiative is nearing completion and has been very favorably received by the people who travel these routes. For at least three decades, the residents of Northwestern Ontario have requested four-laning of the main highway from the Manitoba border to Southern Ontario (Highway 17). At today's cost, such a project is extremely expensive and over the years, the measured response of government has been to increase significantly the number of passing lanes along the Highway 17 corridor. There were many positive comments from Northwestern Ontario residents about the improvement that these passing lanes make to the safety and ease of travel on Northern highways.

### ***RECOMMENDATION 7.2.1 (PASSING LANES)***

**It is recommended that new passing lane projects continue each year on the Trans-Canada Highway as they increasingly receive favourable comments related to both road safety and ease of travel from those who use the highway on a regular basis.**

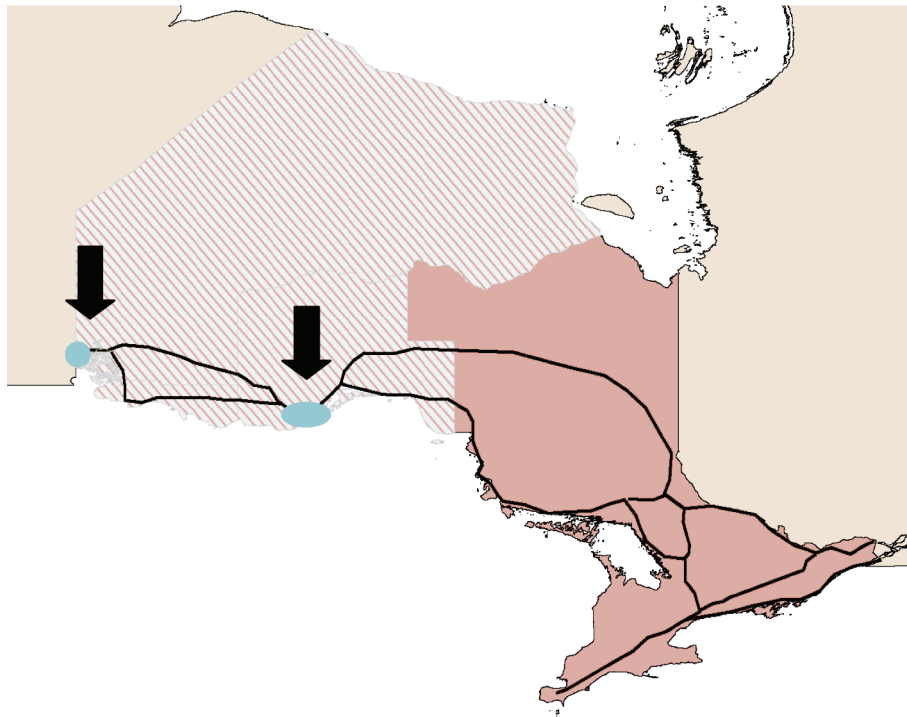
In reviewing the need for four-laning in the context of economic development, it may be difficult to justify a cross-region four-laning initiative from the standpoint of current and projected traffic levels. However, from an economic development and strategic standpoint, two sections can be readily identified as priorities for development. The first is from the Manitoba border to Kenora and adjacent municipalities. It is anticipated that Manitoba will complete their last 20 km section of four-laning to the Ontario border within the timeframe of the project recommended in this study. This project would significantly enhance the attractiveness of Kenora and adjacent municipalities to Manitoba residents (particularly those in Winnipeg) and would provide a significant boost to regional tourism, as well as to local economic development initiatives.

The second strategic section is Shabakwa to Thunder Bay to Nipigon. This is a strategic section of the Trans-Canada Highway between Nipigon and Shabakwa, where Highways 11 and 17 merge into a single route through this part of Northwestern Ontario. This section is a strategic priority for four-laning for two reasons. Firstly, from the standpoint of national security, the route could easily be disrupted and the only highway system (other than in the US) that currently links the western and eastern sections of Canada would be out-of-commission. This could impede the movement of people, goods and security forces across the nation. Secondly, although traditional truck traffic could access eastern and western Canada through routes in the US,

increasing issues around domestic security in the US have greatly inhibited the reliable and timely access of Canadian transport goods through US routes.

These two four-laning projects (as identified in Map #4) could not be solely justified on the current and projected provincial road traffic count. But, just as is the case for other region-building Northern initiatives such as advanced cardiac surgery, it is important and significant because it demonstrates a serious commitment to the future well being of the region of Northwestern Ontario. These priority four-laning initiatives, because of their importance to the Trans-Canada Highway system, would require investment by both federal and provincial funding agencies.

#### **MAP #4: PROPOSED FOUR-LANING**



#### ***RECOMMENDATION 7.2.2 (FOUR LANING)***

It is recommended that detailed planning commence immediately for the two strategic four-laning sections of the Trans-Canada Highway. These projects would need to be undertaken over a considerable period of time (minimum 15 years), but it is important that the province make a commitment to see these two sections as priorities on the list of provincial highway construction projects. Partnership would be necessary from the Government of Canada.

## 8.0 FORESTRY SECTOR

*“A competitive business environment that guarantees low costs and fibre access certainty is the key to the successful transformation of the Ontario forestry sector.”*

*With global demand for forest products increasing, let's work together to ensure Ontario-made forest products are the first choice of global customers.*

*This is not the time for governments to focus solely on an adjustment out of the forestry sector. This is, however, the perfect time to build the right foundation for the long-term viability of the Ontario forestry sector.”*

**-Jamie Lim, President, Ontario Forest Industry Association**

Throughout the North, the forest industry sector is not faring well due to a variety of external and internal factors. Externally, the state of the US housing market, the increasing value of the Canadian dollar and the changing market conditions for pulp and paper and lumber products, are creating significant oversupply and non-competitive pricing issues. Internally, high energy costs coupled with increasing costs of raw materials and transportation costs (distance-to-wood and distance-to-market) are limiting the competitiveness of the industry. Although the sector is positive about recent initiatives related to energy conservation and rate rebate programs, as well as forestry renewal funding, it is felt that such programs were far too long coming. In general, the forest industry feels somewhat abandoned by government and that it lacks a “champion” within government. This is in

marked contrast to the way the mining sector feels about MNDM, and is of concern considering the historic and long-term importance of the forest industry to Ontario.

### 8.1 Forest Industry Champion

During the input phase of this study, there were many suggestions about how to resolve the issue of a lack of visible “champion” for forestry within the Ontario government. The most often-mentioned resolution was to move the forest industry group from within MNR to MNDM. This, perhaps, would be workable but other suggestions have been made as well. Because of the unique makeup of MNR, there is within one ministry both the forest industry group as well as the parks, wildlife and recreational sections which can, at times, be complementary and at other times adversarial. Another option would be to move the parks, wildlife and recreation groups to the environment ministry. Based on the input received and the issues raised, as well as looking at the entire sector, a less dramatic recommendation is being made. However, it is felt that this recommendation will indeed deal in an effective way with the concerns raised by the industrial sector.

#### **RECOMMENDATION 8.1.1 (FOREST INDUSTRY SECRETARIAT)**

**It is recommended that, within the MNR, an arm's length Forest Industry Secretariat be established, having as a broad mandate the development of policies that would assist the forest industry in the province. It would report to the Minister and could be considered similarly to the Fire Marshall's Office to MCSCS or the Niagara Escarpment Commission to MNR.**

Although a degree of separation from the day-to-day bureaucratic reporting within MNR is appropriate, there is much to be gained having the secretariat within MNR. One of the responsibilities of this new secretariat might be to develop a forestry sector cluster similar to OMICC. Such a cluster would involve participation with organizations such as MNDM, TOUR, ENG, ENE and MEDT. A further responsibility would be to develop and promote Ontario forest products within new markets and to pursue new value-added product opportunities. Similar structures to the forest industry secretariat exist in British Columbia and Saskatchewan. The head of such a secretariat would have a status similar to an Assistant Deputy Minister (ADM).

## 8.2 Forest Tenure Reform

One of the most common themes during this study has been the need for Ontario to have significant reform of the forest land tenure system. This was last changed significantly in a reposition of some of the responsibilities to the industry with passing of the provincial *Crown Forest Sustainability Act* in 1994. Since that time, there has been considerable shifting of the players in the system as well as a desire by several new value-added participants for wood allocations. For whatever reason, the system does not seem to be particularly responsive to new users. As well, the consolidation of players has created some question as to the viability of the current forest management responsibilities, where the private sector plays a more dominant role. In a related move, the Ontario government took a step this past year towards assisting the companies with the cost of road development. The government also has an initiative to encourage Sustainable Forest License (SFL) areas to consider becoming part of a larger grouping through a mechanism known as “co-op SFLs”. Both municipalities and First Nation communities believe they could play a larger role with respect to forest tenure.

*“Community forestry that involves shared decision –making by communities, including Aboriginal communities (with government, industry and other stakeholders), offers great potential to build resilience to the economic and environmental challenges we face in Northwestern Ontario”.*

**–Lynn Palmer, Environmentalist,  
Thunder Bay**

During the course of this study, alternative models of forest tenure (such as the Algonquin Forest Authority, the Temiskaming Forest Alliance Inc. and North Shore Forest Inc.) were reviewed. Each model has positive attributes to bring to forest planning and resource utilization among partners, and in reality, a hybrid of the three may provide an appropriate model for broader forest tenure reform in Ontario.

A common issue in Northern Ontario that is prompting forest tenure reform relates to the current SFL system, which is very much historically-based. SFL boundary lines often relate to historical logging territory granted many years ago, when different markets, product demand and logging techniques were in place.

In several instances, these boundary lines are not related to species type or to ecosystems. This situation creates the need for greater forest management planning efforts. More importantly, these boundaries may no longer provide the best alignment and species mix that current users and new product innovators need to

sustain and develop forest opportunities in the region. In order to maintain a competitive forest industry in the North, the province must review the forest tenure system with a goal of strengthening Ontario's competitive position for wood-based products into the future.

