

A scenic photograph of a calm lake with a forested shoreline and a small waterfall in the foreground. The title is overlaid on the upper portion of the image.

A Strategic Plan for Economic Development and Employment Generation for the Atikokan Area 1987-1992

A strategic plan for economic developmen
EDO 330.971311 S 34406000947498



ATIKOKAN PUBLIC LIBRARY

A STRATEGIC PLAN
FOR
ECONOMIC DEVELOPMENT
AND
EMPLOYMENT GENERATION
FOR THE
ATIKOKAN AREA
1987 - 1992

Developed by: R. E. MICHELS & ASSOCIATES LTD.
for
The Atikokan Community Futures Committee
June 30, 1987.

INDEX

Page No.

- (i) EXECUTIVE SUMMARY
- 1. I. COMMUNITY PROFILE
 - 1. Boundaries
 - 1. Changing Demographics
 - 2. Changing Employment Base
 - 2. Shift From Part-Time To Full-Time Employment
 - 3. Social Assistance As Main Source of Income
 - 3. Major Changes Resulting From The Closure Of The Mines
- 6. II. PAST ECONOMIC DEVELOPMENT INCENTIVES AND RESULTS
 - 6. 1972-73: Adjusting To The News - "The Mines Are Closing!"
 - 7. 1974-78: The Community Commits To Investing In Its Future-Governments Help
 - 9. 1978-83: The "Economic Development Office" Model Is Implemented
 - 12. 1983-86: A Period Of Internal Strife
 - 14. 1986-87: Rebuilding A Strategic Approach To Economic Development In Times Of Constraint
- 17. III. EMPLOYMENT REQUIREMENTS
- 19. IV. THE COMMUNITY'S RECOVERY POTENTIAL
 - 19. New Mining Developments
 - 19. Expansion Or New Plant Development Based On The Forests
 - 20. Manufactured Wood Products
 - 20. Tourism
 - 21. Agriculture And Aquaculture
 - 21. Granite
 - 22. Scientific Research And Post-Secondary Education
 - 22. Import Replacement - Light Manufacturing/Assembly
 - 23. Government Services
 - 23. Retail Service Expansion
 - 23. Atikokan As A Retirement Community
- 25. V. EMPLOYMENT AND ADJUSTMENT REQUIREMENTS
 - 25. Education: Project-Specific Counselling
 - 25. Education: Long-Term Needs Of This Generation
 - 26. Education: Long-Term Needs Of The Next Generation
 - 26. Education: Specific Skill Upgrading And Training
 - 26. Education: Innovation And Renewing The Strategic Plan
 - 27. Education: Community Involvement, Participation And Commitment
 - 27. "Seed" Investment
 - 28. Community/Business Promotion And Searching For New Opportunities
 - 28. Project-Specific Applied Research And Engineering
 - 29. Access To Quality Information And Data
 - 29. A "One-Stop" Economic/Employment Development Centre
 - 29. Regional And Inter-Governmental Liaison

Page No.

- 30. Policy Formulation And Lobbying
- 30. Long-Term Financial Assistance From Senior Governments
- 31. More Incubator Industrial Mall Space
- 32. VI. UNDERSTANDING THE COMMUNITY'S NEEDS - FUTURE RESEARCH
- 33. VII. THE MANDATE OF THE COMMUNITY FUTURES COMMITTEE
- 34. VIII. RECOMMENDED COMMUNITY FUTURES OPTIONS - OTHER EMPLOYMENT AND ADJUSTMENT INITIATIVES
- 34. Business Development Centre and Community Investment Fund
- 36. Self-Employment Incentive
- 36. Direct Purchase of Institutional Training
- 37. Community Initiatives Fund
- 38. Relocation and Exploratory Assistance
- 39. Other Employment and Adjustment Incentives
- 40. IX. HUMAN, PHYSICAL AND FINANCIAL RESOURCES - REQUIRED AND AVAILABLE
- 40. C.F.C. - Province - Township Joint Venture
- 41. Five-year Financial Plan
- 42. Policies
- 42. Structure
- 43. Other Resources
- 44. X. RECOMMENDED EVALUATION AND PROJECT CONTROLS
- 44. Financial Controls
- 44. Personnel Controls
- 44. Evaluation and Project Controls
- 45. XI. WHAT HAPPENS AFTER FIVE YEARS?
- 46. XII. GOALS AND OBJECTIVES
- 46. 5-Year Goals of the CFC

- Appendix No. 1 The Atikokan Story...A Community Profile
- 2 Schedule A - The Ontario Municipal Board
- 3 Study of A Changing Community
- 4 Local Employment Survey
- 5 Summary History - Atikokan
- 6 Policy Manual - Community Futures Committee

Executive Summary

A STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT AND EMPLOYMENT GENERATION FOR THE ATIKOKAN AREA 1987 - 1992

The Strategic Plan assumes that forestry (including value-added wood product processing and manufacturing), mining, and tourism offer the potential for growth and diversification of Atikokan's economic and employment base.

It is a relatively optimistic plan, given that about 60% of the Town's employment base was eliminated with the closure of the iron ore mines in 1979 and 1980. The optimism is based on the substantial recovery which has already occurred through the creation of new full-time, part-time and seasonal employment in forestry, the service sector and tourism since the closure of the mines.

The plan accepts the likelihood that new employment creation will not come from high-paying, large corporations but will be created through the start up and expansion of small businesses.

It operates on the assumption that a focussed application of a critical mass of financial, economic, educational and technical assistance can create sufficient headway and momentum so as to sustain progress in economic development and employment generation after the 5-year term of the Community Futures Program expires.

It proposes

- a) the selection of the **Business Development Centre** option, including the **Community Investment Fund**;
- b) the selection of the **Self Employment** option;
- c) utilization, on a case-by-case basis, of the **Community Initiatives Fund**, already activated for the **Quality Classic Replicars (Canada) Inc.** project;
- d) a joint-venture approach with the **Atikokan Economic Development Corporation** (the municipal economic development office which is partially funded by the municipality but receives the majority of its funding from the Province) to operate the **Business Development Centre** which would be the "one-stop" location and source for all economic development and employment generation activities in the Community.

This joint-venture approach assumes that the pooling of resources will not lead to a reduced financial commitment from either the province or the federal government but will allow the maximum amount of funding to be accessed and put to work in Atikokan.

The Committee wishes to reserve the right to apply to establish the **Direct Purchase of Institutional Training** option and the **Relocation and Exploratory Assistance** option at a later date.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

A Strategic Plan For Economic Development and Employment Generation -1987-1992

COMMUNITY PROFILE ¹

Boundaries

The community of Atikokan encompasses an area of 216 square miles (12 miles x 18 miles) and is located ² 190 kilometers west of Thunder Bay, on Highway 11, and 120 kilometers east of Fort Frances.

Changing Demographics

The population of Atikokan is about 4400 persons. Between 1976 and 1986, the population decreased by 26% ³ but the number of households only dropped by 5%. The population of Atikokan is aging - the primary areas of population loss were in the under 25 years and the 46 - 55 years age groups.

Population By Age Cohorts - 1985 ⁴

		<u>%</u>
0 - 4 years	288	6.5
5 - 14 years	684	15.4
15 - 25 years	848	19.0
26 - 35 years	731	16.5
36 - 45 years	513	11.5
46 - 55 years	439	9.9
56 - 65 years	475	10.7
66+ years	326	7.4
Unknown age	138	3.1
TOTAL	4442	100.0%

June 30, 1987.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

Changing Employment Base

Atikokan was once almost totally dependent for primary employment on iron ore mining - the closure of the mines in 1980 resulted in the loss of over 1100 jobs. However, other jobs were created as the mines phased out so that the net loss between 1979 and 1985 was 454 full-time jobs.

A further 283 full-time jobs have been lost between 1985 and 1987. Many of these were in the secondary and tertiary sectors following the completion of construction of the Atikokan Generating Station by Ontario Hydro.

Employment in Atikokan By Employment Status, 1987 ⁵

	<u>Full Time</u>	<u>Part Time</u>	<u>Seas'l</u>	<u>Contract</u>	<u>On Call</u>
Primary	395	4	4	13	0
Secondary	172	4	85	13	3
Tertiary	<u>680</u>	<u>213</u>	<u>267</u>	<u>62</u>	<u>62</u>
Total	1247	221	356	88	65

The economy of Atikokan is now mainly based on forestry - wood harvesting and hauling, sawmills and a particle board plant. Public sector employment (30% of full-time employment) also provides a significant employment base. The remainder are in the private service sector such as tourism and wholesale/retail services and light manufacturing.

