Strategic Economic Plan for Atikokan

Background Document #1:

The Economy.

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February 4, 1993

Introduction.

This background document is part of the strategic planning process being done by the Atikokan Economic Development Corporation (AEDC), and the Atikokan Future Incentives Corporation (AFIC). The purpose of this exercise, and of the strategic planning process in general, is to help people to think about the future of Atikokan.

If you think that other factors should be discussed or disagree with the conclusions presented here, say so! This is your chance to make your views known and help to shape the direction of our community's development for the next five years.

1. The Situation in 1992.

The Atikokan economy is made up of two types of firms:

* ***Export-oriented,*** which sell their goods and services outside Atikokan. Atikokan Forest Products is an example of an export firm.

* ***Locally-oriented,*** which sell their goods and services to the local market. Atikokan's retail and service firms are examples of locally oriented firms.

Locally-oriented firms are affected by changes in employment and incomes in Atikokan, while export-oriented firms are not. Therefore, locally-oriented firms depend on the activity generated by export firms to survive; export firms support locally-oriented firms, and are the "foundations" of the economy. On the other hand, the variety and quality of locally-oriented services can enhance existing export firms or attract new ones.

The Seniors' sector needs special mention. Seniors' incomes do not depend on the Atikokan economy; they will receive pensions, interest on savings, and other forms of income regardless of the fluctuations in the local economy. They purchase goods and services in Atikokan, which contributes to the local economy. Therefore, the 412 seniors households are treated as export "jobs", as are the 59 health care jobs that are directly tied to these households.

The employment and incomes in each sector in 1992 are as follows:

Table 1
Employment and Incomes by Sector
Atikokan, 1992

Sector	Employ-ment (FTE)	Incomes ($000)	Total Supported		% of all Export	
			Empl	Income	Employ	Income
Forestry	515	$16,995	750	$28,112	39.2%	41.6%
Tourism	76	$2,006	104	$3,056	5.8%	4.9%
Ontario Hydro	105	$4,725	170	$8,940	8.0%	11.6%
Small Export	40	$1,468	59	$2,642	3.0%	3.6%
Total, Private Sector	736	$25,194	1,081	$42,750	56.1%	61.7%
Public Sector	106	$3,983	161	$7,071	8.1%	9.8%
Seniors: Households	412	$9,548	*630*	*$17,503*	35.9%	28.5%
Related Services	59	$2,106				
Total	*471*	*$11,642*				
Locally-oriented firms	560	$25,154				

1. The Situation in 1992.

A review of the employment, income and current conditions in each sector is in order.

Forestry.

The forest sector consists of Atikokan Forest Products (AFP), Proboard, and workers in the bush. During "normal" operations, such as in the summer of 1990, the forest sector supports 748 full-time equivalent (FTE) jobs and $28.1 million in incomes in Atikokan. This represents 39% of employment and 42% of incomes in the community overall.

The last two years have seen major disruptions in forestry due to the weaknesses at both plants. The problems facing these firms are well known, the most significant being obsolete equipment and the fact that their respective plant sizes are too small to compete effectively in commodity markets (high volume, low value-added). Both firms must develop niche-market products and adopt value-added processes if they are to become viable long-term operations.

Tourism.

Tourism supports 104 FTE jobs and $3.1 million in incomes in Atikokan. Traditionally, tourism firms have catered to visitors seeking the "rugged outdoors": fishing, hunting, canoeing and camping. However, many camps, resorts and outfitters have come under increasing pressure due to changes in the market and greater competition from other areas. The tourism sector is covered in more detail in Workbook #8.

Small Export Firms.

Small export firms provide 40 jobs currently, and contribute $2.6 million in incomes. All of these firms have been started by residents. These firms are listed in the appendix.

Government Services.

Government agencies that do not directly serve the local population employ 106 people in Atikokan. These agencies do not include locally-oriented public services (eg: schools, Township, Canada Post, the Atikokan Economic Development Corporation, etc).

Government services in Atikokan are affected by three forces at present:

1. **The financial pressures facing all levels of government.** Governments everywhere are being forced to "do more with less." Job losses could result as agencies' budgets are cut.

2. **Greater emphasis on innovation in government services.** The funding problem presents an opportunity, since financial pressures are forcing many agencies and ministries to find new ways of delivering their services that are more cost-effective than their present methods. The Childrens' First initiative is one example of this trend.