### ***RECOMMENDATION 8.2.1 (FOREST TENURE REFORM)***

It is recommended that a major forest tenure reform be undertaken by MNR with the following attributes:

- management area boundaries would be based on ecosystem boundaries which make more scientific sense than the current boundaries;
- the forest management model suggested is a hybrid model from the Algonquin Forest Authority, the Temiskaming Forest Alliance Inc. and the North Shore Forest Inc.;
- the new forest tenure system envisioned for the Northwest would consist of a series of quasi-independent, ecosystem-based authorities. Each would have a board of directors, with a reporting relationship to the Minister of MNR, and would be broadly representative of society and the users;
- the management of these new authorities would be a group of users and stakeholders, which would include First Nations users of the forest;
- these new authorities would be responsible for dealing with wood allocation and the provision of wood for new users, as well as with the reallocation of wood from users that are no longer able to use their allocation for whatever reason;
- an objective of the new system would be to ensure the wood supply of existing users, and if possible, reduce the current cost of the wood supply through effective management;
- a clearly defined dispute resolution mechanism would be a feature of the new forest tenure system; and,
- it is realized that this reform would take a minimum of three to five years. In the short term, it is important to encourage the value added and First Nation users. As an interim measure, in order to give independent advice to the Minister about reallocation under the Crown Timber Act, it is suggested that an advisory committee be struck to consider each request for allocation (the Secretariat would support the new advisory committee).

## **8.3 Forest Sector Prosperity Fund**

Now that the Forest Sector Prosperity Fund has been in existence for just over two years, a few operational issues have been identified that need consideration. The recent decision to limit the Forest Sector Prosperity Fund to \$25 million per company may not be fair, considering the consolidation that is taking place in the forest industry in Northwestern Ontario. Also, the Fund does not work well for the small value-added applicants because the \$2.5 million minimum investment required is too high for the scale of their projects, and the percentage of investment from the fund needs to be increased



**RECOMMENDATION 8.3.1 (FOREST SECTOR PROSPERITY FUND)**

It is recommended that, in this time of forest company consolidation, the Forest Sector Prosperity Fund consider the traditional forest use of the applicant company in Northwestern Ontario, rather than restricting funding levels by corporate structure. Consideration should be given to lowering the floor and increasing the percentage of eligible costs under the fund to encourage small value added projects.

**8.4 Sectoral Transition Initiatives**

To deal with the current state of the forest industry and consider the transition to the future competitiveness of the sector, the following recommendations are made:

**RECOMMENDATION 8.4.1 (ENERGY REBATE)**

It is recommended that the province extend the current energy rebate program (indexed to deal with rate increases) for one to two years. While the program is currently viewed favourably, related conservation initiatives are slower to be established, and so additional time is appropriate.

The Ontario government currently has in place incentives to encourage electricity generation by renewable energy sources. However, there has been limited uptake by the forestry sector to use of biomass for fuel and electricity generation because the existing program is focused on smaller projects that feed into the electricity grid. One way to negate the high cost of energy is the use of biomass from a variety of sources, including waste wood and slash recovered from the forest. In order to make this more economically feasible, additional financial incentives are needed.

*"The forestry sector wants to be able to use biomass to offset our energy costs, but we need help to make this financially feasible as transportation costs are a significant component of using biomass."*

—T. Douglas Murray P.Eng General Manager Abitibi Bowater, Thunder Bay

**RECOMMENDATION 8.4.2 (BIOMASS REBATE)**

It is recommended that the use of biomass in energy generation, related to existing forest operations, be encouraged by making the transport of biomass eligible for a transport fuel tax rebate. This would be a pan-Northern initiative.

It is acknowledged that Northwestern Ontario has some of the longest haul distances from the forest to the mill of any jurisdiction in Canada. Given that the economic value of a log is much higher closer to a mill site than further away, steps need to be taken to improve the competitive situation of existing operations in Northern Ontario with respect to wood costs.



***RECOMMENDATION 8.4.3 (HAUL DISTANCES)***

It is recommended that a portion of the residual (not renewal) component of stumpage fee be based on the distance that the wood has to travel to the mill. Alternatively, as was done prior to 1994 (and current day GPS technologies facilitate this), another consideration would be to give a fuel tax rebate for the off-road portion of transportation related to hauling wood from the forest to the mills. This would result in a net reduction of wood costs at the mill.



## 9.0 MINING SECTOR

There is considerable excitement about current levels of mining exploration, and a very strong feeling in the mining sector about the potential for new economic mineral deposits being found in Northern Ontario. In the short term, the mining exploration expenditures driven by capital (often raised by the “Flow-through Share” vehicle) create significant short-term goods and service expenditures and employment in the North. Key reasons for this activity continues to be the record high-level prices of most mineral commodities and Ontario’s international reputation as a good location of mineralization and world class mining infrastructure. Ontario’s mining sector is being further strengthened through the cluster building OMICC initiative that is bringing together sector partners to further integrate mining developments in service and value added opportunities in Northern Ontario.

*“The mining industry is a willing partner in prosperity building. A recent study by the University of Toronto shows a single new mine in Ontario can generate 2,280 jobs and contribute \$278 million to the economy. More than 66% of those jobs remain close to the mine site, totaling more than \$115 million in wages and \$220 million to local-area GDP gains. Mining exploration is important to our economy; while new mine developments will sustain our economy.”*

**-Chris Hodgson, President, Ontario Mining Association**

There is a level of concern in Northern Ontario related to future mine developments. Very few new mines have been developed in the last ten years and efforts are needed to increase the probability that economically viable deposits will be found. In terms of geoscience and geophysical mapping, in the past few years, the responsibility to generate such initiatives has fallen on individual Northern communities to apply for funding from agencies such as the NOHFC and FedNor. This sector is far too important to both Ontario and Canada not to have the senior levels of government as active participants in the provision of such base scientific information.

The last significant Canada-Ontario program with respect to geoscience dates back to the 1980s. Geoscience mapping is a key element to attracting the private sector, in the form of prospectors and exploration companies, to invest their time and money in discovering a potential new mine site.

### **RECOMMENDATION 9.0.1 (GEOSCIENCE MAPPING)**

**It is recommended that a major five-year initiative related to geosciences and geophysical mapping be undertaken under the direction of the Ontario Geological Survey, with efforts to involve the Government of Canada as a partner.**

Such an initiative would involve necessary consultation and participation of First Nations as well as local communities. It is important that this initiative start as soon as possible because of lingering concerns about the stability of the currently high commodity prices, and about the maturity of some of the existing mines in Northern Ontario. This particular initiative relates to the Northeast and the Northwest, as well as the Far North areas of the province.

*“Grand Council Treaty # 3 is prepared to offer any proponent the opportunity to take advantage of specific Treaty # 3 authorizations that will provide clear authority to conduct their business ventures and create legal certainty to legitimize these developments in Treaty # 3 Territory. It is the goal of the Grand Council to establish strong working relationships with any proponent who respects Anishinaabe values and principles on the environment.”*

**-MANITO AKI INAKONIGAAWIN (The Great Earth Law)**

Issues around the “duty to consult” and long lead times for new mine development driven by environment and other permitting requirements are a significant concern of the mining sector. In the shorter term, pending the resolution of long-term Aboriginal governance issues, the most productive way for outside organizations to engage First Nations is through relationship-building and a clear understanding of the objectives of all parties. It is evident from recent experiences

in the Northwest that some very positive relationships have been built, but other relationships have not been as successful. It is felt that the capacity-building recommendation (to be made in a later section with respect to an MAA relationship fund) is a way to facilitate relationship-building.

Input to this study indicated that Ontario lead times were long, but not enough data exists to make a definitive comparison nationally or globally. Continued government attempts to shorten lead times without sacrificing environmental requirements need to be encouraged. It would be beneficial to establish definitive review timelines and accountability benchmarks to ensure Ontario remains a competitive location for mining investment.

*“Especially when dealing with any resource development, the initial phase of a project which includes advanced exploration to bring to property to indicated resources, environmental studies, community consultation and possibly infrastructure development, demands a very high initial investment from a mining company. In the case of the Victor project near Attawapiskat, De Beers Canada has invested over \$125 million. During the next phase, if the permitting process delays a project by two years or more, the economic analysis of a mine is severely impacted and the payback from the initial investment is significantly reduced as a result”.*

**-Jim Gowans, President, De Beers Canada**

### **RECOMMENDATION 9.0.2 (ENVIRONMENTAL REVIEWS)**

**It is recommended that Ontario, within the area of new mine development, strive to be a world leader in environmental reviews and approvals that are completed in a timely fashion, and that respect all required inputs and considerations.**

## 10.0 TOURISM SECTOR

This study received considerable input about the current state of the tourism industry in Northwestern Ontario, and what steps might be taken to improve the economic contribution of tourism to the regional economy. Simplistically, tourism in Northwestern Ontario can be identified as either “destination tourism” (including drive-in or fly-in, which is dominated by traditional hunting and angling activities), or as “flow-through tourism” associated with driving through Northwestern Ontario. The traditional hunting and angling tourism sector, dominant in the western part of Northwestern Ontario, has had a stable participation rate over the past 30 years. However, it has been negatively impacted recently by the high Canadian dollar, the perception of increased security at the Canada-US border crossings (translating into a loss of American visitors to the region, particularly those from the northern states), the changing demographic profile of tourists, and the reality that this sector has not fully reinvested in modernizing its facilities and products.

A secondary issue that is felt to be a significant deterrence to US tourists is the “driving under the influence” (DUI) issue. Numerous situations were quoted where destination tourists with previous DUI convictions in the US were not allowed to cross the border. This issue has been raised numerous times with the federal government by industry representatives, but there are no expected changes in policy. There is a process available for US tourists with DUI convictions to deal with this issue on an individual basis. Websites have been developed that can minimize issues if the affected individuals choose to take advantage of these before attempting to visit Canada (one such website is [canadawelcomesyou.net](http://canadawelcomesyou.net)). Northwestern Ontario tourist operators need to promote the education of their prospective clients about this issue by providing links to this information on their own resort websites.

Most tourism marketing in Canada is driven by what is called “cascade marketing” (national-provincial-regional-sub-regional marketing). It is not clear from the type of product being offered in Northwestern Ontario that this type of marketing is beneficial to the region. More aggressive regional advocacy is needed to get more visibility in the Canada/Ontario marketing programs. Recent successes include: the Northern Ontario Native Tourism Association (NONTA) with their web-based approach to attracting more customers from Southern Ontario; the recent successful launch of ‘Superior Outdoors’ magazine to focus on primarily ecotourism opportunities in Northwestern Ontario; and the Ontario Tourism Marketing Partnership Corporation-MNDM-NOHFC-FedNor partnership’s development of a five-year *Northern Ontario Tourism Marketing Strategy*.