Shift From Full-time To Part-time Employment

In 1987, the labour force is comprised of about 2,000 persons of which

- 62% are employed full time
- 16% are employed part time
- 20% are unemployed, and
- 2% are enrolled in training programs.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

The nature of full-time employment has changed:

	<u>1979</u>	<u>1987</u>
Primary	65%	31%
Secondary	3%	14%
Tertiary	32%	55%

Of the tertiary jobs, more than half are public sector and the rest (25% of all full-time jobs) are private, service-sector jobs.

Social Assistance As Main Source Of Income

In 1987, social assistance is the main source of income for almost 1-in-4 persons between the ages of 15 and 65: ⁶

57% on unemployment insurance
5% on welfare
5% on family benefits
15% early retirement
16% worker's compensation
2% other

Major Changes Resulting From The Closure Of The Mines

Five significant changes in the local economy have occurred since the closure of the mines:

1. The private sector is increasingly dominated by small companies, employing fewer than 5 employees. ⁷
2. A major shift from full-time to part-time employment, particularly in the tertiary sector where part-time and seasonal employment is almost equal in number to those employed full time.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

3. The average per capita and family incomes have dropped very significantly as a result of
 - the shift in the employment base away from very high paying mining jobs to much lower paying jobs *
 - the decrease in the number employed relative to those who are retired
 - the shift from full-time to part-time employment
 - fewer employed persons per household
4. The unemployment rate has gone down from 35% to a chronic unemployment rate of 20%. Over 50% of the workforce reported being unemployed for at least some period of time during 1986. 9% of the workforce have been unemployed for over a year and no longer are eligible for unemployment insurance benefits. ⁸
5. The community infrastructure was designed for a population of 6,000 to 8,000 persons. The operating costs of the infrastructure tend to persist despite a much lower current assessment and population base. The ability of the community, especially those on fixed incomes or social assistance, to sustain these costs is severely strained.

TAX BASE

	<u>1979</u>	<u>%</u>	<u>1987</u>	<u>%</u>
Residential	\$ 5.21+	33.3	\$ 5.71	57.9
Commercial	6.87	44.0	3.01	30.5
Business	<u>3.55</u>	<u>22.7</u>	<u>1.15</u>	<u>11.6</u>
TOTAL	\$ 15.63	100.0	\$ 9.87	100.0

+ = \$ million

* According to the "Business Employee Survey", conducted by Andersen Management Services, May 1987, the average hourly wage (excluding the unemployed) is \$ 11.60 per hour. At current rates, if 60% of the Atikokan workforce were employed as miners at today's wage rates, the average hourly wage rate in the community (estimated) would exceed \$ 18.00 per hour - 50% higher than is currently the case.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

MILL RATE

1978 = 101.59 1986 = 215.56 = 112% increase

MUNICIPAL COSTS VS. MILL RATE 1981 - 1985

Increase in municipal expenditures = + 25%
Increase in mill rate = + 50%

AVERAGE HOUSEHOLD CHARGES

1978 = \$ 227 1986 = \$ 581 = + 156%

TAX ARREARS

1977 = 3.5% 1986 = 16.7%

(Ministry of Municipal Affairs guidelines indicate that the rate should not exceed 12%)

II. PAST ECONOMIC DEVELOPMENT INITIATIVES AND RESULTS **

1972-73: Adjusting To The News - "The Mines Are Closing!"

The Town first became aware of the possibility of the closure of one of its mines, Caland Ore Limited (Caland), in September 1972. This did not produce a panic because Steep Rock Iron Mines Limited (SRIM) announced they would expand and take over the Caland pit as soon as it was vacated by Caland.

By early 1973, the Town Council felt that the community's economic base was secure enough to plan to improve the community's infrastructure. Their future "menu" involved constructing

- a sewage treatment plant
- a new hospital
- senior citizen housing
- swimming pool
- golf course
- curling rink
- new arena
- and a municipal airport.

At the same time, they also were prudent enough to establish the Atikokan Industrial Development Committee (AID) to

- promote the development of secondary industry and economic diversification and to
- promote the construction of a direct road link between Atikokan and the Township of Ignace, located due north of Atikokan on Highway 17, the "Trans-Canada Highway".

1973 saw a re-activated Chamber of Commerce involve itself in economic development and, along with Council and AID begin a process of self-education concerning economic development.

The swimming pool and Bunnell Park were built and a start was made on a 35-unit senior citizens' housing complex.

Kates, Peat, Marwick were hired to do an economic development study of Atikokan. An inventory was completed of the hardwood resources in the Atikokan area. A study was authorized to identify gravel deposits and potential sites for industrial development in the Atikokan area.

** For a detailed account of events related to economic development initiatives and results see Appendix No. 4, "Summary History - Atikokan - 1972-1987", R. E. Michels & Associates Ltd., May 1987.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

1974-78: The Community Commits To Investing In Its Future - Governments Help

This period was characterized by an active, venturesome, bold Town Council and a very high degree of community involvement, particularly the business sector.

Viewed by some, both inside and outside the Town, as exhibiting "wishful thinking", Atikokan Council at AID's urging set fate in motion when they decided to request Ontario Hydro to build a thermal generating station in Atikokan rather than in Thunder Bay.

The years from 1974 to 1978 were almost "boom" times for Atikokan as many people began to prepare for the eventual closure of the mines.

The Town and the provincial government joined forces to accelerate and encourage diversified economic development:

- The administration of Quetico Park was strengthened and located in Atikokan; a new entry was developed at Nym Lake
- Atikokan was included in the NorOntair route
- A new ministry of Natural Resources District was created around Atikokan and a new District headquarters building constructed - additional MNR staff were hired
- A new 25-bed hospital was constructed
- An incubator mall was established in the old Firestone building and later, a 36,000 square foot industrial mall was constructed in a newly developed industrial park which required a new bridge over the Atikokan River
- A new airport was built and paved
- Ontario Hydro surprised even themselves by deciding to build a new thermal generating station in Atikokan
- New senior-citizen's drop-in centre
- Through Confederation College, established skill training programs to meet the needs of miners looking to diversify their employment potential and/or upgrade their skills
- Introduced skill training programs for miners as a part of the company training program systems
- Commissioned a study of the commercial-industrial potential of the local clays
- Despite much resistance and stalling by the bureaucrats, the province commenced construction of the Bending Lake Road to eventually connect with Ignace
- Commenced a rebuild of Highway 11 from Shebandowan to Mine Centre
- Developed the Northdale housing subdivision
- "Woood" and partially coerced Pluswood Ltd. to locate its new particle board plant in Atikokan.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

On its own, the Town

- built a new golf course
- built a new curling club and community centre
- conversion of old hospital to a "community services" building housing the recreation department, TV Atikokan's studios, the provincial Court, and many volunteer community agencies
- a new ski chalet was constructed
- established a Small Business Development Corporation
- lobbied both senior governments to amend their policies to suit declining single-industry Towns and to use Atikokan as an opportunity to experiment with new economic development policies and programs
- hosted seminars at Quetico Centre which involved virtually every key segment of the community in defining future planning and development guidelines for the Town and generated policies and specific development ideas for public and private-sector follow-up
- started planning for the possible need to downsize the school system and other municipal services
- established a Planning Board and commissioned an Official Plan
- constructed a new museum building on Armstrong's Point.

The private sector also played a role

- construction of the White Otter Inn

Caland announced an extension of its operating life from 1976 to 1980. This complicated SRIM's plans to shift operations to the Caland pit and extend their own life. It soon became obvious that SRIM would also be closing but the timetable was obscured by SRIM's vacillations concerning its future plans.

Ontario Hydro's commitment to construct the generating station was reduced in scope twice to one-quarter that original planned. The project schedule then was deferred on several occasions and for various periods the project seemed on the verge of cancellation.

As it turned out, the delays in constructing the generating station coincided with the temporary extension of mining. This served to spread the employment opportunities over a longer period and to reduce the "boom-to-bust" cycles which would have harmed the Town if the extended mining employment and the hydro plant construction coincided and, then, the Town was hit by the mine closures and the end of the Hydro construction.