3. **Move towards decentralization.** Telecommunications technology allows more services to be delivered locally, and has the potential of moving jobs out of major centres such as Toronto. This is reinforced by an apparent desire by the provincial government to encourage communities to take charge of their own affairs. This move towards decentralization could provide an opportunity for Atikokan to increase its government services, or at least offset potential job losses.

Seniors.

The 412 seniors households in Atikokan in 1991 supported an estimated 59 FTE jobs in related health care services at the Hospital, Home Care and Home Support. They also supported 160 retail and service jobs in the economy.

The forces affecting health care for seniors are the same as those affecting government services; in fact, they are even more severe in this area. Senior governments spend a major part of their budgets on health care, and health care costs have been increasing very rapidly over the last two decades. The health care system faces tremendous pressure to find better, more cost-effective ways of delivering care, especially with an ageing population that will demand more health care services.

2. Trends to 2000

External

Greater environmental pressures.

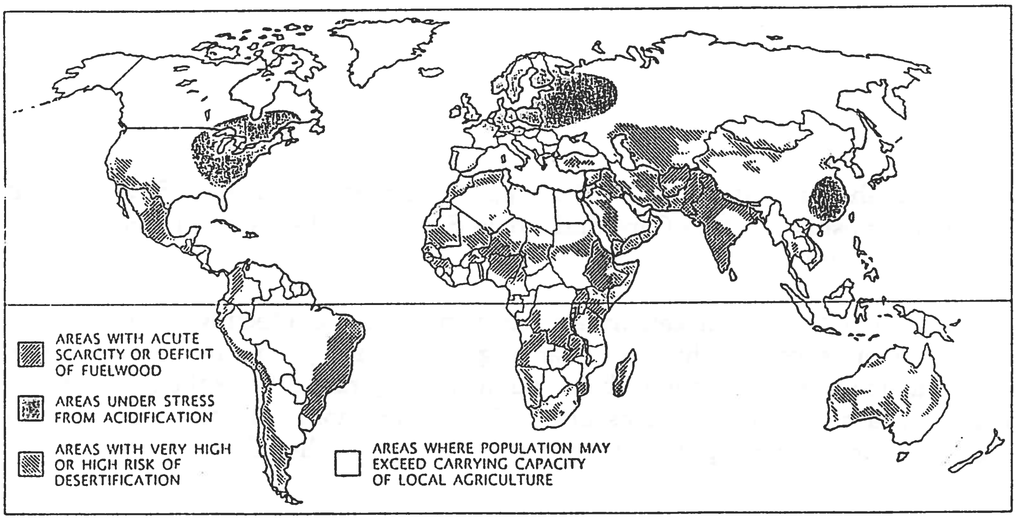
One trend that will have a major impact on Atikokan over the coming decades is the environment. Figure 1 shows the areas of the world that are under extreme environmental pressure of various kinds. This information is considered credible since it comes from a relatively conservative source - the United Nations. Environmental pressures facing the Earth are already strong, and will continue to become more severe.

The growing environmental pressures facing the Earth will dramatically affect relatively pristine and environmentally valuable regions such as Atikokan. The impact is likely to be in two areas:

1. Greater opposition to any activity that harms the environment (eg: resource extraction, hunting, sport fishing).

2. Greater appreciation for and interest in pristine nature (eg: Quetico Park).

Figure 1
Areas of the Earth
Facing Extreme Environmental Pressure.



LAND DEGRADATION results from a variety of human activities. Shown are regions threatened by desertification, overharvesting of firewood, acid rain and stress induced by efforts to feed more people than the land is actually able to support. The data are from the U.N.'s Food and Agriculture Organization and the Scientific Committee on Problems of the Environment.

Source: The United Nations' Food and Agriculture Organization, and the Scientific Committee on Problems of the Environment.

Rising competition for resource extraction and manufacturing from the Third World.