Although ecotourism may be a tough sell in the region, it is considered to be Northwestern Ontario’s “tourism of the future”. Past efforts directed to the North Shore of Lake Superior have had limited success, but a new impetus is now in place with the Government of Canada’s investment of \$34 M in the *National Marine Conservation Area*. This project is expected to create numerous opportunities for the private sector and for municipalities to build on the federal initiative. The potential exists for another ‘Highway 61’ success story like the Duluth/Grand Portage corridor, where significant investment in non-consumptive and ecotourism have taken

place over the past ten years, but strategic direction, financial support and patience will be necessary. This should be an area of some focus for MNDM tourism specialists, TOUR and regional tourism promotion and economic development organizations.

#### **RECOMMENDATION 10.0.1 (TOURISM MARKETING PILOT)**

**It is recommended that the province establish a three-year pilot program to support the use of web based technology to market domestic tourism by individual operators and funds to pilot product development, particularly those with an ecotourism focus (perhaps related to the National Marine Conservation Area).**

In addition, the NOHFC has recently started to provide support for energy-related modernization of facilities and to fund modifications necessary for year-round use. This program should be more broadly advertised to the tourism sector.

Another matter raised during the study was an increased desire by some tourists to participate in 'eco' or 'adventure' tourism. It was pointed out that in some areas of Northwestern Ontario, some ecotourism activities (such as wilderness camping that may be contrary to MNR rules and regulations) may be restricted for non-residents. This is an example of rules and regulations not reflecting the current pattern of tourism opportunities.

#### **RECOMMENDATION 10.0.2 (CROWN LAND FOR ADVENTURE TOURISM)**

**It is recommended that MNR review their regulations with respect to the use of Crown Land for adventure tourism, with a view to minimizing restrictions on the growth of ecotourism opportunities in the region.**

Mention was made several times through the study of the growing conflict between wilderness tourist operators and Northern residents trying to access lakes and forest areas. This is an area of legitimate concern by domestic Northern residents. It is difficult today, with all-terrain and other sophisticated vehicles, to have restricted access to any wilderness area.

*"Northwestern Ontario offers a readily accessible wilderness experience in the heart of North America. Balancing the pressures of demands for greater access by other users of the natural resources with the need to protect the quality of the wilderness experience is one of the greatest challenges facing tourist operators in the region".*

**-Dave McLeod, Tourist Operator, Red Lake**

Because of the variety of rules and the many different players, it is not clear to the average citizen who takes this as an area of responsibility within Ontario. Serious efforts need to be made to mitigate this issue.

One way to achieve this, without blocking roads or causing undue anxiety for Northern residents, is the use of very directed signage as was shown by one forest operation in

Northeastern Ontario. This example clearly indicates when the area is accessible to the public, and when it is not. This solution shows how people can work together to resolve conflict. Enforcement would be on the honour system, with stiff penalties for non-compliance.



#### **RECOMMENDATION 10.0.3 (SIGNAGE FOR ACCESS TO NATURAL RESOURCES)**

It is recommended that MNR, working with MNDM and TOUR, evaluate the effectiveness of signage on a pilot basis in a specific area of Northwestern Ontario as a simple and an appropriate way to minimize conflict around this contentious issue in Northern Ontario.

*“Often in Northwestern Ontario, services to help us market our area are difficult to access. For instance, the Tourism Ontario Destination Signage (TODS) to highlight tourist activities placed along the highway system may take well over a year to obtain. It is not that the providers are unwilling; it is very simply that the vastness of NW Ontario is serviced by only one government contractor. The population may be small, but the area is huge and servicing such an area is logistically difficult.*

*There is no doubt that Schreiber, and indeed every community, needs attractive promotional and directional signage. The signage invites and encourages tourists and visitors to stop and enjoy our community during their journey. It also serves as a reminder to our residents of what we enjoy on a daily basis and promotes an on-going sense of pride, ownership and community.”*

**-Madge Richardson, Mayor, Schreiber**

Coordinated efforts are needed to minimize issues for US visitors traveling to the region, and place a stronger focus on domestic tourism. As an example, visitor frustration has resulted from the building of the new Federal Canada Customs facility at Fort Frances, which makes it impossible to turn easily into the provincial Visitor Information Centre. This is not expected to get much better in the short term, and is another reason to put a strong focus on domestic tourism.

A thriving tourism sector is achieved by ensuring visitors feel welcome, with good customer service, an aesthetically pleasing environment and attractive, accessible facilities throughout their visit. Well-planned, professionally developed signage that welcomes tourists, providing sound information and direction, is a key aspect of any successful tourism strategy.

*"[with respect to restroom facilities] ... nothing has changed much in 33 years."*

**-Gayle Beyak, Citizen, District of Rainy River**

In this and in previous studies, many comments have been made about the lack of access to restroom facilities along the Trans-Canada corridor, particularly in the winter season. A coordinated inter-ministerial focus on the Trans-Canada Highway corridor is needed to make traveling as aesthetically and functionally receptive as possible.

#### **RECOMMENDATION 10.0.4 (HIGHWAY 11-17 CORRIDOR REVIEW)**

It is recommended that a ten-year action plan be developed and resourced to develop a corridor standard for Highway 11-17 in Northwestern Ontario that is attractive; caters to travelers' needs for signage, rest areas and viewing points; and provides a consistent and anticipated level of highway design standard and service. Further, a committee should be established to work with the federal government and North Shore communities to maximize the tourism experience and development potential from the many parks along this route, in particular, the recently announced funding for the National Marine Conservation Area.

One of the challenges for "drive through" tourists is to find enough destination attractions to stay in the region longer. Currently, the only major destination attraction is the Fort William Historical Park (FWHP), a fact that is supported by the quality and number of signs along the highway.

Many suggestions were made during the study about the need to develop another major attraction in Northwestern Ontario, preferably in a time frame within the next five years.

*"Tourism attractions play a vital role as economic catalysts and champions in their regions. As travel generators, they support the economy by providing a focal point for tourism visitation and related spin-off benefits to other industry sectors and communities."*

*Expansion and clustering of tourism attractions act as magnets to promote new product and partnership opportunities for additional investment towards a vibrant tourism destination experience. By their very existence, attractions assist the regional economy as an employer, and through their own consumption of goods and services. Based on the success of Fort William Historical Park, consideration should be given to the establishment of an additional attraction for Northwestern Ontario."*

**-Sergio Buonocore, General Manager, Fort William Historical Park**

#### **RECOMMENDATION 10.0.5 (DESTINATION ATTRACTION COMPETITION)**

It is recommended that the province give consideration to establishing a competition to develop one or more new destination tourist attractions in Northwestern Ontario. Competition would be open to public and private proponents, as well as public/private partnerships, and the successful project would receive a contribution towards developing and delivering the attraction.

This recommendation would afford all Northwestern communities the opportunity to participate, and to continue to focus a part of their strategic planning on the tourism sector.



During this study, considerable folklore was heard regarding population distributions of various wild game in the Northwest. Climatic change is, to some extent, having an impact on the eco-balance of specific species. Concerns were expressed that there may be too much emphasis on animal-specific management, which does

*“After eleven years driving a school bus in Manitouwadge a new safety concern is before us . . . BEARS . . . roaming in town when children are being picked up and dropped off. The decision may have to be made to bus the older children if the problem continues.”*

**-Donna Jaunzarins, Bus Driver,  
Manitouwadge**

not sufficiently take into account interaction among wildlife species. A more integrated wildlife management approach should be considered. This would have specific implications for part of the tourism sector.

As well, annual wildlife population surveys are often too late to take mitigating action -- current concerns with the moose population are one specific example. More precise and

current ways of predicting annual wildlife populations and comprehensive integrated wildlife management systems need to be developed, and could be coupled with short-term interventions, if necessary.



## 11.0 ENERGY DELIVERY AND REGULATION

Considerable focus of the energy debate in Northwestern Ontario centers on the idea of an independent regional power authority. There is some belief that, since a significant portion of the current regional supply comes from regionally-based hydraulic power generation, electricity rates in Northwestern Ontario should be lower than the existing provincial rates. Even if there was some merit to a regional energy-pricing system based on the generation costs of the west and east systems of Hydro One (the study heard much debate on this topic and is not in a position to give an informed opinion), it is not clear how realistic regional pricing would be when applied to a sector such as pulp and paper. For example, a pulp mill in Northwestern Ontario would potentially have lower rates than a similar mill in Northeastern Ontario.

There is also the issue of coal-fired stations in Northwestern Ontario. The peak load in 2006 in the Northwest was 967 MW in mid-February<sup>6</sup>, compared to 1080 MW in mid-December of 2001. This is a reduction of approximately 10.5%, indicating a five-year reduction in energy demand in the region. In 2006, the maximum outflow from the system was 439 MW in mid-November and the maximum inflow was 494 MW in mid-August 2006. The maximum outflow is similar to the maximum inflow, but occurs in different seasons. The current generating capacity in the Northwest is estimated at approximately 1000 MW, which substantially meets regional needs. If the two coal-fired stations' capacity of 475 MW is withdrawn, the residual generating capacity is approximately 500 MWs.

The end result will be a much greater need for the west system grid to import electricity from either Manitoba or Southern Ontario. This study heard that the current inflow/outflow limitations near Wawa will be corrected within the next two-to-three years, and that such an inflow/outflow should not be problematic.

An ongoing public issue in the Northwest continues to be the provincial legislation requiring both coal-fired generating stations in Northwestern Ontario to cease burning coal by 2014. This is an area that needs further study with respect to the potential for replacement generating capacity in the Northwest, but clearly, if the current plans are implemented, the region will be left with much lower indigenous levels of generation.