Phase One - Planning

COMMUNITY FUTURES COMMITTEE

Atikokan, Ontario

Measures were taken by the Town and senior governments to assist the laid-off workers to adjust to the closures

- Manpower Adjustment Committees were established - one for each mine
- A topographical map of the Town was completed
- Several economic scenarios were commissioned along with a study of the potential impact of the construction of the generating station (as a result of which Hydro established a one million dollar fund to assist the Town to offset the physical and social costs of that impact)
- Training was set up in welding, carpentry, electrical and precision instrumentation for ex-mine workers
- Worker relocation grants for job search and moving costs were provided, travel subsidies were provided to ex-miners so they could commute to work in Pickle Lake
- The development of a Tourism Development Strategy was funded
- A Transition Counsellor was hired to assess and assist with family stress problems resulting from the mine closures
- Job readiness, BTSD and academic upgrading training was provided
- "The Atikokan Story" was commissioned to document the Town's assessment of the effectiveness of actions to deal with the mine closures
- Studies were commissioned of the commercial potential for tubular steel fabrication, a mini bar and rod plant, a sponge iron plant, a heat treatment plant for bar and plate
- Prospectors' training was provided
- A new seaplane base was built at Steep Rock Lake
- An airborne geological survey was conducted which produced a staking boom, no new mines
- Tourist information building constructed
- Medical clinic purchased from doctors to ensure continued operation
- New gymnasium/music room constructed as addition to the high school.
- A major increase in government social assistance and health services such as mental health, crisis housing, etc.

The slumping economy also produced some casualties

- Ford dealership closed
- Toy manufacturer closed

June 30, 1987.

Phase One - Planning

COMMUNITY FUTURES COMMITTEE

Atikokan, Ontario

From 1978 to 1980, the population dropped by 450 persons but, at the same time, 466 new jobs were created (mainly in forestry) which buffered the economy as the mines ceased operations. This job creation continued through 1983 at a slower pace, somewhat stimulated by the commencement of construction of the generating station which produced some limited hiring of local tradespersons and laborers. Two small fishing tackle assembly operations started up in business.

During the period, 1978 to 1980, one major community group - The United Steel Workers of America Atikokan locals - tended to oppose the approach being taken by the Town towards economic renewal. They expressed strong concern that not enough was being done to attempt to extend the life of the mines and to guarantee employment for their members who would be subject to lay-off when the mines closed.

By 1980, as the mines closed, the dissension between the ex-mine workers' group and the AID Committee, in particular, increased. This generated political tensions which contributed to a major change in Council membership in the 1980 municipal election.

Beginning in 1981, Council found itself caught between two powerful groups - the ex-miners and the business community as represented by the AID Committee - each of whom had strongly differing views on the desired approach to economic development in the community. The ex-miners wanted the emphasis put on finding jobs of equivalent economic value for those displaced by the mine closures. The AID Committee saw its mandate as diversifying the community's economy and generating jobs of any kind while seeking to restore the municipal tax base, whether or not that involved finding replacement jobs for the ex-miners.

The newly-elected Town Council began to involve itself more directly in economic development issues and the relationship between several Councillors and the AID Committee began to sour.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

1983-86: A Period of Internal Strife

By 1983, the conflict between the leadership of the ex-miners and the business community as represented by the AID Committee reached a peak. No-one seemed to have a satisfactory answer for the ex-miners whose prospects for re-employment were rapidly diminishing as the nation's mining economy entered a severe and prolonged slump. The AID Committee's approach had not generated sufficient results and seemed too long term to be widely viewed as the right approach.

The period 1983-1986 was characterized by infighting, withdrawal of volunteer effort and continued disagreement over how Township resources should be deployed in the pursuit of renewal/diversification of the Town's economy and employment base. The Council increasingly was buffeted by differing citizen's groups.

The infighting spilled over on to Council itself as Council members found themselves involved in conflicts of personality and ideology. These conflicts spilled over into Council's relations with the AID Committee. Membership turnover on the AID Committee increased and the committee's effectiveness declined.

The two major points of contention centred on:

- a) Council's decision to sell the incubator mall in the old Firestone building to a local business. This was contrary to a prior agreement with the Ministry Of Northern Affairs who provided the original funding to purchase the building. The sale of the building also ended the welders' training being provided by Confederation College who were one of the tenants. It also resulted in the relocation of Major Machines Works - the other tenant - to Marathon.
- b) Council's decision to sell, rather than long-term lease the property containing the former Caland office building, head frame and truck maintenance shop. The property had been acquired by the Town for \$1.00 but was considered to be worth several hundred thousand dollars. The entire site was eventually sold to Foothills Timber and Quetico Wood Industries for \$5,000.

The end of 1983 saw these tensions lead the Town and Brian Ross mutually to decide against renewing Ross's contract of employment as Economic Development Officer.

A new Economic Development Officer, Bill Esarik, was hired in 1984. He immediately was caught in the middle between Council and the other factions in the Community and was unable to develop widespread support and community confidence in the Economic Development Office. The turmoil within the community tended to deflate the enthusiasm of those thinking of starting new businesses or expanding/improving existing businesses.

This impact was severely compounded by the general national and international economic climate. High, rapidly fluctuating interest rates, the "oil crisis", the collapse in commodity prices all worked their way back to seriously hinder Atikokan's efforts to generate new business and employment development in the community.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

The satellite dish manufacturer moved to Emo and its place in the industrial mall was taken up by a cabinet maker who went out of business within a few months.

Council pursued a number of business ventures. Some, such as a water bed manufacturing and a knock down furniture plant met with little success. Other ventures such as Quetico Wood Products Ltd. did start up and Foothills Timber moved inside the municipal boundaries as part of a modernization/expansion program.

Rawlings Fishing Systems commenced business in the manufacture and wholesale distribution of fishing tackle components and terminal tackle, employing 10 persons. Sports In Motion, a recreational vehicle and marina sales outlet started up in a newly-constructed building.

During this period, the Town Council continued to improve the municipal infrastructure. Construction started on the Extended Care Wing of the hospital and major portions of the downtown streets, sidewalks and storm sewers were rebuilt.

The Town also acquired the former Marks Street School in the downtown core with a view to demolishing the old hospital and moving the community services housed in that building into the downtown area.

However, by 1985, the general perception in the community was that it was time to end the strife within Council and that not enough had been accomplished in economic development. The municipal election of 1985 saw a wholesale change in Council membership.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

1986-87: Rebuilding A Strategic Approach To Economic Development In Times Of Constraint

The incoming Council was faced with a number of serious problems:

- A declining assessment base
- An aging population
- An increase in those on fixed incomes or social assistance
- Continued high unemployment and a rapidly increasing group of unemployed persons who had exhausted their UIC benefits
- A built-in escalation of the costs of municipal services, despite attempts to scale back the amount and levels of service
- A need for a major increase in the mill rate to meet commitments made by the previous Council, the reduced assessment base and the built-in increase in costs of municipal services
- A loss of confidence in Atikokan on the part of some senior government officials, accompanied by an increased concern about "putting good money after bad" into Atikokan
- A lack of a coherent economic development strategy due to the turnover on Council and the termination of Bill Esarik's services as Economic Development Officer
- A major overrun on the tendered costs for the new water treatment plant compared to the pre-tender estimates
- A year-by-year reduction in funding support from the province for economic development and the imminent demise of the support program at the end of 1987.

Council was determined to renew and upgrade the Town's economic development efforts and contracted the services of a consulting firm on a part-time basis to operate a full-time economic development office, develop a long-range economic development strategy and oversee the Tourism Coordinator's activities.

During 1986-87 Pluswood announced the lay-off of 21 employees. Zellers announced it would be closing its store (30 employees, 4 of whom were full-time) and Rawlings Fishing Systems (10 employees) and the Pizza Barn (6 part-time employees) declared bankruptcy.

The softwood tariff dispute with the United States produced upheavals in the sawmill industry and Atikokan Forest Products was hit with a cycle of short-term lay-offs and concern about the mill's future survival. The tariff also ended Quetico Wood Products Ltd.'s exports to the U.S. and resulted in permanent employee lay-offs. AECL announced the termination of its hydrological research program in the Atikokan area.

The IGA Foodland ceased operations and its building was taken over by the Tom-Boy store. Most of the employees from IGA were re-hired by Tom-Boy.

June 30, 1987.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

As new businesses are started in areas already served by other local businesses, as existing business owners see the current slow economy as a reason to cease business and retire and as the general nature of the Atikokan economy changes, other business rationalization and closures may occur:

- lumber yards
- restaurants
- electrical and building contractors
- welding shops
- video rentals
- hotels
- retail home furnishings.

In some instances, these businesses may re-open under new, vigorous management.

Several new businesses commenced operation and others expanded

- Reliable Secretarial Services/Lowery's Office Supplies
- Iron Mine Restaurant
- Foothills Timber
- Retail shoe store
- Mobile sign rental
- Conservation Club Fish Hatchery
- Renewal and additions to the Town's Highway Billboard promotion
- Several major resort expansions (Finlayson, Quetico North, Camp Quetico)
- Start up of a kennel/pet care facility
- Edna's Stitch-In-Time
- Mr. Wiggle's Bait Farm
- Second Edition Clothing
- Sunset Country Guides
- Timberjack Service Centre
- Quality Classic Replicars (Canada) Inc.