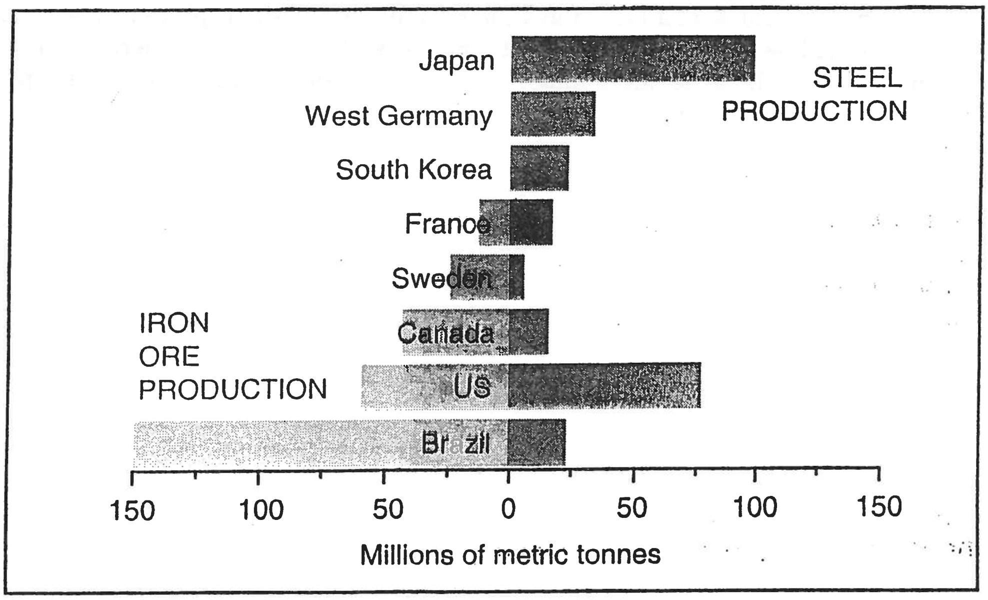
Canada has traditionally been a source of raw materials and resources for the rest of the Developed World. This is particularly true of Northern Ontario. However, since the 1970s Canada has been facing increased competition from less-developed (Third World) countries in the resource-extraction area.

The rise of resource extraction in less-developed countries is shown in Figure 2. The lighter (left) side shows iron ore production, while the darker (right) side shows steel production. Canada digs up far more iron ore than it processes into steel; a role that is being taken on by Brazil. On the other hand, Japan mines almost no iron ore, yet it out-performs anyone else in steel production. The situation is the same whether one is discussing iron ore, forestry, or any other form of natural resource.

The competition from less-developed countries is likely to become even more severe in the future. Many face desperate situations — exploding populations, rising unemployment, starvation, and the social unrest that results. They cannot compete in the knowledge-based areas because their workforces are not as highly skilled as those in the developed world. However they **can** compete in areas involving raw materials and unskilled labour. Not surprisingly, their environmental laws are less restrictive and their costs are lower than those in Canada.

Therefore Canada can expect to face even greater competition for natural resources from less-developed countries in the future. For resource-extraction regions such as Northern Ontario, and Atikokan, this means more emphasis on productivity gains (which frequently results in fewer workers being needed by plants), and possibly more plant/mine/mill closures due to an excess supply on world markets.

Figure 2



Source: John Kettle's Future Letter.

2. Trends to 2000

Decline in employment in traditional areas due to the use of technology.

The past two decades has seen the use of technology in the workplace on a scale never experienced before. The use of computers and machinery has combined to reduce the number of "unskilled" positions from 60% of all jobs in 1950 to 35% today,[1] and raise the skill levels in the workforce. The result has been a dramatic increase in productivity levels, and a decline in the number of workers needed to produce a given amount of goods. This is the main reason for the decline in manufacturing employment in both Canada and the US during the 1980s, as shown in Figure 3. The amount of goods produced by manufacturing has actually increased - but the number of people required to make the goods has fallen rapidly. Manufacturing is still the "engine" of the economy.

Mechanization has only begun. Three factors are combining to force Canadian industry to use more modern technology in the near future:

1. ***Greater competition from other industrialized countries.*** Figure 4 shows that Canada has not been improving its manufacturing productivity as fast as other countries. The result is that Canada in the 1990s faces stiffer competition than it did in the 1950s, or even the 1980s.

2. ***Less use of advanced technology by Canadian firms.*** Figure 5 shows that Canadian manufacturing firms use less advanced technology than their U.S. counterparts. Therefore, there is more room for automation in Canada than in the US.

3. ***Demographics.*** Population projections show fewer young workers entering the labour force over the coming decade. Many companies will be forced to automate because of a lack of available young workers to replace retirees. This factor will be especially significant for places like Atikokan, where youth out-migration will cause the number of young workers to fall even more rapidly than the national average.

