



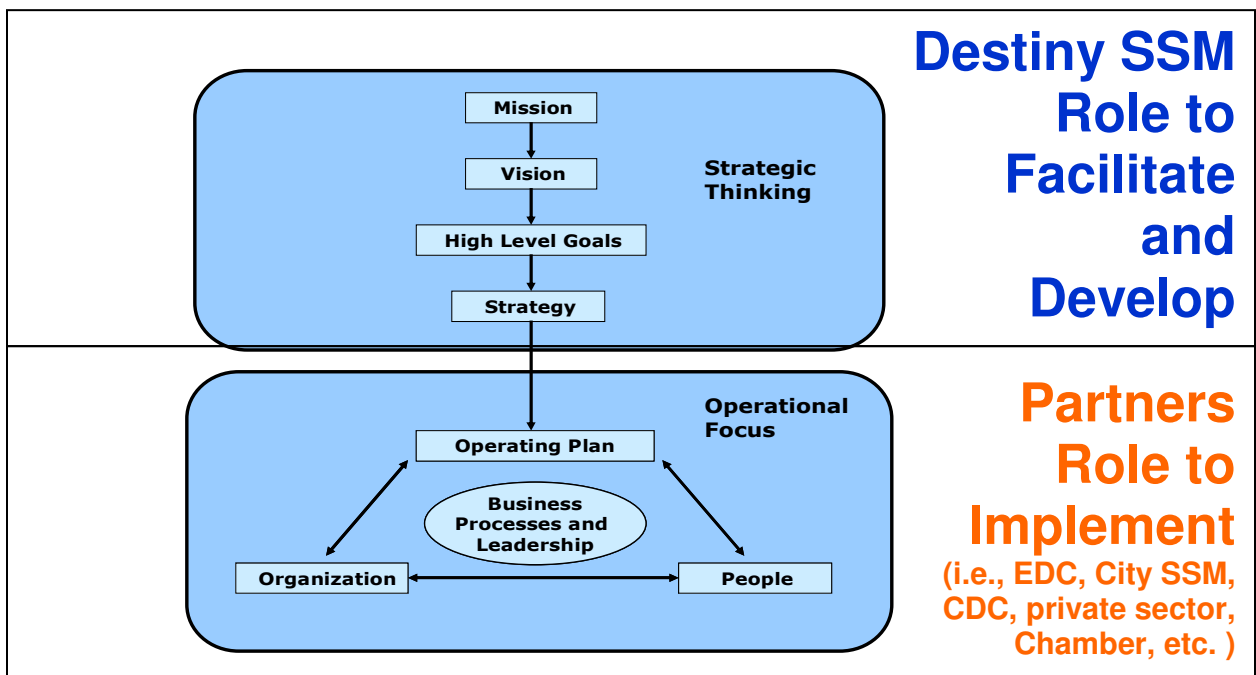
Economic Diversification Strategy 2009 – 2012 Briefing

Introduction

Destiny SSM is a partnership between Chamber of Commerce, SSM Economic Development Corporation, SSM Innovation Centre, Community Development Corporation, the City of SSM, provincial and federal governments (FedNor, Ministry of Northern Development and Mines, Ministry of Training Colleges and Universities) and private sector partners (represented by Lucidia Studios Inc.), to create and manage the development and progress of the economic diversification strategy. It was established in 2003 with the development of the first strategy.

Destiny SSM is working to revitalize the Economic Diversification Strategy for Sault Ste. Marie for 2009 – 2012. The intent is to provide the community with a focus by establishing strategic priorities that are aimed at growing the economy. These priorities translate into projects that many partners and champions implement, creating greater economic prosperity in our community.

To provide an overview of the process, refer to the diagram below. It illustrates the part of the process that Destiny SSM is responsible for – to facilitate the *Strategic Thinking* portion of the *Planning Framework*. All of Destiny SSM's partners and other private/public sector champions are responsible for the *Operational Focus* portion of the planning framework and work to build the strategy and implement the components determined a priority.



Dr. Atif Kubursi is an Economist from McMaster University who provided a presentation to share his insights on how Sault Ste. Marie could proceed as we work collaboratively to develop the Economic Diversification Strategy (see appendix A).

This spring, several sessions were held with community stakeholders to gain their input into the strategic direction of the community from an economic diversification perspective. The top six (6) ideas deemed as a priority by the participants have been compiled into a community strategy. We have provided this briefing, to gain input from Destiny SSM partners as they are involved in implementing these strategies. We look forward to gaining your input, ideas, suggested changes or additions. Destiny will use your input to fine-tune the strategies and set a course for implementation.

Top Strategies for Economic Growth

The following strategies are high-level concepts that once determined as a priority will be further refined and implemented into detailed action plans. Before we get started, we wanted to gain your input to see if you agree, have any additions or changes.