Rawlings Fishing Systems re-opened under new management.

The Zellers building was purchased by a local businessman and re-developed as a modern, fully-enclosed retail mall. Downtown retailing is being re-vitalized.

As well, Ontario Hydro announced that the AGS would go on full-time status, requiring 20 new employees. An engineering study of the former Caland buildings was done to assess their future re-development potential.

Public seminars were offered in How To Start A Small Business and Marketing. A number of retail businesses have been purchased and re-invigorated.

Phase One - Planning

COMMUNITY FUTURES COMMITTEE

Atikokan, Ontario

Three major tourism developments are in the beginning market feasibility study stages

- A Mining Theme Park based on the history of the development of the Steep Rock Range but also saluting the history of other mining development, woodlands activities and railroading
- Reconstruction of the White Otter Castle
- A motor boat route between Atikokan and Fort Frances

June 30, 1987.

COMMUNITY FUTURES COMMITTEE

Atikokan, Ontario

iii. EMPLOYMENT REQUIREMENTS

In looking back over Atikokan's history, it can be inferred that

1. Many of the people who moved to Atikokan in the late 1940's through the early 1960's to work in the mines believed the promise of "a job for your lifetime, jobs for your children and jobs for your grandchildren" - almost everyone, including the mine management, believed the huge reserves of iron ore would continue to be in demand for several generations.

Following the economic disaster of the Great Depression and the economic uncertainties following World War II, a job in the mines represented an opportunity for life-long security. The employment opportunities attracted a fair share of people who sought stability and security before entrepreneurial opportunity.

2. Many of the young people, the children of the miners, who had ambitions of receiving a higher education and having a chance for a better job and a higher income than offered by the mines left the community, applied their entrepreneurial orientation elsewhere and usually did not return.
3. Most of the children who remained, tended to prefer the "known" stability and security of their home community and traditional employment, rather than the "unknown" of the cities or new business ventures.
4. The mines tended to source much of the goods and services they required from larger organizations located outside the community and the whole community tended to become dependent on outsiders to supply many of their needs.
5. The mines were large organizations in which the people at the top made most of the decisions without much input from those lower in the organization.
6. Those who may have felt frustrated with an overly-controlled, too stable life could always find relief for their entrepreneurial spirit in the spontaneity and excitement of hunting, fishing and the other recreational pursuits such as hockey, fastball, curling, service club membership, etc.

The foregoing is speculative but is potentially relevant to considering the community's needs.

The community currently has over 400 persons who are unemployed. About 180 persons have been unemployed and have exhausted their U.I.C. benefits.⁹ About 70 young people between the ages of 15 and 19 years are not intending to return to school in 1987 and, potentially, could attempt to enter the local labour force and look for work.

As at March, 1987, 55 persons were receiving general welfare assistance and 97 were receiving family benefits.¹⁰

IV. THE COMMUNITY'S RECOVERY POTENTIAL

Job creation in Atikokan is following the national trends. Almost all new jobs created in Atikokan since 1979 have been created by small businesses employing 15 or fewer persons. In this period, despite new business starts which have created new jobs, the total number of full-time jobs in Atikokan has shrunk by 737 positions from 1984 to 1247. However, given the loss of 1100 mining jobs, this means that over 350 new full-time jobs were created during this period - a significant accomplishment.

Over the same period, part-time and seasonal employment increased by 156 positions from 448 to 604. It is likely that the trend to part-time and seasonal work will continue, given the increased emphasis being placed on enterprise development in the tourism sector.

The most likely areas of job creation seem to depend on:

1. New Mining Developments

Currently a boom is occurring in staking of precious metals properties, primarily gold and platinum in the Atikokan area. While this is far from certain, the exploration results on several properties are quite encouraging. However, none of the properties are likely to employ large numbers of persons, even if they do ever get into production.

2. Expansion Or New Plant Development Based On The Forests

While virtually all of the allowable softwood cut has already been allocated, there is still a substantial reserve of unallocated hardwood available for harvesting - enough to support another particle board plant or perhaps an oriented strand board plant. If plant developments occurred to use all of the unallocated hardwoods, perhaps as many as 350 new jobs, in the woodlands and the new plant(s) could be created.

In addition, should an oriented strand board plant be constructed in Atikokan, the potential would then exist to establish an expanded styrofoam plant which could turn out styrofoam insulating panels which, with the locally-produced strand board and locally-produced lumber, could become the key ingredients in very cost-competitive modular building system panels which could also be made locally.

All the above developments are realistically possible but they are highly dependent on the continued robustness of the U.S. and Canadian housing and home furnishings markets.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

3. Manufactured Wood-products

Wood products such as furniture grade lumber, specialty-size lumber for custom markets, knock-down furniture, cut and turned furniture/decorative components, etc. all are possible developments in Atikokan. However, all these products must compete aggressively in an extremely price- and quality-sensitive market. They also depend very much on the state of the housing and home furnishings markets in the U.S. and Canada. Like the new plant development possibilities referred to above, the markets are also highly dependent on a successful outcome being achieved in the "free trade" talks currently underway between the U.S. and Canada. Such ventures are not for the "quick-return" investors or the faint-of-heart.

4. Tourism

Tourism has more immediate and long-term employment-generation potential than most other options. However, many barriers exist to achieving jobs in this area. The people of Atikokan have traditionally rejected tourism on the grounds that

- the natural resources are "ours" and "we" should have first and unencumbered access to them whenever we want and not have to yield to the tourists
- the tourists "rape" our resources by over-fishing the lakes, abusing catch limits, leaving garbage behind, etc.
- tourism jobs are inferior because they are often low-paying and seasonal in nature.

These attitudes, by economic necessity are undergoing change - but at a very slow rate which will have to be accelerated.

Major opportunity areas for job creation in tourism are:

1. Theme park development - mining, forestry, railroading, White Otter Castle
2. Family vacation packages utilizing a mix of the existing resort/outfitting/outpost/community facility (e.g. golf course) resources
3. Upscale resort developments in selected, protected locations
4. Additional outpost cabin development
5. Non-resident cottage development
6. Development of a "professional" guiding service
7. Bait breeding and trapping
8. Quality campground development and family amusement attractions
9. Touring services, including tour guides and transportation
10. Day-trip programs utilizing the outdoors

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

11. Increased utilization of Quetico Provincial Park by diverting park entrants from U.S. entry points on the south end of the park to northern entry points near Atikokan
12. Promotion of winter recreation/vacation packages (downhill and cross-country skiing, snow machine rallies, curling, etc.)

5. Agriculture and Aquaculture

The water outflow system from Ontario Hydro's Atikokan Thermal Generating System provides an ideal environment for the commercial raising of rainbow trout and arctic char. It appears that a fish farm and processing plant to serve the central Canada and north-central United States markets would be commercially viable.

Experimentation is currently underway to assess the viability of commercial blueberry farming on the scale of the farming done in eastern Canada, California and the north-eastern United States. Initial indications are that this could be commercially viable and conducted on a very large scale in the Atikokan area.

Northwestern Ontario once supplied the majority of all wild rice sold in the world. This position has now been supplanted by northern California. Atikokan has a unique opportunity to raise wild rice on a large scale. When the iron mines were developed, the Seine River watershed was diverted by means of a number of water control dams. The result is that there are a number of areas around Atikokan which have a head of water overlooking drained areas which could be developed as irrigated wild rice paddies. This concept requires scientific input, experimentation and evaluation but it holds much promise.

Finally, the flood plain of the Atikokan River system has several areas suited for small-scale vegetable and berry farming.

6. Granite

The Atikokan area is known for its granitic formations - some of which are fairly unusual in colour and which could be commercially attractive. Further testing and investigation is required to ascertain whether or not the formations are sufficiently free of fractures, large enough in volume, and convenient to existing roads or other transportation networks as to be commercially feasible.

As well, the Steep Rock pit contains sufficient volumes of an unusual gneissic granite which would be well-suited to manufacture as book ends, pen and pencil set pedestals, and other jewelry forms. These lands are currently not accessible for commercial development but should, within a few months, revert to Crown ownership and be open to development.

The clay from the Steep Rock range has been researched by the Ontario Research Foundation and found to be suited to the manufacture of tiles and brick. More research is required to establish the uniformity and cleanliness of the clay as well as its exact firing characteristics in order to establish its commercial potential.

7. Scientific Research and Post-secondary Education

Quetico Provincial Park represents a major opportunity for the world's scientists to conduct a wide variety of research on the impact of man's development on our environment. The park is classed as a "primitive" park in which no development is allowed. It is surrounded by comparable areas in which a wide variety of commercial and industrial development has occurred. Atikokan could provide dormitory and research facilities for researchers from all over the world who have an interest in using such research studies.