### **RECOMMENDATION 11.0.1 (ENERGY GENERATION IN NORTHWESTERN ONTARIO)**

**It is recommended when the Ontario Power Authority creates its long-term plans, it considers developing sufficient indigenous power in the Northwest to replace the 2014 targeted reductions in the current system.**

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<sup>6</sup> Data provided by Ontario Grid Control Center, Hydro One Networks Inc.

Because of the very long-term planning involved with the proposed *Clean Energy Transmission Initiative* line from northern Manitoba, and due to the high voltage DC technology of the proposed line (implying that the line would not be able to service communities along the way), the completion of the line from an economic development perspective has not been taken into consideration in this study.

In terms of rate structure, the industries consulted in the Northwest are supportive of the innovations in the current rate design (Demand Response Programs) being developed by the Ontario Power Authority. They indicated that further refinements to this approach would allow them to have more cost-effective supply without any significant negative effects to ongoing operations. Such rate structures are also useful to the utility in terms of peak demand management, and have the potential for considerable capital cost savings.

***RECOMMENDATION 11.0.2 (DEMAND RESPONSE PROGRAM INITIATIVES)***

**It is recommended that the Ontario Power Authority continues to dialogue with industries in Northwestern Ontario regarding demand response programs to support cost containment while reducing the need for added expensive generating capacity.**

## 12.0 AGRICULTURE SECTOR

Agriculture is a small but important sector in the economy of Northwestern Ontario, particularly in the Thunder Bay, Dryden, Fort Frances, Rainy River and Emo areas. It is important from a number of perspectives, including the provision of local foodstuffs and at least partial self-sustainability. The potential exists for farming to play a key role in the energy future of the region through the growing of biomass to meet biomass energy needs. Input to this study suggests that this sector is particularly frustrated.

In spite of significant investments by senior levels of government to develop telecommunications infrastructure across Northern Ontario and the recent announced target of the NOHFC to deliver broadband access to 99% of the northern population by 2010, the study heard a number of concerns from those areas where service is not yet available. A common concern from the agriculture community has been the need to use online services forms in order to communicate with governments. Many indicated that high speed Internet is still not readily accessible in their area, and this is causing frustration. This is another example where the move towards technical innovation must be aligned with available connectivity.

### ***RECOMMENDATION 12.0.1 (E-CAPABILITY IN RURAL AREAS)***

**It is recommended that while improvements are underway in terms of high speed access in some rural areas, in the interim, government agencies must realize that some types of online form completion are very difficult using anything but high speed internet. Such forms should be tested routinely using low speed to see how user-friendly they are to rural/Northern users. Alternative strategies for necessary form completion may need to be facilitated in some cases.**

A chronic issue in the far Northwestern region (Rainy River District) is the need for an abattoir. There is a grass-roots initiative currently under consideration to provide such a facility, and support is being sought from a variety of government sources. This initiative, although small in the big scheme of Northwestern Ontario's regional economy, is one that is very important to the people of the region. It is encouraging to see the alliances being built between First Nations and farmers with respect to this initiative. Although the current numbers may not support such a facility, it is important from a public health standpoint to facilitate such a service so locally-raised livestock can be processed in an approved facility. Ultimately, it may provide a catalyst for growth as it represents a key piece of infrastructure needed to meet both federal and provincial food safety requirements.

### ***RECOMMENDATION 12.0.2 (ABATTOIR)***

**It is recommended that every consideration be given to the establishment of an appropriately-sized abattoir in the Rainy River District.**

New crop development opportunities are very important to the agriculture sector, and input from one of the paper mills demonstrated some interesting bio-mass crop initiatives that could soon be significant to the farming

community in this region. The farm community that participated in this study indicated they are willing to consider new crop development initiatives, but will need access to research and development as well as financial support.

***RECOMMENDATION 12.0.3 (OMAF BIOMASS RESEARCH)***

**It is recommended that the OMAF agriculture research station in Northwestern Ontario work with the farming community and the regional pulp and paper industry to research and pilot new crops for biomass energy projects.**

## 13.0 ABORIGINAL ECONOMY

First Nations are developing increased capacity to participate in economic development opportunities in order to improve the quality of life in First Nation communities. These interests are being driven, to some extent, by the younger people in the communities, who have an increasing desire and capacity to participate in economic opportunities and to demand greater education successes.

Such interests are also generating high expectations. Practical issues such as population growth, infrastructure needs, costs of goods and services and restrained federal funding are creating very difficult situations for First Nations leadership. There is an interest in participating in initiatives such as mining exploration and development, forestry, and mini hydroelectric projects, in order to seek revenue streams for First Nations as equity partners.

Two exciting First Nation-driven economic initiatives are the Two Feathers Project (a partnership of Eagle Lake, Pikangikum and Wabigoon Lake First Nations), to construct specialized houses for the offshore market, and the series of initiatives by the economic development group at Kasabonika Lake First Nation involving mining exploration and their partnership with major mining companies. The development of an all-weather road network would help pave the way for First Nations to participate in new employment opportunities beyond the traditional subsistence community employment.

*"On January 24th, 2008, in Thunder Bay, Kasabonika Lake First Nation and Gold Corp Canada signed a joint venture exploration agreement signifying the start of a new journey and adventure. The relationship between our First Nation and Gold Corp is based on understanding, respect and mutual interest. This has been a huge step for our First Nation and, if this opportunity continues to be pursued in the right way, this relationship will go very far."*

**-Eno H. Anderson, Deputy Chief,  
Kasabonika Lake First Nation**

One of the reasons that Canadian businesses are able to achieve business success in countries around the world is that they have learned to take the time to understand what is important to other cultures, and to respect any differences while building business relationships.

Especially in the Far North, companies that want to do business should consider following this philosophy of mutual respect. The time taken to develop an understanding of Aboriginal culture and First Nations perspectives regarding development on the land is an important first step to building potential business relationships in the region.

In terms of timing of developments with Aboriginal communities and businesses, some concern is expressed at the treaty level about the need for ongoing governance discussions. While it is important to have a long-term strategy that works towards resolution of treaty governance issues (that would include as appropriate both the governments of Canada and Ontario), it is also important in the short term, without prejudice to the resolution of

*“This training course provides First Nations Economic Development Officers with the opportunity to enhance both their business and analytical skills to improve their economic development services. They will learn how to effectively evaluate business opportunities, write business plans, understand both marketing and management skills and learn about numerous funding programs available to stimulate economic development activity in their First Nation.”*

**-Delbert Horton, CEO, Seven Generations Education Institute**

future governance arrangements, to have the First Nations in a position to participate in local economic development initiatives.

The Government of Canada has recently supported economic development officers in individual First Nations and efforts have been made to provide appropriate training. Recent success in this area seems to be focused on more localized training initiatives in the North, such as those provided by the Seven Generations organization in Rainy River District.

### **RECOMMENDATION 13.0.1 (FIRST NATIONS ECONOMIC DEVELOPMENT CAPACITY)**

**It is recommended that expanded capacity-building support be provided by different levels of government for additional First Nations-based training of individuals working in economic development.**

In the short term, there are a variety of approaches within First Nations to deal with entrepreneurial initiatives through their community-based economic development officers. However, there is often a lack of capacity in terms of specialized advice and analysis, operating funds and collaboration opportunities. In the NAN territory, this has been mitigated to some extent by the work of the Nishnawbe Aski Development Fund (NADF) in advising First Nations of potential resource and energy developments.

### **RECOMMENDATION 13.0.2 (FIRST NATIONS RELATIONSHIP/PARTNERSHIP FUND)**

**It is recommended that the province, through the Ministry of Aboriginal Affairs, designate a Relationship/Partnership Fund to assist individual First Nations in developing capacity. This initiative will help First Nations to become true partners in any future developments, through gaining knowledge and understanding of the issues, opportunities, and benefits of potential developments. Such capacity building is an important element of short- and medium-term economic development.**

It is true that issues such as revenue sharing, impact benefit agreements and the Supreme Court ruling required ‘duty to consult’ issues are causing some concern and possible limitation to the initiation of successful relationships. As well, it would appear that governments are somewhat timid about resource revenue-sharing arrangements in the absence of long-term governance agreements. In reality, other jurisdictions (i.e. Manitoba Hydro) seem to be routinely making

*“The potential business and economic opportunities related to the development of natural resources in Ontario’s Far North is great. Enhancing the capacity of First Nations to engage in the development of these resources will be a key factor to securing economic benefit for all Aboriginal people in the region.”*

**-Harvey Yesno, President/CEO,  
Nishnawbe Aski Development Fund**



such arrangements, and in the context of this study we detected no significant concern from business with such equity arrangements. In the interim, in the absence of definitive direction from the courts, such matters need to be resolved through relationship-building and a better understanding of the objectives of all parties involved.

With its renewed focus on Aboriginal Affairs, it is important that the Government of Ontario have a physical presence in the Northwest.

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***RECOMMENDATION 13.0.3 (REGIONAL MAA OFFICE IN NORTHWESTERN ONTARIO)***

**It is recommended that a significant regional office of the Ministry of Aboriginal Affairs be established in either Sioux Lookout or Thunder Bay.**



## 14.0 MUNICIPALITIES AND BUSINESS

### 14.1 Northwestern Ontario Municipalities

It was clear from the input to the study that, from an economic standpoint, there is considerable variation among communities in Northwestern Ontario, whether large or small. One common theme, throughout Ontario and Canada, is that all municipalities have infrastructure issues. It was also evident that the most recent competitive mechanisms for the distribution of Canada-Ontario Municipal Rural Infrastructure Fund (COMRIF) funding have serious limitations when applied to Northern communities.

*"We are very fortunate -- Sioux Lookout is growing. Our transportation and knowledge/service sectors are growing and, as a result, our basic infrastructure has to be expanded (roads, sewer and water). For the same reason we are also in the position of needing to rehabilitate existing infrastructure."*

*"In a time of development for our community, lack of funds to expand our infrastructure may curtail our growth. The municipal-provincial arrangements for funding of infrastructure will have to accurately reflect the reality of life in the North as different from life in the South."*

**-Kathy Poling, Mayor, Sioux Lookout**

To some extent, the communities have all been considered to be 'disadvantaged Northern communities' whether they were experiencing growth or not. Two communities that have a fairly bright economic future were unsuccessful in several applications for Canada/Ontario infrastructure funding. This may not be so much the fault of the process; but possibly the criteria used. It may also be the degree of sophistication and lack of appropriate resources to participate in the competitive process. An infrastructure allocation based 100% on competition, as is currently being used to allocate funds, is not appropriate for Northern Ontario.