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[1] Source: Dr. W. Daggett, director, International Centre for Leadership in Education.

Figure 3
Manufacturing's Share of Employment is Declining.

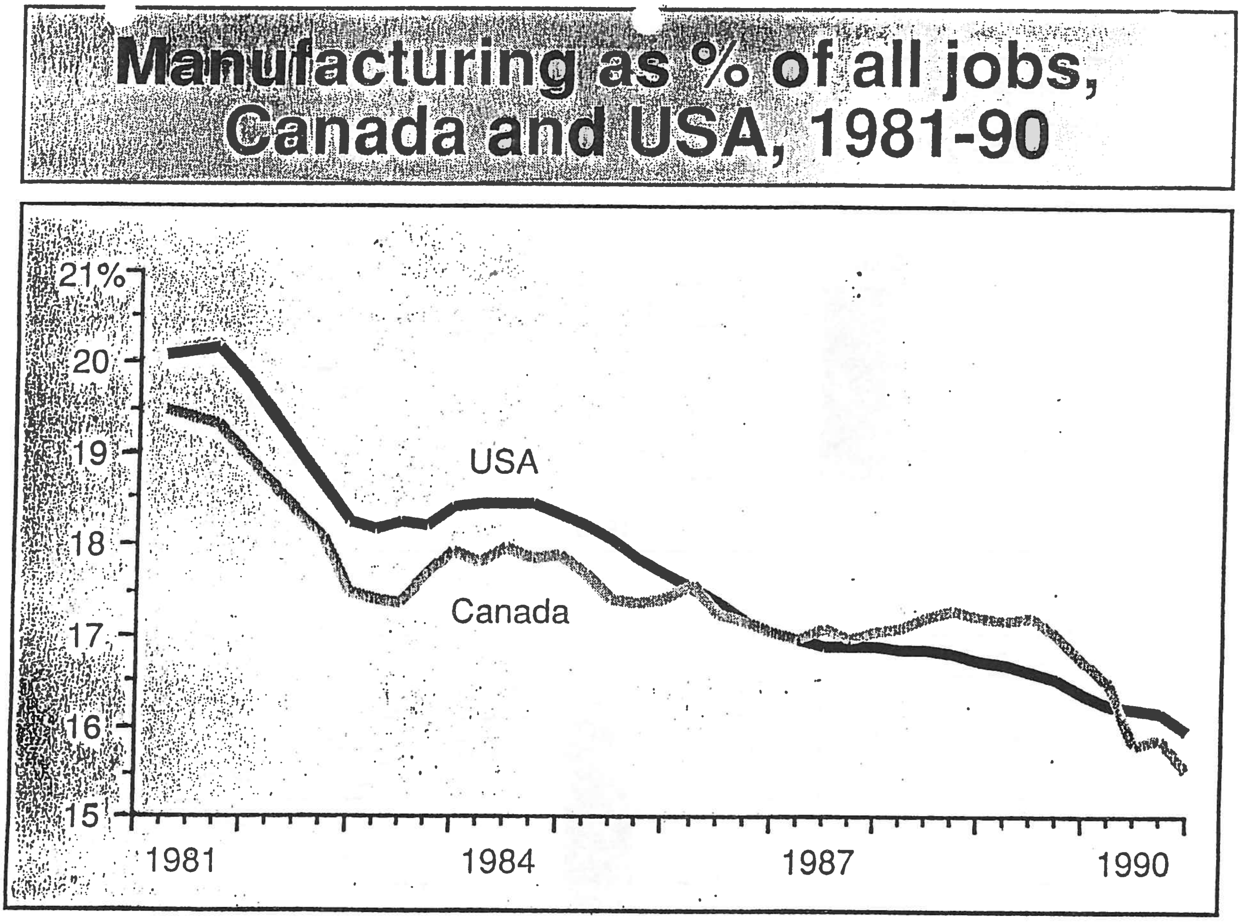
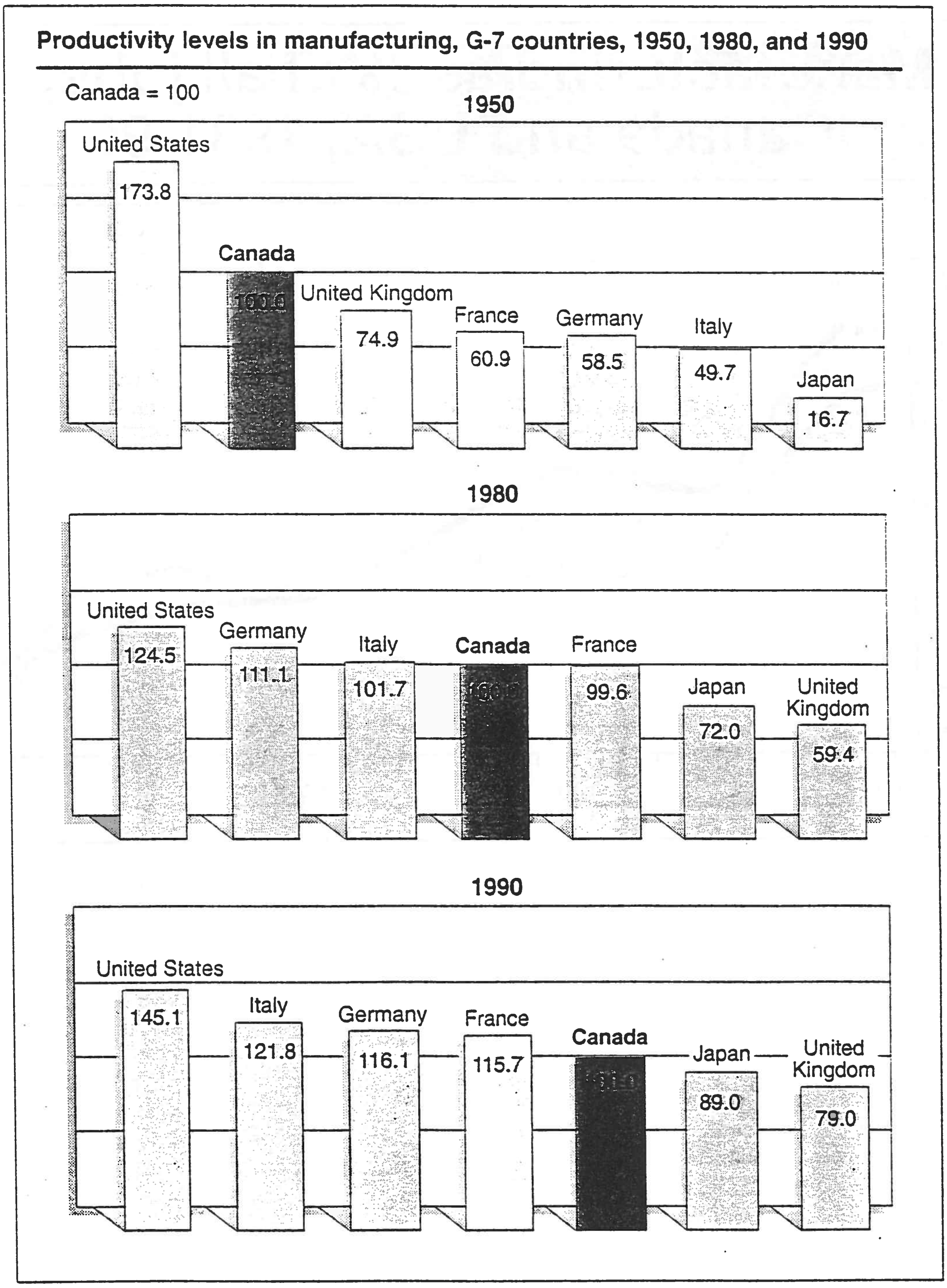