As well, the Atikokan area could provide a laboratory environment for training people from outside the community in tourist resort services, hotel/motel management, outdoor recreation and park management.

8. Import Replacement - Light Manufacturing/Assembly

Quality Classic Replicars (Canada) Inc. is an example of how Atikokan can pursue other opportunities to diversify its economy and generate new employment opportunities. The principles followed were:

- a) Look to the U.S. for businesses whom are successfully selling goods or services in Canada
- b) There is little or no Canadian competition
- c) The U.S. business is already well-established
- d) The U.S. business is experiencing rapid sales growth and is pre-occupied with serving the U.S. market and, as a result, is unable or unwilling to divert its resources and/or energies into the Canadian market place
- e) The product or service appears to be attractive to Canadian purchasers, given the peculiarities of the Canadian values system, climate, and economy as compared to those of the U.S.
- f) The U.S. business is leery of entering a "foreign" market, tax jurisdiction, etc.
- g) The U.S. business is open to joint-venture development of subsidiaries or to licensing independent Canadian operations to serve the Canadian market and will share their technology and expertise with a Canadian partner
- h) The product or service has the potential to dominate the geographic market area in Canada (local, regional or national) and that defined market area is economically viable.

When the mines closed, a number of well-trained trades people were left behind. Many have attempted to start and run their own businesses and could be attracted to expand or start new business ventures.

9. Government Services

Senior governments, albeit reluctantly, are coming to realize the folly of centralized program delivery. There is an increased willingness to decentralize, downsize and integrate government services so that they can be as effectively delivered in small towns as in large urban centres. This includes the Crown Corporations and other agencies of government.

Modern telecommunications and new computer applications provide a unique opportunity for both the federal and the provincial governments to experiment and invent means to integrate and decentralize government services into "one-stop" service centres which would be closer to the people in a way that is more cost-effective, convenient and provides a better service. Atikokan provides an unusual opportunity for this experimentation and invention due to its geographic isolation from major urban centres. Moreover, Atikokan needs the jobs, the major urban centres do not.

10. Retail Service Expansion

Most of Atikokan's retail services were formed in an earlier time when the large department stores held sway. As a result, many Atikokan residents fell into the routine of saving certain purchases until they could get to Thunder Bay or some other larger city or town. Current trends favour smaller, specialty retail stores. There is an opportunity for new retail services to evolve in Atikokan which will cater specifically to those needs formerly fulfilled elsewhere and to keep the money spent elsewhere in the community.

11. Atikokan As A Retirement Community

Atikokan currently has a "problem" in that its population is aging. This result from retired persons not moving away and people are moving to Atikokan to live upon retirement. Retired people are finding that Atikokan has an attractive quality of life. For example, Atikokan has an excellent golf course which is not crowded and has very modest membership fees.

Ample housing stock is available at very reasonable prices. Housing costs in Atikokan are, on average, about half those of communities such as Thunder Bay or Dryden or Winnipeg. This can be promoted.

Care for the aged can generate stable, long-term employment and the costs of providing such services are heavily subsidized by senior government.

Atikokan has a genuine potential to recover the employment base which it had when the mines closed. However, this will not come easily or quickly and will require an increased and concentrated infusion of financial and technical assistance on the part of senior governments. Senior governments also must introduce increased experimentation and flexibility into policies and programs. As well, unless Mother Nature delivers a "Hemlo"-scale gold find, Atikokan's renewed employment base will be

Phase One - Planning

COMMUNITY FUTURES COMMITTEE

Atikokan, Ontario

- more widely diversified but still highly dependent on a single resource - the forests
- strongly centred in part-time and seasonal employment
- at an average wage rate which is much lower than was the case when the mines were in operation but still attractive given the lower overall cost of the basic amenities of life in Atikokan.

June 30, 1987.

V. EMPLOYMENT AND ADJUSTMENT REQUIREMENTS

Note: All of the following are seen to be services which could be delivered or coordinated through a "Business Development Centre" as envisaged in the Community Futures Program range of options.

1. Education

In terms of economic development and employment generation, Atikokan has the following education needs:

(i) Project-Specific Counselling

In the experience of the Atikokan Economic Development Officers since 1978, most of the people who come in for assistance to start a new business or improve an existing business need immediate, specific training in business practices. Basic business planning, market assessment, financial forecasting, product/service costing, cash flow planning, etc. are common areas where most applicants need training and assistance. Where this does not happen or is done poorly, the start-ups and expansions fail to occur or the business venture eventually gets into great difficulty and, in some instances, fail.

The trend in Atikokan is to an increase in small business start ups and expansions. The amount, availability and quality of project-specific counselling must be increased.

(ii) Long-Term Needs of This Generation

A major effort is needed to redress the inadequate preparation received by today's potential entrepreneurs and business/industry managers. It should not wait for the moment just prior to a business start up, a business expansion or a promotion into a position of managerial responsibility. Atikokan needs the implementation of a systematic approach to "user-friendly", easily-accessed adult education programs which will implant and maintain sound knowledge of effective business and management principles.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

(iii) Long-Term Needs of the Next Generation

The school system generates a myriad of "business starts" on an annual basis: student councils, drama clubs, school bands, fund-raising ventures for school activities, sports teams, etc.

All are organizations with a need to assess and organize talent, resources, individual effort and money in search of effective results. As such, they represent ideal, real-life laboratories in which the principles of effective organization, management and the application of business principles can be taught to motivated youngsters. Given the opportunities to learn and apply this learning in the low-risk environment of extra-curricular activities at school, many of these youngsters might then be prepared to be the next generation of entrepreneurs who will maintain, renew and extend the economic diversification and health of the community.

(iv) Specific Skill Upgrading and Training

As the mines closed, a spate of skill training was provided to assist miners to enhance and diversify their skills so that they could seek employment elsewhere where new opportunities were arising. Overall, these efforts were quite successful and some miners were even able to find stable, well-paying jobs in Atikokan as a result of the training which they received.

However, the world does not stand still. Knowledge and skill standards are ever-increasing and local workers, both the employed and unemployed, need the ongoing opportunity to maintain and improve their competitive position or to seek new careers in new areas of work by being able to access training, at their convenience in the community of Atikokan.

(v) Innovation and Renewing The Strategic Plan

The history of Atikokan is very instructive as to the intellectual and developmental traps which are concealed by conventional thinking. If conventional thinking had been applied, Ontario Hydro's thermal generating station would not have been constructed in Atikokan. One of the most critical ingredients in Atikokan's success to-date in coping with economic dislocation of catastrophic proportions was the assistance provided to the Town's leadership in the 1970's by Quetico Centre. On several occasions "think tank" seminars were organized by the Centre during which strategic guidelines for economic development were developed by a cross-section of the citizenry of the Town, new business development opportunities were identified (and most of them were eventually realized) and constructive policy initiatives were developed and successfully urged upon the provincial government. This is an example of the effective application of sound adult education principles and techniques.

There are no pre-existing success formulas available to Atikokan which offer any guarantees of success. It continues to be critical for the community to pool its intellectual resources, discard conventional thinking and periodically attempt to generate innovative approaches to economic renewal and employment generation which will work in Atikokan.

Phase One - Planning

COMMUNITY FUTURES COMMITTEE

Atikokan, Ontario

(vi) Community Involvement, Participation and Commitment

Atikokan continues to be faced with the need to almost totally re-make its economic and employment base if it is to ensure community health for the long term. This is not just a one-shot challenge but will be ongoing to keep up with, and preferably ahead of an ever-changing world economy and social expectations. It is just not a demand to alter the community's base of skills and knowledge but also its base of attitudes and values towards such issues as tourism, business and individual effort.

Change involves uncertainty. Uncertainty generates fear unless one feels that she or he is part of a group with a common cause, banded together and helping each other to adjust, develop new approaches and ideas, change and cope. Uncertainty can produce immobility or retreat unless it is accompanied by hope.

It is very important that Atikokan refine and increase its efforts to involve the whole community in forging understanding and agreement on a future vision for the community and what actions must be taken to convert that vision into reality. Participation in the process must be widespread and active so that individuals become personally committed to doing their fair share according to their abilities and resources.

2. "Seed" Investment

The vast majority of persons responding to the Local Employment Survey ¹¹ who indicated they had made official inquiries about starting a new business cited a lack of money as the primary barrier to them proceeding with their plans. The survey also established that one-third of the respondents had been unemployed for at least some period of time during 1986 and that almost 1 in 10 had been unemployed for more than one year.

It takes money to start a new business. Many of those wishing to start a new business have been required to husband their financial resources to maintain their homes and families and do not have a great deal left over to invest as equity in a new business, regardless of its prospects for success.