Northern communities are all working very hard to deal with their issues. Across the Northwest, people talk of the importance of visible and consistent political will and bureaucratic support for Northern interests.

Communities are constantly being told by the literature that small municipalities are not viable, and this is consistent with the current academic fascination with clusters. In reality, these communities are not disappearing, although they may be downsizing (or "right-sizing" as the small business sector is doing in many parts of Northwestern Ontario) and they need visible signs of support.

*"When the two iron ore mines closed in 1980 and we lost 1100 jobs, many people thought the town should have died -- but we didn't. We care for our community. The resilience of our citizens amazes me, and together we will continue to work for a vibrant future."*

**-Dennis Brown, Mayor, Atikokan**

A good example of a community transition initiative applied on a regional and sector basis is the province's *Community Transition Program* to assist tobacco-growing communities to adjust to a more diverse economic base. This \$15 million fund was part of a \$50 million provincial initiative to assist both the industry and the residents of four counties in Southern Ontario move to a new and sustainable economy. The *Community Transition Program* provided one-window assistance to individuals, communities and businesses in making the

adjustment to a more diverse and sustainable new economic reality. Fund parameters were established by a regional steering committee, and applications reviewed by a Project Approval Committee.

While there is an array of government programs designed to assist communities with economic and social development, there is no single program or package of programs tailored to helping communities deal with dramatic economic and social transitions. A specifically-designed transition program would be of particular value in assisting smaller communities with their response to the economic and social change underway.

#### **RECOMMENDATION 14.1.1 (COMMUNITIES IN TRANSITION)**

**It is recommended that a Community Transition Program be established for those communities in Northern Ontario negatively impacted by the downturn in the forest industry. This transition initiative should be modeled on the program developed by Ontario to assist with adjustments in the tobacco industry, and the province should work with community and business representatives and other levels of government to establish the parameters and delivery of the program to meet regional needs.**

A prerequisite for such funding is the need for each municipality to go through a strategic planning process to give both short-term and long-term directions for their municipalities.

The recent announcement by the federal government of a support program for forestry sector communities is encouraging, but the specifics are yet to be developed with the province.

*“Building community and business confidence is critical in dealing with a major business shutdown. For Kenora, developing an economic development strategy has helped the community to set new goals and focus its efforts. It is providing the basis for building relationships and partnerships with First Nations, senior levels of government and the private sector as we move forward in building a strong local economy.”*

**-Dennis Wallace, Chair, Lake of the Woods Economic Development Commission**

Input was received from several communities on the frustration of attempting to use Crown Land within municipalities for cottage lot development, and the difficulty in accessing alienated Crown Land for municipal development. Mixed messages about the availability of specific Crown assets create frustration with potential investors. The “Big Thunder” ski area is one specific example. As part of this study, the success of the Elliot Lake cottage lot development was explored. Clearly, it required political will, bureaucratic support and strategic municipal commitment to make it such a successful initiative.

Information from other jurisdictions (such as Manitoba) indicates an aggressive program of cottage lot development on Crown Land, including cottage lots within Provincial Parks. In Ontario, the use of Crown Land for economic development purposes is the fifth and last objective of the *Crown Land Management* policy. As more than 90% of the land mass in Northwestern Ontario is Crown Land, there is a significant opportunity for

the province and the communities to develop a much stronger role for Crown Land in supporting economic development and diversification in the region.

**RECOMMENDATION 14.1.2 (COTTAGE LOT AND CROWN LAND DEVELOPMENT)**

**It is recommended that, in a proactive way, the Ontario government assist Northwestern Ontario communities with Crown Land development initiatives. It is recommended that an inter-ministerial working group, led by MNR, be established to facilitate interested communities in working through a process of cottage lot and Crown Land development. Specific timelines and targets should be established with corresponding accountability measures.**

In terms of economic diversification, the study received repeated input to suggest the larger Northwestern Ontario municipalities are not being aggressive enough in supplying Far North communities with goods and services. Traditionally, a significant amount of goods and services for First Nations in the Far North has been supplied through Winnipeg. In order for business development to be successful, there is much work to be done by Northwestern Ontario municipalities and businesses. They must invest the time and money to identify opportunities and build relationships to participate in this market – a market literally on their back doorstep.

Most of the communities are facing the challenging issue of trying to maintain their community services in an environment of shrinking commercial, residential and industrial assessment values. At the same time, some of the existing forestry operations are operating at much lower than traditional output but, from a municipal taxation rate, are being taxed as if in full production. This matter was raised in more than one community and there are indications that municipalities are open to the possibility of taxation as a function of output. Although this would reduce the amount of money into the municipal tax base from the industrial component when these companies are operating close to the viability line, it will in a small way help them to continue their operations. Such reduction in industrial taxation will have to meet with acceptance from the residents, as they may be required to bear additional taxation costs in order to maintain local services.

**14.2 The City of Thunder Bay**

It is a practical reality that Thunder Bay is viewed as the capital of the region of Northwestern Ontario due to the relative size of the population of the city and its immediate surroundings compared to the region's total population (approximately half of the population of the Northwest). It is also apparent that, with today's economic development trends, the City of Thunder Bay is the only municipality in Northwestern Ontario that has the critical size to sustain the type of infrastructure (academic, medical, services, government) necessary to attract the clustered economic opportunities that present themselves in Canada today. For that reason, in order to have a healthy and prosperous Northwestern Ontario, it is important that Thunder Bay's economy be both diversified and able to respond to new opportunities and initiatives.

*“A critical component to revitalizing and diversifying the economy in Northwestern Ontario is to encourage and support innovation. It is through innovation that we will create sustainable competitive advantage, build wealth, and harness the aspirations, ambitions, and talents of our people. By focusing on new opportunities in traditional and emerging sectors, we will successfully transition to a diverse, healthy and creative region.”*

**-Judy Sander, Manager, NWO  
Innovation Centre**

In a series of recent third party analyses, Thunder Bay has not fared particularly well in economic indicator comparisons. While some of these comparative efforts are primitive, they do continue to cast a negative image within the province and the country about Thunder Bay. All levels of government need to be proactive in making every possible effort to transition the City of Thunder Bay's economy as a key objective of any short- and long-term strategy to renew the economy of Northwestern Ontario.

There are a number of existing provincial initiatives (such as GO North, Grow Bonds and the Northern Ontario Heritage Fund) in place to assist Northern communities to grow business and attract investment to Northern Ontario. 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. Since efforts to renew the economy of Thunder Bay should be a provincial priority, it is unlikely that a renewal strategy will be effective without the assistance of targeted incentives. There is a need for the senior levels of government to work together with the City of Thunder Bay to identify, secure and deliver on new and diverse economic opportunities to ensure its economic vitality.

#### **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.**

Without downplaying the importance of long-term strategic planning, the economic situation for the City of Thunder Bay continues to deteriorate at a pace where short-term tactical strategies may have a positive impact.

#### **RECOMMENDATION 14.2.2 (TACTICAL PLAN FOR THUNDER BAY)**

**It is recommended that the appropriate provincial officials meet with the Thunder Bay Economic Development Corporation to develop a one to three year tactical plan to attract new economic opportunities to the City of Thunder Bay as soon as possible, to assist Thunder Bay in its role as the regional centre.**

### 14.3 Business Sector

The role of small business and new business formation in Northwestern Ontario is an extremely important component to economic diversification and transition in the region. Larger companies have historically been a major provider of jobs in the commodity-based economy. But, as jobs in these sectors are lost and are replaced by new economic opportunities, much of the job creation is expected to come from small start-ups or expansion of small- and medium-sized companies.

This report makes specific recommendations in other sections around stabilizing the major industry players in the region, and the need to provide entrepreneurial training and education to prepare residents for operation of their own businesses. There is further a need to provide a business-friendly climate in the region to encourage business to start, expand and grow, and to encourage the creation of new business by new entrepreneurs.

Existing programs and business support services available to small business through the *Northern Ontario Heritage Fund*, the Small Business Enterprise Centres and the Community Futures Development Corporations are of great value to new and growing businesses in the region. These efforts should be continued and enhanced as required to support new and growing businesses in the region.

In a region as lightly populated as Northwestern Ontario, the maintenance of support mechanisms in the region by senior levels of government, to encourage and support the expansion of business through export market expansion, is important to growing business and increasing regional prosperity. Recent examples of successful Northwestern Ontario initiatives include both local contractors and machine shop fabrication businesses supplying oil sands projects in Alberta.

The municipal and small business sector raised concerns on several occasions about red tape, bureaucratic forms and “high tech government” (i.e. need for access to high speed internet for government forms, etc). Although initiatives are underway to provide additional “e-capacity” to Northwestern communities, the gap between the technology of the day and the ability to use it is causing frustration. This gap is likely to exist for some time, and creative ways must be found to assist Northwestern Ontario businesses. Just as Service Ontario has dealt with these issues for individuals, an expanded focus of Service Ontario-Business to deal with this issue would be appropriate.

Small- and medium-sized businesses in the Northwest are hurting because of the fallout of forestry sector job losses. Bankruptcy rates are significant in the Northwestern region and some degree of immediate relief to small business is needed.

**RECOMMENDATION 14.3.1 (BUSINESS EDUCATION TAX RELIEF)**

**It is recommended that the provincial business education tax rate reduction that is planned over seven years be accelerated by one to two years as short-term assistance to the small- and medium-sized businesses in the North.**

This would have a widespread, positive short-term impact on Northwestern Ontario businesses that face difficult market conditions.

**14.4 Buy Ontario-Canada Issue**

Some degree of frustration was expressed by Northern community leaders and manufacturing sector representatives about the lack of “Buy Ontario-Canada” policies, especially with respect to the mass transit sector. Specific, positive examples were quoted, such as in the bridge construction sector, where a 10% advantage is given to proposals citing the use of Canadian steel. These policies do exist to some degree. However, there is a limited appetite within government for such policies because they are subject to retaliatory measures.