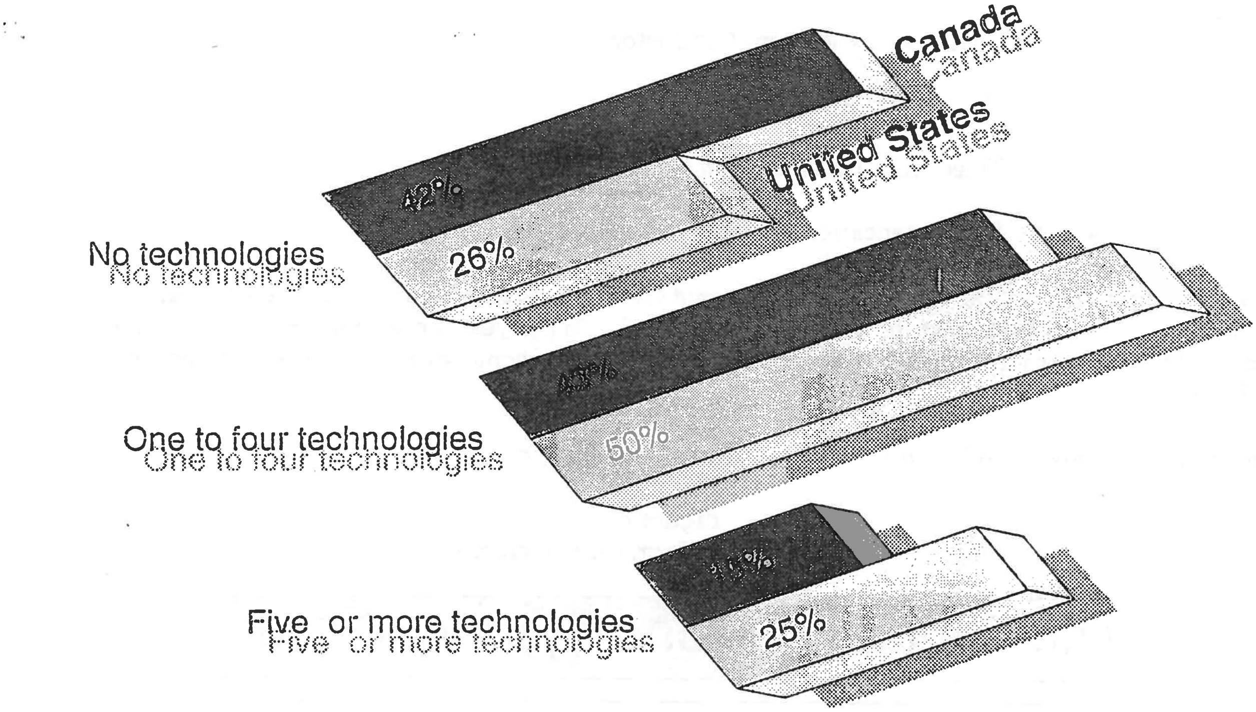
Figure 4
Canada Faces Greater Competition.