As well, most new businesses in today's economic climate are required to invest considerable amounts of pre-venture equity in order to prove the market potential or to refine the design of the product, etc.

Atikokan needs a source of pre-venture seed money and start-up equity to assist these new ventures to get into operation in a sound way, without being too short of working capital or burdened with excessive long-term debt.

COMMUNITY FUTURES COMMITTEE

Atikokan, Ontario

3. Community/Business Promotion and Searching For New Opportunities

Atikokan has two obvious routes towards generating new sources of business development:

- by publicizing the community on the hope that potential business developers might be attracted to locating in Atikokan. This implies that Atikokan's streets, parks, trees, riverbanks, boulevards - its general physical appearance - be upgraded so that the Town is viewed as "pleasant and attractive" by outsiders as well as by Town residents. Atikokan must realize that it must compete in the basis of community appearance as well as other economic factors.
- deliberately and systematically seeking out new business developments which might locate in Atikokan. The promotion material, the mailing costs and the travel costs associated with these approaches can be substantial. As such, they need to be professionally done and administered.

Many firms, particularly from the U.S. could be attracted to locate in Atikokan which is centrally-located to serve

- a) the U.S. upper mid-west from Chicago to Des Moines, including Minneapolis
- b) Canada
- c) Northwestern Ontario.

Atikokan already has had success in establishing an independent Canadian subsidiary under licence with Classic Roadsters, Ltd. of Fargo, North Dakota. That same formula, with suitable revisions can be used to entice other new business developments to Atikokan provided sufficient financial resources are available to cover the costs.

4. Project-Specific Applied Research and Engineering

New business developments in Atikokan frequently are based on "ideas" for new or improved products which would be manufactured locally in small plants, initially employing only 5 or so persons, each.

Ontario has established a number of research centres, each dedicated to a specific industrial sector such as auto parts, resource machinery, etc. None are geared to the needs of very small manufacturing businesses or industrial plants such as would be found in Atikokan. The nearest of these centres is the Research Technology Centre located in Sault Ste Marie.

As a result, on many occasions Atikokan businessmen and would-be businessmen have had to go to Winnipeg to draw on the resources of the Industrial Technology Centre of the Manitoba Research Council. While they have been cooperative and helpful, their primary mandate is to serve Manitoba, not Northwestern Ontario. Atikokan and Northwestern Ontario are at a real disadvantage in trying to start, expand or modernize businesses or industry compared to other parts of Ontario.

5. Access To Quality Information And Data

Just keeping up to date with new and altered government assistance programs can be a full-time job. As well, those wishing to start a new business need easy access to government reports, Statistics Canada data, etc. The community-at-large and business persons need access to reliable, up-to-date information on the community - its demographics, employment statistics, municipal profile statistics, etc.

Those who need access to the data must be able to access it easily through a single source. Most important of all, they need competent assistance to make use of the data in a way that is both efficient and helpful.

6. A "One-Stop" Economic/Employment Development Centre

It is easy to be confused and discouraged if, when trying to resolve the uncertainties of starting a new business or expanding an existing business, the person is shuffled from place-to-place looking for assistance. The person will frequently give up.

In communities as small as Atikokan, it is possible to have a high-profile, one-stop location for a "business development centre" which can serve as a single location and point of focus for all those agencies charged with providing economic and employment development assistance to the community.

By centralizing these services in a single location, the degree of inter-agency cooperation should improve, along with the quality of service to the public.

Ideally, the central facility would provide for shared space for committee and Board of Directors' meetings. It would also provide for sharing of training facilities which are adequately equipped for the proper training of groups, whether it be for skill training or business training courses.

7. Regional And Inter-governmental Liaison

The **number** of departments and agencies - municipal, provincial and federal - which are involved in economic development, employment development and social assistance for the unemployed, even in a community the size of Atikokan represent a potential **problem** for those who need help.

Those who need help will often give up after receiving what they perceive to be "the run-around" as they try to find the agency, program and help that will fit their specific needs.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

In order for these services to be effective, they require

- local coordination and cooperation
- feedback regarding the effectiveness of the programs and service delivery
- a sound understanding of the community's unique needs, particularly those not covered by the agencies' regular programs and activities.

At least one local agency needs to serve as a liaison and communication link with all the others, coordinating their efforts where necessary.

8. Policy Formulation And Lobbying

Given the strong urban-biases of the senior levels of government, it is very important for small communities such as Atikokan to be active, thoughtful and thorough in recommending policies to government which will fit the needs of small, single-industry Towns which are attempting to renew their economies.

They also must actively lobby the senior governments - both the civil servants and the politicians - to ensure that the needs of Atikokan are understood, supported and acted upon.

In order to effectively formulate policy and coordinate government lobbying, a "single window" approach is required and some local agency must provide the focus and support services which these activities require.

9. Long-Term Financial Assistance From Senior Government

Schools and hospitals have long been used as tools to deal with two recurring community problems - illiteracy and illness. As such, they have merited long-term financial support from senior government as well as the local municipality. The problems of economic and employment adjustment are now seen in the same light by all levels of government. The trend is towards sustained funding to combat the problems of economic and employment discontinuity/re-adjustment.

The senior levels of government recognize that such assistance will yield greater gains if it is managed locally according to local needs. As such, a local, "single-window" coordinating "lead" agency is required.

10. More Incubator Industrial Mall Space

In the mid-1970's Atikokan acquired a building for use as an incubator setting to help new small businesses get on their feet. It was so successful, the Town constructed a new 24,000 square foot building in the early 1980's. Now that building is full and the Town has no commercial buildings suited for industrial development. The cost of developing industrial buildings in the Pre-cambrian Shield can block new small ventures. The municipality and senior governments need to focus and provide assistance with the construction and expansion of the Atikokan Industrial Mall. The concept works - it does generate new businesses and employment and it sustains those businesses which, under other circumstances would not survive the high start-up costs associated with the harsh climate and rugged topography of northern Ontario.

VI. UNDERSTANDING THE COMMUNITY'S NEEDS - FUTURE RESEARCH

Atikokan has a distinct advantage over most other communities involved in the Community Futures Program in that it has already been well-scrutinized by economists, political scientists and others who generate data which can form benchmarks for sound planning.

Specifically, in Atikokan's case

- Brian Ross, the former Economic Development Officer generated and kept good statistical data during the period 1978 - 1982
- Ontario Hydro developed a very comprehensive annual community assessment program covering the period 1978 to 1985.

The Community Futures Committee and the Local Advisory Committee to the Minister of Employment and Immigration, as a lead-in to this planning phase have conducted two significant studies into the nature of local employment and the state of the local economy.

No additional research is required to assess the community's needs and to make recommendations on a choice of options under the Community Futures Program or to outline the Community Futures Committee's budgetary requirements.

However, once it moves into its next phase, the Community Futures Committee should establish a process to maintain a usable, relevant data base suited to assessing progress as well as revising future plans.

This should involve

- a) Development of A Centralized Community Data Base
Voluntary, regular input of data will be required from social agencies, the Municipality, and Police as well as from federal and provincial ministries and agencies, in order to maintain a current, accurate view of the quality of life and the economy of Atikokan.
- b) Updating The Community Profile
This should be done semi-annually.
- c) An Annual Business Health Survey
This survey would assess employment levels and the differentiation of that employment between full time, part time and seasonal, by age category and sex. It would also seek information concerning the perceived problems, barriers and opportunities related to the health of local businesses and the potential for employment generation.
- d) Trend Analysis
Whatever transpires, Atikokan's economy will continue to be influenced by the national and international economies, general demographic shifts, provincial and federal politics, and alterations in societal beliefs and values. A process needs to be implemented to monitor, anticipate and evaluate these changes.

VII. THE MANDATE OF THE COMMUNITY FUTURES COMMITTEE

- 1) The community of Atikokan will be faced with the challenges of economic development and adjustment to economic changes for generations to come. The CFC has the responsibility to organize and plan for the longer term as well as for the term currently defined for the CFC program options.
- 2) The geographic area of responsibility for the CFC shall be the same to the north, east, and south as those of the Atikokan Board of Education excepting that the boundary should extend to the west to Mine Centre, abutting the easterly boundary of the Rainy River Area Community Futures Committee.
- 3) The CFC shall be a not-for-profit, community-based organization.
- 4) To be a "lead" organization which
 - a) provides liaison between the community and various levels of government;
 - b) involves and gets the participation of the private sector and other public-sector organizations in the
 - identification of need
 - the direct or indirect implementation of programs and services
 - the evaluation and critique of programs and services to help individuals/-groups adjust to their economic environment and to maintain, create and expand local employment.
- 5) To establish and maintain a broad base of understanding and support within the community, various levels of government and with private sector and other public-sector organizations.
- 6) To actively participate in regional economic development activities and to contribute to the formation of effective regional, provincial and national economic development policy.