**RECOMMENDATION 14.4.1 (BUY ONTARIO)**

**It is recommended that government procurement policies be pursued in the mass transit sector that support indigenous value-added content preferences and policies that are modeled after those of Ontario’s major competitors.**

**14.5 Northern Investment Capital Attraction**

Other than investments raised through Flow-through Shares for mining exploration and a recent fascination of the investment community with energy projects, it continues to be difficult to attract investment capital to the North. This has been particularly evident in terms of observing the individuals attempting to restart forestry operations shut down by major companies. In fact, the capital that has been attracted to these projects has primarily come from within the region. While the willingness of Northerners to invest in their own region is encouraging, there is a need for external investment dollars to be attracted to the North to stimulate and sustain ongoing economic growth.

Although governments in the past have tried numerous mechanisms to attract investment capital to the North, there needs to be further exploration of investment vehicles that would stimulate equity participation in specific Northern projects. For their part, governments may need to again consider taking equity positions in strategic projects.



Without the provision of some additional individual tax incentives especially directed at attracting financial capital to specific Northern projects, investment capital will become increasingly difficult to attract to the region.

**RECOMMENDATION 14.5.1 (NORTHERN INVESTMENT CAPITAL)**

It is recommended that the Ministry of Finance, in consultation with their federal counterparts, explore the development of a pilot program that will provide tax-based incentives to those investing in projects in the region. Consideration should be given to models similar to the Flow-through Shares program that currently attracts considerable investment to mining exploration projects in the North.

**14.6 Immigration**

During the course of meetings in Northwestern Ontario, the idea of using immigration as an economic development tool was raised by several groups. As examples, participants pointed to other jurisdictions (especially in western Canada) that appear to be successfully using immigration as part of their economic development strategies. In the context of the economy of Northwestern Ontario, immigration will only be successful if it has the potential for job creation as a direct outcome, either through the Immigrant Entrepreneur Program and/or providing specialized needed skill sets for the Northwest economy. Simply adding more people in a region offering few job opportunities would further exacerbate a difficult situation, unless either one or both of the preceding criteria were met.

The western provinces have used the *Provincial Nominee Program* (PNP) to enhance their ability to attract immigrants. In Ontario (which receives more than 50% of immigrants coming to Canada) the need for a Provincial Nominee Program has been less pressing. A pilot PNP initiative for 500 openings in Ontario was launched in May of 2007 and is focused on identifying immigrants for recruitment in support of specific company staffing needs. The PNP mechanism and other immigration tools could potentially support immigration to Northwestern Ontario with a focus on entrepreneurs. Temporary work permits are also available to help potential immigrants to start and operate a business in Canada prior to obtaining permanent residency.

The current mobility of skilled workers is also a complicating factor in the viability of existing and future businesses in the Northwest because of the 'fly out to work' draw of western and eastern Canada's oil and gas sectors.

**RECOMMENDATION 14.6.1 (IMMIGRATION)**

It is recommended that a working group composed of federal, provincial and community representatives be established and resourced to review opportunities and identify actions needed, for immigration to play a role in providing a skilled and entrepreneurial workforce to meet the future needs of diversifying the economy of Northwestern Ontario.



## 15.0 EDUCATION SECTOR

Education is the cornerstone of any modern society. Numerous studies have shown that, in general, the higher the educational attainment of a region, the higher the economic prosperity that region enjoys, along with the accompanying social and cultural benefits. In the case of Northwestern Ontario, the level of educational attainment of the population is particularly low in comparison with the rest of the province<sup>7</sup>. The economic disadvantage of not achieving higher educational achievements will be a serious economic 'lost opportunity cost' to society. As a result, a short- and long-term strategy for enhancing economic development in Northwestern Ontario is improvements to the educational sector towards student success and program access.

Throughout the region, there must be a focus on capacity-building and, in particular, education and training because a lower percentage of the population (both Aboriginal and non-Aboriginal) than the provincial average have completed high school and/or post-secondary education. It is essential that the population be provided with the skills and knowledge necessary to participate in strengthening the regional economy.

### 15.1 Aboriginal Education

In spite of a variety of focused initiatives over the last 25 years, much remains to be done to achieve higher secondary school success rates and quality elementary school experiences for Ontario's Aboriginal students living in First Nation communities. Constitutionally, this is an area of responsibility for the federal government through Indian and Northern Affairs Canada (INAC) and to date, although Ontario is more involved at the secondary level, provincial involvement in remote INAC-funded schools has been minimal. Input to this study suggests that First Nation schools could benefit considerably from formal and informal support from Ontario schools. Setting aside constitutional and funding issues, a variety of initiatives between Ontario schools and First Nations schools would be beneficial to all students. Current funding from INAC (compared to small provincial boards) can be as low as one-third of comparable provincial funding levels. With such low funding levels, it is not difficult to understand that the INAC-funded schools face challenges. Recent good will between First Nations, INAC and the Ontario MEDU is encouraging, but may not be sustainable due to restrained funding and the jurisdictional responsibilities.

To put this challenge in context, we can look at the striking progress that has been made in the past ten years in the establishment of both the public Francophone and Catholic Francophone regional education boards in Ontario. After only a ten-year period, significant improvements have been achieved in graduation rates and academic achievement. At the time, this was a bold and somewhat controversial initiative, but the wisdom of the decision is now clearly evident. For years, people have identified issues around Aboriginal education and a variety of approaches have had limited success, but have not dealt with the fundamental jurisdictional issues nor the physical magnitude of the challenge.

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<sup>7</sup> Trends, Opportunities, Priorities Report 2008, North of Superior Training Board

**RECOMMENDATION 15.1.1 (ABORIGINAL SCHOOL SYSTEM)**

**It is recommended that there should be significant rethinking of the jurisdictional responsibilities and delivery of elementary school education, particularly in Far North communities. Several Aboriginal school boards, having devolved funding from INAC, would in a non-traditional way become formally part of the Ontario school system.**

This relationship would be unique and would go further than any jurisdiction that we are aware of, and yet maintain the cultural independence of First Nations boards. Such an initiative would be long-term and would have to evolve from governance discussions between INAC, First Nations and the Government of Ontario. In this model, education funding would devolve to Ontario, who in turn would directly fund the Aboriginal school boards as they would other boards in the province

In the shorter term, this study has heard many favourable comments (particularly at the secondary school level) involving schools in Thunder Bay and Sioux Lookout with their initiatives to enhance the success rate of Aboriginal students. One suggestion that seems very reasonable and would be deemed to be very beneficial

*“For the education community, the first step towards open communication and cooperation is to build a foundation of trust and inclusiveness between all people and cultures.”*

**-Dave Bragnalo, Education Officer,  
Thunder Bay Catholic District School  
Board**

would be to have Ontario schools twinned with First Nation schools, particularly remote schools, and that efforts be made to have representative teachers from each school spend time in each other's institution. One group expressed the feeling that such visitations should go beyond teachers to include school support staff who interact with Aboriginal students in important ways.

## **15.2 Post-Secondary Education**

The study heard very positive comments about specialized Aboriginal programming initiatives by both Confederation College and Lakehead University with respect to programs directed at First Nation students, particularly initiatives delivered on First Nations. In reality, both institutions receive very little targeted funding for such initiatives. Considering the current and projected striking growth in the Aboriginal population in Northwestern Ontario, provincial funding allocation mechanisms need to reflect this challenging reality.

During the course of this study, innovative proposals were shared by the institutions and such initiatives seem worthy of support. In order to continue to meet the needs of the Northwestern region, these institutions must be

*“A main focus of the future direction for Confederation College will be to continue to acclimatize the programs to the growth in the Aboriginal population, as the educational attainment of the population of the Northwest will greatly affect the region's economic future. Even as we continue to prepare workers in the trades and across all program sectors in support of established business and industry, we are ready to react to opportunities in emerging industries by providing courses and programs that will be the building blocks for new careers.”*

**-Patricia Lang, President,  
Confederation College**

supported through political will in order to build capacity and continue to expand their infrastructure to respond to regional strategic priorities.

### **RECOMMENDATION 15.2.1 (ABORIGINAL POST-SECONDARY ATTAINMENT)**

**It is recommended that the senior levels of government provide Confederation College and Lakehead University with the capacity-building funds necessary to achieve higher levels of post-secondary attainment in the Aboriginal population.**

In addition to their Aboriginal initiatives, both institutions have a major role to play in helping to move the economy in Northwestern Ontario away from the traditional economy to the so-called “new economy”. Recent initiatives including Ontario support for bio-refining chairs at Lakehead University and LU’s role in the Atikokan Energy Centre of Excellence are good examples of the leadership role senior Governments can play in the economic transition of Northwestern Ontario.

*"There is an incredible opportunity for Northwestern Ontario to continue to develop the emerging bio-cluster that includes the Northern Ontario School of Medicine, the Thunder Bay Regional Health Sciences Centre, the Molecular Medicine Research Centre, DNA-focused companies, and of course Lakehead University and Confederation College. Coupling components of this emerging biotechnology sector with a transition to a forest economy that is more based on bio-refining possibilities would put us well on the way toward a sound and prosperous knowledge-based future."*

**-Dr. Fred Gilbert, President, Lakehead University**

Both post-secondary institutions and the NOSM will become key players as the recently initiated MMRC matures. Success of the MMRC required collaboration at many levels between local and external partners, in both public and private sectors and support from three levels of government. This project is an excellent example of what can be accomplished through building relationships and developing a common vision of what can be. It can be expected that similar effort and vision will be required in developing new and diverse economic opportunities in the regional economy.

Coupled with private sector spin-offs related to DNA and genomics, and future interest in bio-pharmaceuticals, the bio-cluster potential of the region is definitely possible. This could have a positive impact, similar to the bio-related research and development cluster that exists in a comparable community in Oulu, Finland. Potential North-South linkages would further reinforce the potential of Thunder Bay when activities in the Minneapolis area are considered. The bio-cluster initiatives might be well served by an OMICC-like cluster council.

## **15.3 Entrepreneurship**

As was stated earlier, most of the successful initiatives impacting the region's economy come from Northwestern Ontario entrepreneurs, both public and private sector. In order to sustain and grow such initiatives, the education system at all levels needs to encourage entrepreneurship. Recent initiatives involving Aboriginal entrepreneurship appear to be successful and should be encouraged (such as Paul Martin's pilot

entrepreneurial program at Dennis Franklin Cromarty School in Thunder Bay). Throughout the North, many economic opportunities involve the use of skilled trades, and many small businesses in the Northwest are dependent on skilled workers. The province's recent decision to restore shop classes is seen as a positive step.