- 1. Global Gateway and Infrastructure Strategy** (transportation and broadband infrastructure)
 - Developments of deep harbour, four-lane Hwy 17 SSM to Sudbury, HRC rail upgrade, Bridge upgrade and expansion, Airport (passenger service and commercial opportunities) and passenger train service
 - Expand industrial land development
 - Create digital economy links
- 2. Knowledge-based Development Strategy**
 - Support growth of Sault College, Algoma University and Shingwauk Education Trust in the engagement of youth and the advancement of entrepreneurial and professional success
 - Increase research projects by 100% by 2011 the next census – to focus on community-based; health; science; and technology areas
 - Foster products and services development for export
- 3. Labour Development Strategy** (Immigration and Training)
 - Develop talent pool to compete in global economy
 - Ensure strong education connection to local industries and opportunities
 - Link to local international companies (ESSAR, Tenaris) and First Nations communities
 - Attraction of young professional families (newcomers and immigrants)
- 4. Tourism Product Stabilization and Development Strategy**
 - Develop ICON and tourist attraction pillars that illustrate the SSM personality authentically (e.g. Gateway): *Historical* - “Meeting place” of three Nations, Group of Seven, Heritage River, etc.; *Natural* - Biological and Geological Values (eco-tourism); *Cultural Heritage* – First Nations, Voyageurs; and *Geographical* – downtown and waterfront



5. Renewable Energy Strategy

- Establish new environmental technologies, manufacturing processes and infrastructure improvements
- Continue renewable development and strengthen Sault Ste. Marie's position as a "green" renewable energy centre

6. Value-added Manufacturing Strategy

- Establish sector expertise
- Explore potential for raw product imports from US/Can region for value-added opportunities



APPENDIX A
The Economy of Sault Ste. Marie
The Challenge of Renewal
Econometric Research Limited
Sault Ste. Marie: May 30, 2008

Highlights of Presentation by Dr. Atif Kurbursi

Sault Ste. Marie – The Current Picture

- Important differences between the age structure of the Sault's population and that of Ontario. Higher proportions of older people and lower proportions of younger people.
- Residents in the Sault appear to move less than the general population of Ontario
- Population is generally less educated
- A greater proportion of Sault residents have no certificates or trade certificates
- The distribution of income in the Sault is skewed towards the lower levels.
- The Sault's income flows are significantly dependent on non-employment income
- Only 68% of the sault's population is participating in the workforce vs. 77% in Ontario
- The employment structure shows equal percentages in manufacturing but lower shares in business services and finance

Why are some communities more at risk than others?

- Vulnerability to external shocks
- Limited opportunities in the economy
- Lack of diversification
- Cost of production tends to be high
- Absence of technical linkages with other sectors and regions

What happens to communities at risk?

- Bi-polar income distribution
- Specialization in narrow production or extraction lines
- Fiscal base is tight
- Occupations are concentrated in a few sectors

Economic Renewal Strategy

- Quantitative Targets
- Focus on competitive fundamentals
- Increase value added activities
- Participation from all



Components

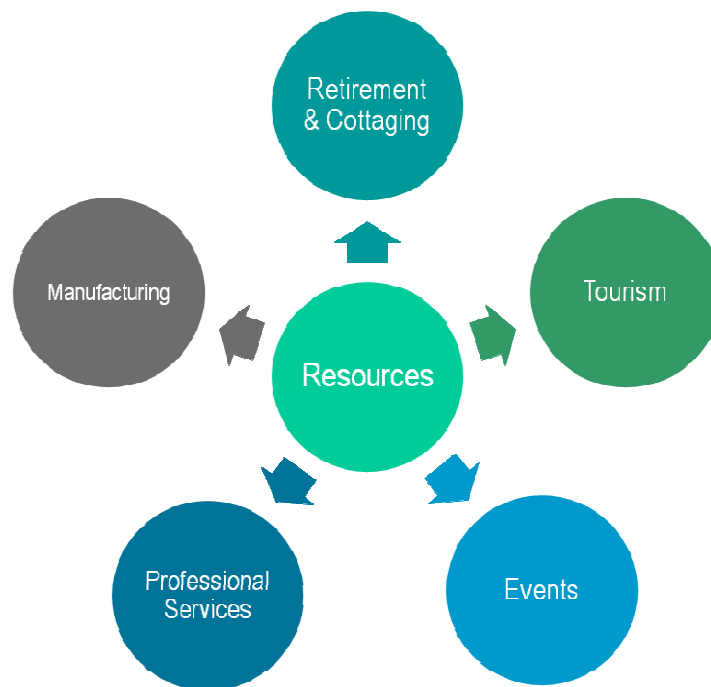
- Successful communities are ones that tap into the dynamism of urban centers
- Generally the more remote and isolated the poorer the economic performance
- Can counter strategies be created?

Metropolitan Influence Zones

- Successful communities are ones that tap into the dynamism of urban centers
- Generally the more remote and isolated the poorer the economic performance
- Can counter strategies be created?

How do we move to higher Value Added?

- Move away from exclusive dependency on a small set of activities.
- Develop a stronger presence in the new economy.
- Emphasize renewable sources of income.
- Develop technological capabilities.
- Involve higher education institutions.
- Attract and retain a creative pool of talent.



Renewal Strategy

- Focus on competitive strengths
- Increase value added activities
- Set targets
- Work together

“The Sault economy is a northern economy that shares many of the characteristics of communities at risk with a relatively high unemployment rate, poor record and rank in business development, limited clusters and networking with Metropolitan Influence Zones, vulnerability to external shocks, lack of diversification, relatively high production and services costs, and there is a conspicuous absence of technical linkages with other sectors and regions. But unlike other Northern communities the Sault has long experience in manufacturing activities, a large pool of skilled workers, a staging location advantage and community commitment to excellence and resilience. It is basic that the Sault should build on strengths and minimize its disadvantages by devising a social strategy of economic renewal.

This renewal strategy for the Sault calls for a move away from exclusive dependency on a small set of activities, the development of a stronger presence in the new economy, a serious emphasis on renewable sources of income, the indigenization of technological capabilities and higher proportions of educated people. Quantitative targets can be set to measure progress but nothing substitutes for collective commitment and solidarity that taps into the community’s talents, creativity and cohesion.”

DR. ATIF A.KUBURSI
Professor of Economics, McMaster University
President of Econometric Research Limited