VIII. RECOMMENDED COMMUNITY FUTURES OPTIONS - OTHER EMPLOYMENT
AND ADJUSTMENT INITIATIVES

COMMUNITY FUTURES OPTIONS

1. Business Development Centre

Atikokan's most pressing need is to create additional permanent private-sector employment. The community has many genuine prospects for employment generation, in particular that which could result from local investment in new business ventures or business expansions in mining, forestry and tourism.

Small scale mining activity is picking up in the Atikokan area - many of the larger firms are looking for small local contractors to do work. The logging in and around Atikokan is increasingly being done by small-scale local contracting firms or single entrepreneurs. Opportunities are arising for individuals or new small firms to provide guide services and other services to the tourism sector. The retail sector is open to new ventures that displace services currently only available from outside the community.

However, the community suffers from a serious shortfall of experienced business persons. Most of the local people who wish to start new businesses or to purchase and expand existing businesses are true novices. They have a critical need for sound business advice and education in the effective business management if their ventures are to get off the ground and avoid failure in the future.

The community has pioneered in the provision of very basic economic development assistance through the Municipal Economic Development Office. Unfortunately, despite financial assistance from the Province of Ontario, this office chronically has been under-funded and has not been able to provide either the amount or quality of assistance needed.

The problem of under-funding and inadequate service is worsening. Increasingly, more and more people in the community, particularly those between 30 and 45 years of age are opting to stay in Atikokan and to "get in business". They like the life style offered by Atikokan and are prepared to put up their savings, mortgage their homes and otherwise borrow money to create jobs for themselves and for others.

The community also suffers from a shortfall of local risk capital or venture capital.

The chartered banks are constrained by head office regulation from playing a major role in providing capital in the form of long-term debt. The local Manager has very low loan approval limits, usually between \$10-15,000 for business loans. Regional office personnel are usually located near Toronto, Calgary or Winnipeg. They do not know the community except by its out-dated reputation formed in the aftermath of the mine closures. Chartered banks are not in the business of loaning venture capital.

Phase One - Planning

COMMUNITY FUTURES COMMITTEE

Atikokan, Ontario

This role has largely gone to the Federal Business Development Bank and the Northern Ontario Development Corporation, by default. The FBDB is moving away from being a "lender of last resort". It often requires a punitive interest rate (up to 2 additional interest rate points) for loans made to Atikokan enterprises. Moreover, they require fairly high equity participation and security from the entrepreneur - more than some would-be business persons can muster in Atikokan.

The NODC generally restricts its assistance to ventures involved in manufacturing or tourist accommodation. NODC procedures are quite rigid and bureaucratic, aspects which are usually demoralising and sometimes impossible for Atikokan business persons, new or existing, to meet. NODC also has "bridge" financing requirements which are often beyond the means of local entrepreneurs to meet.

Regardless, all lenders look for the degree of investor equity which is going into any new venture. The BDC, along with the CIF, would fill the voids left by the major lenders, and be willing to entertain ventures with a less-than-ideal equity base. Because of the BDC's ability to work with, train and counsel, and to get to know the local people, it can "bet" on the local person with a good idea, rather than only being able to rely on more conservative measures.

Most of the Atikokan people who want to start new businesses or buy-out and improve existing businesses have been under-employed, frequently existing on seasonal or part-time work. They do not have much personal capital which they can provide as equity. What funding they do have is frequently required as working capital in the business rather than as start-up equity. The CIF and the SEI options could neatly fit these smaller, non-standard situations where other financial institutions find it very difficult to respond.

A Business Development Centre, with a Community Investment Fund operating as a joint-venture with the municipal Economic Development Office would be the most important contributor, under the Community Futures Program, towards renewing the economic health and employment base of Atikokan.

A separate submission requesting this option is attached.

2. Self-Employment Incentive

Twenty per cent of the Atikokan work force are unemployed - almost half have been unemployed for over a year. A good number of these persons have marketable skills which, if focussed by a small business, could be translated into good, full-time employment. Many are attempting to utilize their former skills in a part-time way out of a "back yard" location. A few are involved in working for cash or barter in a way so as to avoid taxation.

It is estimated that, over a 5-year period, up to 50 unemployed persons could be assisted under the Self-Employment Incentive, particularly if a Community Investment Fund and a Business Development Centre were in operation to encourage these unemployed persons to join forces, resources and talents to start new business ventures. Areas of opportunity exist in providing services to the resource sector, in small scale construction and home repair and in tourist guiding services.

First, they would be helped by the general business education training provided by the BDC. They would also receive counselling and technical assistance from the BDC to develop their business plans. Market assessments, engineering assistance, financial and legal advice could all be expedited through the BDC. The BDC would assist them to approach conventional financing sources and could assist them through the CIF.

A separate submission requesting this option is attached.

3. Direct Purchase of Institutional Training

Atikokan residents have not received much benefit in the past from training. Most of the institutional training has been offered through Confederation College which runs a part-time, satellite operation in Atikokan which tends to emphasize general interest courses over skill training specifically geared to meet the needs of local people. Some skill training in areas as electronics and similar high-technology skills is expensive to mount and the College is restricted by its funding as to what it can offer in Atikokan.

As well, the EIC training dollars allotted to the Rainy River District are severely limited and as a result, many courses which should also be offered in Atikokan are only offered in Fort Frances, over 80 km. from Atikokan. The costs and time associated with such travel has been a very serious barrier to making effective use of institutional training. Little help exists for single parents or heads of families who require day care services in order to participate in training.

Historically, Atikokan has been an educational backwater when compared to other communities where Confederation College has a more substantial presence and Employment and Immigration Canada has more interest. As a result, almost all local skilled and semi-skilled workers possess obsolete or limited skills - their knowledge and abilities limited by the needs of the iron ore mines as at 1975-78.

According to the Local Employment Survey conducted for the Local Advisory Committee,¹²

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

about 200 persons in the community, by their own account, see their lack of a complete high school education as a barrier to finding employment or improving their employment status. Past attempts to offer academic upgrading have not done the job - despite feeling the need for upgrading, a large number of persons have not responded when the training programs have been offered. There is an obvious need for experimentation in the delivery of adult academic upgrading concepts and approaches if this serious educational gap is to be soundly redressed.

However, a Local Advisory Committee (LAC) to the Minister of Employment and Immigration has been established for the community of Atikokan. As well, a sub-committee of the Rainy River Community Industrial Training Committee (CITC) has also been established and a separate CITC will likely soon become established for Atikokan. The CITC has access to funding for institutional training.

The Community Futures Committee wishes to defer selecting this option while reserving the right to request its activation at a later date, should that be deemed advisable and necessary.

4. Community Initiatives Fund

Atikokan has several opportunities for employment growth and recovery which, for this region, are truly unique and innovative:

Quality Classic Replicars (Canada) Inc.

A proposal has already gone forward to the Minister of Employment and Immigration regarding funding for this project. Assistance in the amount of \$225,000 has been requested as a contribution towards a total cost of \$1,200,000 to start a plant to manufacture fiberglass replicas of classic motor vehicles. This projected initially is expected to employ more than 20 persons.

Fish Farm Project

The outflow watershed from the Ontario Hydro Thermal Generating Station is an ideal site for the commercial propagation of rainbow trout, arctic char and other fish species which are in great demand in restaurants and retail stores, both in fresh and filleted and flash-frozen form. A funding submission will be forwarded to the Minister within a few months, requesting assistance in the form of funding support for a pilot project to demonstrate the commercial feasibility and employment-generation potential of the venture.

Blueberry Farm Project

Blueberries are in short supply in the North American market. The Atikokan area is blessed with extensive land areas apparently well-suited to growing blueberries. A small pilot project is underway to test for crop susceptibility to frost, insects and disease. However, this pilot project must be expanded substantially in size to verify the commercial potential of blueberry farming in the Atikokan area.

Theme Park Development

Atikokan has two major opportunities to develop viable theme parks as a stimulus for renewing the Town's economic base in tourism. One park theme would centre on the Mining and Forest Industry history, in particular the development of the massive iron mines on the Steep Rock Range. The second park theme would centre on the legend of Jimmy McQuat and the White Otter Castle. Both parks would have the potential to attract the family vacationer, particularly from the United States. As well, they would complement other tourist attractions in the region such as Old Fort William and the Manitou Indian Burial Grounds. Either park project could be a legitimate candidate for a contribution from the Community Initiatives Fund.