One of the more interesting NOHFC initiatives has been the *Young Entrepreneur Program* to encourage individuals to establish new businesses in the North. While some displaced Northern workers have expressed an interest in establishing new enterprises, many are not eligible for support from the NOHFC entrepreneur grant because of the age limit.

**RECOMMENDATION 15.3.1 (NOHFC AGE CRITERIA FOR YOUNG ENTREPRENEURS)**

**It is recommended that consideration should be given to eliminating the age barrier for the NOHFC Young Entrepreneur Program in the Northwest for a five-year period.**

## **15.4 Apprenticeships**

The study had considerable input concerning apprenticeship and trades programs, and the importance of these skills to the future economic health of Northwestern Ontario. At present, companies are apprehensive about investing in apprenticeships because the employment market in Western Canada has attracted skilled workers out of the region. It is not clear whether this out-of-region employment of skilled workers is necessarily bad for the economy, if the family units remain in Northwestern Ontario.

On a positive note, some displaced skilled workers have migrated to opportunities in the mining sector. In the long term, the out-migration of skilled workers, along with the pending retirement of skilled trades people in the region, could cause severe worker shortages in forestry and mining that would impact their ability to maintain operations. A variety of new-economy value added operations will require skilled workers as well.

**RECOMMENDATION 15.4.1 (APPRENTICESHIP REGIONAL PILOT)**

**It is recommended that the province institute on a regional pilot basis special grants and enhanced tax credits to employers and students to further encourage apprenticeship and trades training. Further, it is recommended that a regional pilot job-matching program be established for apprentices and trades, recognizing the broad geographic distribution of companies and potential apprentices across the region.**

All too often, a potential student is identified in one community but the community lacks the apprenticeship position, or the apprenticeship position may be identified in another community but the student may be located elsewhere. This pilot program would work to link apprentice opportunities with potential students from across the region.

## 16.0 RESEARCH AND INNOVATION

In any industrial sector, research and innovation are important to maintain the long-term viability and competitiveness of an industry. The only significant area of advanced manufacturing in Northwestern Ontario is the Bombardier manufacturing plant in Thunder Bay. Skilled workers for this facility have been provided in part by the highly regarded Advanced Manufacturing Program at Confederation College. Over the years, the Bombardier facility in Thunder Bay has delivered competitive products throughout the world. In an increasingly competitive environment, the question of the ongoing viability of the plant has been raised numerous times, but at present, due to continuing orders for bi-level railcars (an innovation of this particular plant over 20 years ago) and the recent Toronto Transit Commission order for subway cars, the short-term future of the plant is guaranteed.

In the longer term, the Bombardier facility needs to be innovative, to research additional features for their vehicles, and to pursue product innovation that will set them apart in an increasingly competitive market. Although they have been given some encouragement by governments, they do not have extensive experience with respect to research administration, and it is felt that they could benefit from mentoring support. Some of this mentoring assistance can be given in cooperation with Lakehead University and other post-secondary institutions, but there is a need for some mentoring support directly from government.

### **RECOMMENDATION 16.0.1 (MRI-BOMBARDIER GOVERNMENT RELATIONSHIP)**

**It is recommended that the MRI assign a senior official to provide mentor support to the Thunder Bay Bombardier facility to assist them in identifying strategic research initiatives and appropriate agencies for securing partnership fiscal resources.**

In terms of appropriate post-secondary research space, there is a pressing need to give priority support to capacity-building at Lakehead University relative to strategic regional research initiatives. In recent Ontario initiatives, Lakehead University was given program support but did not receive funding for the physical capacity required. It will be unfortunate if this lack of physical facilities somehow limits the research initiatives, now that funding for programs has been established.

One such opportunity for the Ontario Government to support LU in their application for additional physical research capacity will be in 2009/2010 through the federally-funded *Canadian Foundation for Innovation* process. This is another example where a regionally-centered policy needs to be supported by the province. Interim space considerations should be supported as well.

**RECOMMENDATION 16.0.2 (POST-SECONDARY RESEARCH CAPACITY)**

It is recommended that senior levels of government ensure that Northwestern Ontario post-secondary institutions have the infrastructure essential to support their initiatives as regional research and development sites.

*"Expanded research capacity at Lakehead University, complimented by studies currently underway at the Regional Cancer Care and the Northern Ontario School of Medicine, will assist with the research projects of the MMRC and in turn contribute to this region's exceptional economic growth potential."*

**-Michael Power, Vice President,  
Regional Cancer and Diagnostic  
Services, Thunder Bay Regional  
Health Sciences Centre**

With the exception of Ryerson University and the University of Ontario Institute of Technology, graduate student enrollment growth has been based on past participation rates. This is not constructive for an institution that is trying to play a more important role as a regional university through strategic initiatives. Without such strategic infrastructure support, the significant contribution that Lakehead University could play to support the transition to the new economy will be a lost opportunity, and significantly hamper prospects for future regional prosperity.

**RECOMMENDATION 16.0.3 (GROWTH IN GRADUATE STUDENT PLACES)**

It is recommended that Lakehead University be supported, beyond system formulas, in growing its complement of graduate students related to regionally-strategic initiatives.



## 17.0 GROWTH PLAN FOR NORTHERN ONTARIO

As part of the Ontario government's "Places to Grow" initiative, a growth planning initiative has been established for Northern Ontario. Growth in the North will be highly variable, with differences between Northeast and the Northwest regions and among individual Northwestern communities. It is also clear from the work done by this study that, in the context of the estimated 33% growth in Ontario population for the next 25 years, the population in the Northwest will decline by 5.8%. However, this masks the fact that there will be significant growth in the region's Aboriginal population during this time.

Obviously, one major issue will be the infrastructure needs of the North. It is evident from this study that community and First Nations infrastructure needs are growing at a much faster rate than available funding, and federal funding constraints and jurisdictional issues facing First Nations may cause serious frustrations. Establishing a Northeastern and Northwestern renewal committee should be considered. Such a renewal committee would advise the MPIR of the priorities or criteria appropriate for infrastructure funding in the Northeast and the Northwest. As noted earlier, it is possible that funding should not be based strictly on a competitive base (as it has been recently), but perhaps a portion should be allocated to smaller communities on a formula basis.

The *Growth Plan for the North* is expected to be a comprehensive and long-term initiative for government, while the current study is focused on a strategic response to the short-term decline of the economy of Northwestern Ontario. There is expectation that many of the recommendations made in this report will be pursued by the Northern Growth Plan Initiative.



## 18.0 RESOURCE REQUIREMENTS

This study presents a series of short- and long-term initiatives which would help to re-establish economic prosperity to the region of Northwestern Ontario. The types of funding required fall into three categories:

1. Short-term program funding for a variety of initiatives over a three-year period;
2. Extension of current programs that are being funded for periods of one to two years; and,
3. Commitment and principal to specific long-term projects (Far North roads and limited four-laning initiatives) where the costs would be spread out over a 15-to-30 year period.

Several of the key initiatives identified in this report would apply equally to the Northeast. These initiatives are identified in the summary section and include short-term forestry recommendations, business education tax relief, the Community Transition Program and Far North roads.

In order for these recommendations and related projects to succeed, partnership funding with the Government of Canada is imperative. Without such support these projects would not be able to proceed. Specifically, the projects where federal funding would be critical include four-laning, Far North roads, Aboriginal economic development capacity-building, and Aboriginal school jurisdiction.

To provide a focal point and “champion” for facilitating these recommendations, MNDM should consider continuing the office of the Northwestern Ontario Economic Facilitator for an appropriate period of time after the final report is submitted.



## 19.0 SUMMARY

This study has presented a strategically-focused response to current issues in Northwestern Ontario through a series of recommended proactive government initiatives. Historically, government has played a significant role in establishing the policy and programming framework necessary to support the development of strong regional economies across the province. By setting the framework and working with businesses and communities, government is able to establish the climate necessary to attract investment and grow the regional economies. This report provides a comprehensive strategic direction for economic development on a regional basis in Northwestern Ontario in the current situation, rather than in a strictly sectoral approach.

While the recommendations in the report are presented by sectors and topic areas, they can also be organized into three categories of recommendations that were identified earlier in this report: *Stabilize the Current Economy*, *Build Capacity for the New Economy*, and *Grow a Prosperous Northwestern Economy*. As demonstrated in the following chart, a number of these recommendations are expected to have impacts on all three of these categories, and these are the priority recommendations. There is a large group of recommendations that focus predominately on two types of issues: *Building the Capacity for the New Economy* and *Growing a Prosperous Northwestern Economy*. Generally speaking, these recommendations, when implemented, will help to create structures and infrastructure that will strengthen Northwestern Ontario's economy for the future.