2. Trends to 2000

Figure 5
Canadian Manufacturing Firms use less Advanced Technology than their US Competitors.

Proportion of manufacturing plants using advanced technologies, Canada and the United States, 1989



2. Trends to 2000

Growth of the knowledge-based economy.

Over the last two decades, the economies of developed countries have seen a decline in employment in traditional "industrial" areas, and rapid growth in sectors based on information and knowledge. The Canadian economy is also making a shift towards knowledge-based information jobs, as traditional manufacturing sectors lay off workers. The growth of the knowledge-based "Information Economy" is shown in Figure 6.

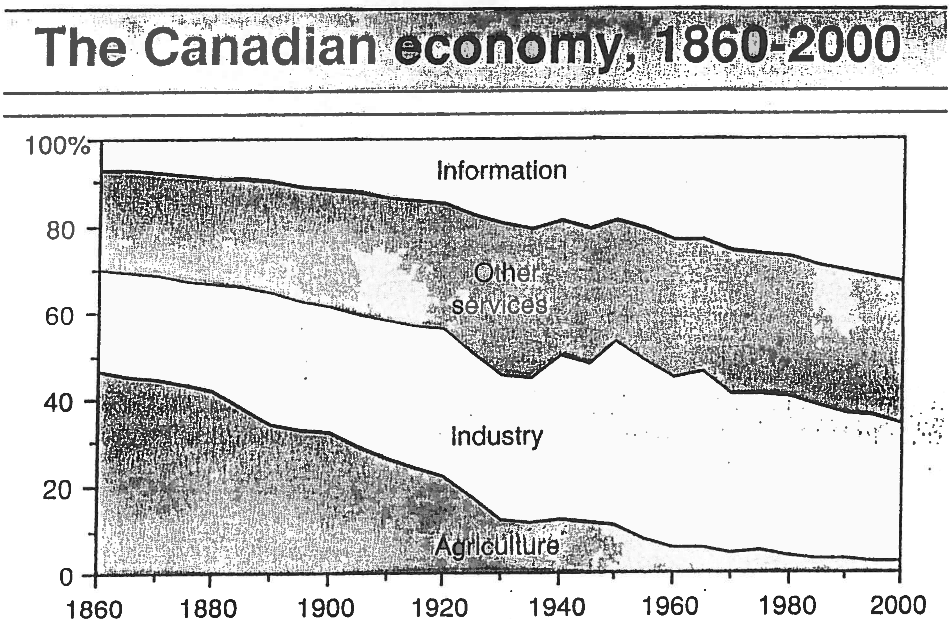
Economist Nuala Beck notes four main areas of knowledge-based jobs, which she refers to as the "New Economy":