5. Relocation And Exploratory Assistance

There are some skilled tradespeople and semi-skilled workers who were displaced by the closure of the mines or the cessation of construction of the Thermal Generating Station that cannot find employment in their chosen line of work in Atikokan. In some instances, they may require prior skill upgrading, but these persons have marketable skills which could be put to work elsewhere in Canada, particularly in Southern Ontario where jobs are abundant and workers are scarce.

The Community Futures Committee wishes to defer selecting this option while reserving the right to request its activation at a later date, should that be deemed advisable and necessary.

OTHER EMPLOYMENT AND ADJUSTMENT INCENTIVES

The community has already taken the initiative to establish a Small Business Development Corporation (SBDC). This is a local corporation with almost local 50 shareholder-investors which assembles capital for equity investment in eligible small businesses. It will provide a complementary service to the Community Investment Fund.

As well, the Province of Ontario has a number of programs which can be utilized in Atikokan. The NOR-DEV employment incentive, resource infrastructure development and tourism promotion loans can continue to be of help to Atikokan. The Municipality has received considerable help from the Community Economic Development Assistance Fund which is administered by the Ministry of Northern Development and Mines (MND&M) which can contribute up to 75% of the cost of municipal economic development projects.

As well, MND&M continues to have the "lead" ministry assignment from the Province in dealings with Atikokan's needs for economic development. It is expected that MND&M will commit to a 5-year financial grant program in support of economic development in Atikokan.

The Northern Ontario Development Corporation and the Federal Business Development Bank both have provided an important business loan service in providing loans to the tourism and industrial sectors of Atikokan.

The Ministry of the Treasury of the Province of Ontario has established the Community Economic Transformation Agreement Program which can provide assistance for such activities as industrial incubator mall development and other community infrastructure improvements. This program can also assist private-sector developments with financial assistance.

IX. HUMAN, PHYSICAL AND FINANCIAL RESOURCES - REQUIRED AND AVAILABLE

1. C.F.C. - Province - Township Joint Venture

The Community Futures Program has a fixed term of five years during which it will provide funding for a Business Development Centre (BDC), up to a maximum of \$150,000 per year.

In setting up a BDC, the CFC is not to duplicate or eliminate any existing economic development activities or bodies such as the Township Economic Development Office (EDO). Instead, the CFC is expected to find ways to pool efforts and financial resources with other economic development agencies in the community in order to accomplish more than competing/redundant organizations could do functioning on their own.

The CFC and the Town Council are already on record as wanting to put the EDO and the BDC together as a means of getting best value from the federal and provincial funding while, at the same time, reducing the ongoing burden on the local taxpayer. This is supported in principle by both the province and the federal government.

The CFC intends to establish a "joint-venture" approach which will accomplish the above-stated aims and will also facilitate downsizing after 5 years or should other situations arise which might serve to reduce the available funding from senior levels of government.

In order for this approach to work, it is by far most preferable that the existing EDO be changed from a quasi-department of the Township government and under the direct control of Council into an independent corporation under the control of its own Board of Directors.

The CFC will request that the Minister of Employment and Immigration enter into a contract with the Atikokan Economic Development Corporation to operate the Business Development Centre and the Community Investment Fund.

The Council would contribute the full amount of funding received from the Province for economic development (\$100,000 per year), plus a relatively modest amount from local tax revenues (\$40-50,000) per year.

The CFC would contribute up to \$150,000 per year for each of the five years allowed by CFC program funding.

Phase One - Planning
COMMUNITY FUTURES COMMITTEE
Atikokan, Ontario

NOTE: The above figures assume that a credible action plan and budget will be produced to support the need for the proposed funding. The funding would then go to supporting the development of a "one-stop" BDC office facility which will, be co-located with the

- CEC office
- the local MND&M office
- a general-purpose office for the Association for Developing Employment Opportunities in Atikokan and the Atikokan Developers (Northern & Eastern) Inc. (the SBDC) as well as for itinerant service deliverers of economic development services (Confederation College, FBDB, NODC, N. W. Enterprise Centre, etc.).

It would also provide a conference/training room and meeting room space for all the agencies plus the general public.

There is ample, downtown, commercial space which is available for rent at a reasonable rate and which would be highly suited for a BDC location.

The BDC would provide professional business counselling services, community economic development promotion, database library services and business training services. It would also house staff to serve the BDC Community Investment Fund.

The BDC would administer its own affairs and finances rather than requiring the approval and consent of the Township Council as is now the case with the EDO. It would provide its own administrative and financial management services rather than working through the Township Office as is now the case.

This approach would provide a coherent basis for the management and administration of the BDC while still maintaining public accountability through Council's ultimate control of the membership of the Board of Directors of the Economic Development Corporation.

It also maintains the legitimacy of the organization as being a creature of the Municipality and, therefore, eligible to tap other senior government funding programs such as the Community Economic Development Assistance program of the Ministry of Northern Development and Mines.

The BDC would provide Council with an annual financial report and would submit an annual budget in return for each year's ongoing financial support.

2. Five-Year Financial Plan

Month-by-month budgets for the 5-year period from 1987-88 to 1991-92 are attached as Appendix No. 5.

3. Policies

A suggested **POLICY MANUAL** is attached as Appendix No. 6.

4. Structure

The proposed organization structure indicates a need for the following positions:

- 1 Executive Director (part time, supplied by the Business Development Centre)
- 1 Secretary-bookkeeper (part-time, supplied by the Business Development Centre)

The CFC would establish six special "Sector" committees to represent the needs of

- Tourism, hospitality and retail services
- Inter-Agency Coordination
- Light Industry and Small Manufacturing
- Mining and Forestry
- The Unemployed
- Status Indians, Non-Status Indians and the Metis

Membership on these committees would primarily be drawn from the specific sector groups with minority representation from the CFC Board of Directors. Each sector committee would receive secretarial and technical staff support from the Business Development Centre.

The CFC would also nominate 6 of 8 positions on the Board of Directors of the Business Development Centre (the other two to be nominated by the municipal Council from the Council) and would establish the membership of the Investment Committee for the Community Investment Fund.

Finally, the CFC would establish Standing Committees to deal with and monitor the other Community Futures Program options:

- Self-employment/Relocation and Exploratory Assistance
- Direct Purchase of Institutional Training (this committee would be comprised of the members of the Local Advisory Committee - LAC - and the Community Industrial Training Committee - CITC)
- Community Initiatives Fund

COMMUNITY FUTURES COMMITTEE

Atikokan, Ontario

5. Other Resources

The BDC will actively solicit the support and staff services of government Ministries, government agencies and private-sector institutions wherever those groups have a mandate to assist economic development and employment generation. In some instances, a joint-venture and shared-funding approach may be appropriate. Some of the Ministries, agencies and institutions are:

- The Atikokan Area Tourist Operators Association
- The Atikokan Guides' Association
- The Atikokan Board of Education
- Quetico Centre
- Local Advisory Committee
- Local unions
- Local service clubs (Lions, Kiwanis, Legion, Moose, etc.)
- Chamber of Commerce
- Tourism Board
- Industrial Development Committee
- Atikokan Native Friendship Centre
- Atikokan Association of Metis and Non-status Indians
- Federal Business Development Bank
- Ministry of Industry, Trade and Technology
- Ministry of Northern Development and Mines
- Ministry of Natural Resources
- Ministry of Skills Development
- Ministry of Colleges and Universities
- Department of Regional Industrial Expansion
- Confederation College
- Northwest Enterprise Centre
- Innovation North
- Commerce Northwest
- Northern Ontario Development Corporation
- Lakehead University
- Employment and Immigration Canada

Phase One - Planning

COMMUNITY FUTURES COMMITTEE

Atikokan, Ontario

1. See Appendix No. 1, "The Atikokan Story... A Community Profile", prepared by Geoff McClain and Jo Ann DeGagne, published by the Economic Development Office, Atikokan, February 1987.
2. See Appendix No. 2, Schedule "A" - The Ontario Municipal Board
3. See Appendix No. 3 "Township of Atikokan - Study of A Changing Community" by Miriam Wall, Andersen Management Services, May 1987.
4. Source: Regional Assessment Office, Ministry of Municipal Affairs, Ontario Hydro, Community Impact Monitoring Programme, Final Report, 1985.
5. Source: Andersen Management Services, Business Employment Survey, 1987.
6. See Appendix No. 4, "Local Employment Survey" conducted for the Local Advisory Committee to the Minister of Employment and Immigration by R. E. Michels & Associates Ltd., May 1987.
7. Ibid. Andersen Management Services report.
8. Ibid. "Final Report - Local Employment Survey", R. E. Michels & Associates Ltd.
9. Ibid. "Local Employment Survey"
10. District of Rainy River Social Services Board
11. Ibid.
12. Ibid.
13. Ibid.