**RECOMMENDATION SUMMARY CHART**

Number	Recommendation	Type: Policy/ Program	Stabilizes Current Economy	Builds Capacity New Economy	Grows a Prosperous Economy
<b>VISION AND GOVERNANCE</b>					
5.1.1	Common Voice Initiative	Policy		√	√
5.2.1	Policy Institute	Policy		√	√
5.3.1	Presentation Centre in Northwest	Policy		√	√
5.3.2	Northern Desk*	Program		√	√
5.3.3	Northern Development Commissioner*	Policy	√	√	√
5.4.1	Location of New Government Jobs*	Program		√	√
<b>AESTHETICS AND THE ENVIRONMENT</b>					
6.0.1	Aesthetics Working Group	Program		√	√
<b>REGION-PROVINCE-NATION BUILDING</b>					
7.1.1	Realignment of Winter Roads*	Policy & Program	√	√	√
7.1.2	All Weather Road Study*	Policy & Program		√	√
7.2.1	Passing Lanes*	Program	√	√	√
7.2.2	Four-Laning	Policy & Program		√	√
<b>FORESTRY SECTOR</b>					
8.1.1	Forest Industry Secretariat*	Policy	√	√	√
8.2.1	Forest Tenure Reform*	Policy		√	√
8.3.1	Forest Sector Prosperity Fund*	Program	√	√	
8.4.1	Energy Rebate*	Program	√	√	
8.4.2	Biomass Rebate*	Program	√	√	√
8.4.3	Haul Distances*	Program	√	√	√
<b>MINING SECTOR</b>					
9.0.1	Geoscience Mapping*	Policy	√	√	√
9.0.2	Environmental Reviews*	Policy & Program	√	√	√
<b>TOURISM SECTOR</b>					
10.0.1	Tourism Marketing Pilot	Program		√	√
10.0.2	Crown Land for Adventure Tourism	Program		√	√
10.0.3	Signage for Access to Natural Resources*	Program	√	√	
10.0.4	11/17 Corridor Review*	Program		√	√
10.0.5	Destination Attraction Competition	Program		√	√
<b>ENERGY DELIVERY AND REGULATION</b>					
11.0.1	Energy Generation in Northwest	Policy		√	√
11.0.2	Demand Response Program Initiatives*	Policy	√	√	√

Number	Recommendation	Type: Policy/ Program	Stabilizes Current Economy	Builds Capacity New Economy	Grows a Prosperous Economy
<b>AGRICULTURE SECTOR</b>					
12.0.1	E-capability in Rural Areas*	Program		√	√
12.0.2	Abattoir	Program	√	√	
12.0.3	OMAFRA Biomass Research*	Policy		√	√
<b>ABORIGINAL ECONOMY</b>					
13.0.1	First Nation Economic Development Capacity*	Policy	√	√	√
13.0.2	First Nation Relationship/partnership Fund*	Policy		√	√
13.0.3	Regional MAA Office in the Northwest	Program		√	√
<b>MUNICIPALITIES AND BUSINESS</b>					
14.1.1	Communities in Transition*	Policy	√	√	√
14.1.2	Cottage Lot and Crown Land Development	Policy	√	√	√
14.2.1	Thunder Bay Incentive Mechanism	Program		√	√
14.2.2	Tactical Plan for Thunder Bay	Program		√	√
14.3.1	Business Education Tax Relief*	Program	√	√	
14.4.1	Buy Ontario	Policy	√	√	√
14.5.1	Northern Investment Capital*	Program		√	√
14.5.1	Immigration	Policy		√	√
<b>EDUCATION SECTOR</b>					
15.1.1	Aboriginal School System*	Policy		√	√
15.2.1	Aboriginal Post Secondary Attainment	Policy	√	√	√
15.3.1	NOHFC Age Criteria for Young Entrepreneurs*	Program		√	√
15.4.1	Apprenticeship Regional Pilot	Policy	√	√	√
<b>RESEARCH AND INNOVATION</b>					
16.0.1	MRI-Bombardier Government Relationship	Program		√	√
16.0.2	Post Secondary Research Capacity	Program		√	√
16.0.3	Growth in Graduate Student Places	Policy & Program		√	√

\*Potential Pan-Northern initiatives

The chart also identifies recommendations that address each specific category. Generally, the recommendations for *Stabilizing the Economy* are directed at improving conditions for the forest industries in the short-term. Recommendations supporting the other two categories (*Build the New Economy* and *Grow a Prosperous Northern Economy*) are more broadly focused and cover a number of sectors and government initiatives.

The general categories of recommendations outlined in this study are consistent with other recent studies and reports, such as the Northern Development Councils' *Growing and Strengthening Northern Business, A Solution Agenda for Northern Ontario's Forest Sector*, and the *Northwestern Ontario Smart Growth Panel Report* that have examined the economy of the North or economies in transition.

Although the mandate of this study has focused on Northwestern Ontario, as identified in the above table, several of the recommendations especially those related to forestry and mining would have pan-Northern implications for business and industry. It may be appropriate to pilot some of these initiatives in the Northwest.

The findings and recommendations contained in this report should be a major focus for Northwestern Ontario policy and program initiatives in the future. Recommendations deal with both the short- and long-term as the region is in transition to the new economy. It also needs to be reinforced that for several of the longer term initiatives, it is imperative that the Government of Canada be a significant funding partner. The people of Northwestern Ontario are ready, willing and able to work hard to develop their new economic future, and they need the urgent help of senior levels of government to make this difficult transition.



## 20.0 APPENDIX A

### TERMS OF REFERENCE

#### NORTHWESTERN ONTARIO ECONOMIC FACILITATOR

**Introduction:**

The high Canadian dollar and restructuring in the forest industry have created challenges for Northwestern Ontario and heightened the need for that region to identify and act on new opportunities for economic prosperity.

The government is working with northerners to create a dynamic future for the region by investing in initiatives that build on its rich resource base and in the basic foundations of growth such as health, education, youth, infrastructure and northern business.

There are also opportunities to build upon current government efforts to support communities in transition and local engagement in strategic planning for change:

- The Ministry of Economic Development and Trade's (MEDT) Regional and Local Economies in Transition program has been a valuable tool to manage community distress resulting from sudden negative economic events in Southern Ontario (such as, Cornwall and Chatham-Kent). There is an opportunity to build on this experience for the Northwest.
- Various stakeholders in Northwestern Ontario have been working to develop a strategic approach to enhance the prospects of this region. Their ideas would benefit from further development that could be facilitated through collaborative discussions with both provincial and federal governments. For example, the Northwestern Ontario Municipal Association (NOMA) recently released a paper entitled "Enhancing the Economy of Northwestern Ontario". Input was provided from academia, the Ontario Forestry Coalition and the Northwestern Ontario Associated Chambers of Commerce.

**Mandate:**

Building on the work already underway at the local and provincial levels, the Northwestern Ontario Economic Facilitator will facilitate discussions among local stakeholders and governments at all levels that will help the people of the Northwest build a prosperous future.

The intention is to build on the recent efforts of local stakeholders to bring to bear the experience of government in helping local economies address challenges and pursue strategic opportunities.

**Responsibilities:**

In discharging his mandate, the Northwestern Ontario Economic Facilitator will:

- Provide a focal point for regional stakeholder communications with respect to northwestern Ontario economic renewal.
- Facilitate discussions between an inter-ministry working group, described below, and local stakeholders from business, government (local, provincial and federal), and community and academic organizations.
- Consult with staff from MEDT who are actively involved in that ministry's Communities in Transition initiative in order to understand current approaches and resources for such communities.
- Work with an inter-ministry working group with membership from ministries including MEDT, the Ministry of Northern Development and Mines and the Ministry of Finance (Office of Economic Policy).
- Pursue other approaches and avenues for research as requested by the inter-ministry working group.

**Deliverables:**

The Northwestern Ontario Economic Facilitator will be responsible for:

- Developing a key list of questions to encourage a thorough and strategic investigation of opportunities and challenges.
- Presenting a report to the Minister of Northern Development and Mines including:
  - opportunities for regional stakeholders to leverage current government resources and programs to benefit a locally driven strategic plan; and
  - an analysis of local resources (such as, expertise, finances, market opportunities) and how they could be utilized more effectively.

## 21.0 APPENDIX B

### Input from Groups and Organizations

The following is a list of groups for which input meetings were arranged with Dr. Rosehart. Many of these meetings, especially those in the communities, had participation from a broad cross section of people. In addition many meetings were held with individuals interested in regional development for the Northwest. Meetings were also scheduled with representatives of 16 municipalities and with over 20 Aboriginal leaders, including Grand Chiefs of two major Treaty organizations.

Meeting attendants were encouraged to be candid in their input and were assured that all inputs would be non-attributable.

Dr. Rosehart also received numerous inputs from other interested parties by mail and by email.

#### Groups

Abitibi Consolidated  
Algonquin Forest Authority  
Ambassadors Northwest  
Bombardier  
Bowater Incorporated  
Buchanan Forest Products  
Ontario Public Service Cabinet Office  
Canadian Federation of Independent Business  
Communications, Energy and Paperworkers Union of Canada  
City of Thunder Bay  
Confederation College  
De Beers Canada  
Delta Energy  
Elliot Lake Cottage Lot Development Group  
Federation of Northern Ontario Municipalities  
Forest Ecosystem Science Co-operative Inc  
Gull Bay Forestry  
Grand Council Treaty #3  
Hydro One  
Indian and Northern Affairs Canada  
Industry Canada FedNor  
Keewatinook Okimakanak (K-net)  
Lakehead University  
Matawa Tribal Council  
Nishnawbe Aski Development Fund  
Nishnawbe Aski Nation  
North of Superior Training Board  
North of Superior Tourism Association  
North Shore Forest Inc.  
Northern Development Councils  
Northern Ontario Sustainable Communities Partnership  
Northern Ontario Heritage Fund Corporation  
Northwest Local Health Integration Network  
Northwestern Ontario Associated Chambers of Commerce

Northwestern Ontario Innovation Centre  
Northwestern Ontario Innovation Team  
Northwestern Ontario Municipal Association  
Northwestern Ontario Tourism Association  
Ontario Centres of Excellence  
Ontario Federation of Agriculture  
Ontario Forest Business Industry Association  
Ontario Forest Council  
Ontario Forest Industry Association  
Ontario Mining Association  
Ontario Ministry of Aboriginal Affairs  
Ontario Ministry of Agriculture, Food and Rural Affairs  
Ontario Ministry of Education  
Ontario Ministry of Economic Development and Trade  
Ontario Ministry of Finance  
Ontario Ministry of Natural Resources  
Ontario Ministry of Northern Development & Mines  
Ontario Ministry of Transportation  
Ontario Northland  
Ontario Power Generation  
Ontario Prospectors Association  
Ontario Trees Foundation  
Peat Resources  
Rainy River Development Corporation  
Retired Teachers of Ontario Political Action Committee  
Seven Generations Education Institute  
Sioux Lookout High School  
Steelworkers Union  
Tembec  
Temiskaming Forest Alliance Incorporated  
Thunder Bay Catholic District School Board  
Thunder Bay Community Economic Development Corporation  
Thunder Bay District Labour Council  
Thunder Bay Fine Papers  
Thunder Bay Harbour Commission  
Thunder Bay Regional Health Sciences Centre  
Thunder Bay Rescue and Emergency Services  
Thunder Bay Ventures  
Wildlands League