1. Computers and Semi-Conductors
2. Health and Medical Care
3. Telecommunications and Communications
4. Instrumentation.

Beck's research shows that these sectors recovered from the current recession in the summer of 1991, and their sales have been growing at an annual rate of 15% per year since then. Far from losing jobs, firms in these sectors are having a problem finding enough people with the skills that they need to work for them.

The growth of knowledge-based jobs is also seen in Figure 6, below:

Figure 6
Growth of the Information Economy.



2. Trends to 2000

Internal

While Atikokan is not immune from these external forces, there are many possible ways in which it might be affected by them. In making projections for the next five years (to 1997) this workbook considers three separate "scenarios", or possible futures. ***These are not the only possible futures.*** The scenarios are outlined in detail in the appendix, with the highlights of the medium scenario presented below by sector.

The following are the changes for each sector assumed in the Medium scenario:

Forestry

Employment shrinks by 30% (150 jobs) over 1990 levels due to greater mechanization in the bush and equipment upgrades at the two plants. Both AFP and Proboard become viable in the long-term by breaking into niche markets. The use of advanced technology in the plants causes both companies to place a major emphasis on skills training for their employees.

Tourism

There are eight tourism-related projects either in place or being developed currently. These are: the Snowmobile Trail system; the Atikokan-Minaki Waterway; the Rendezvous Trail (regional marketing body); the Atikokan Mining Attraction; the White Otter Castle; Waterfront Development; Beautification; and the development of Special Events in the off-season (the Winter Carnival is the first example of this).

These projects are in place by 1997, allowing Atikokan to diversify away from traditional segments and attract visitors year-round. The result is that many seasonal or part-time jobs become full-time year-round, and the level of service offered by visitor-oriented firms improves accordingly. By 1997, employment nearly doubles over 1992 levels, rising from 76 FTE jobs to 142 FTE jobs.

Small Export

This sector sees substantial growth over current levels. Two substantial export-oriented firms arrive and are in operation by 1997, employing 45 people full-time year-round between them. Additionally, 25 information-based jobs are attracted due to the establishment of a telecommunications network. A further 18 jobs are created in existing or new small export firms.

Public Sector / Institutional

Employment in existing ministries and social service agencies falls slightly from 1992 levels due to government financial constraints. The main source of new jobs in the public sector will be the Lifelong Learning Centre (adult education) and Quetico Environmental Research Centre.

Seniors

Local demographics show that the number of seniors will rise by 53 households between 1991 and 1996. The rapid aging in the seniors population causes employment in related health care services and recreation to grow by 12 positions. These positions are primarily in non-traditional areas, with less emphasis on the hospital and more on in-home health care.

Service Sector.

Employment in locally-oriented services (such as the retail sector) grows by 24 jobs, due to growth in employment in non resource-extraction areas. The gains are balanced between the small export, tourism and public sectors, with seniors playing a lesser but significant role.

Overall Change: 1992 - 1997.

The changes in employment in the medium scenario are summarized below by sector:

Table 2

Sector	1992	1997	Change: 1992-97	
			Numbe r	Percent
Forestry	515	365	- 150	- 29.1%
Tourism	76	142	+ 66	+ 86.8%
Other Private-Sector	145	240	+ 95	+ 65.5%
Public-Sector / Institutional	106	135	+ 29	+ 27.4%
Seniors: Households	412	471	+ 53	+ 12.9%
Seniors: Related Services	59	71	+ 12	+ 20.3%
Locally-oriented services	560	584	+ 24	+ 4.5%
Employment: Total	1,873	2,002	+ 130	+ 6.9%
Employed Positions.[2]	**1,460**	**1,537**	**+ 77**	**+ 5.3%**

2 Excludes seniors households.

Background #2:

Education / Employment

Prepared by:

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1. The Situation in 1992

Historically, Atikokan's workforce was less educated than that of the region or province.

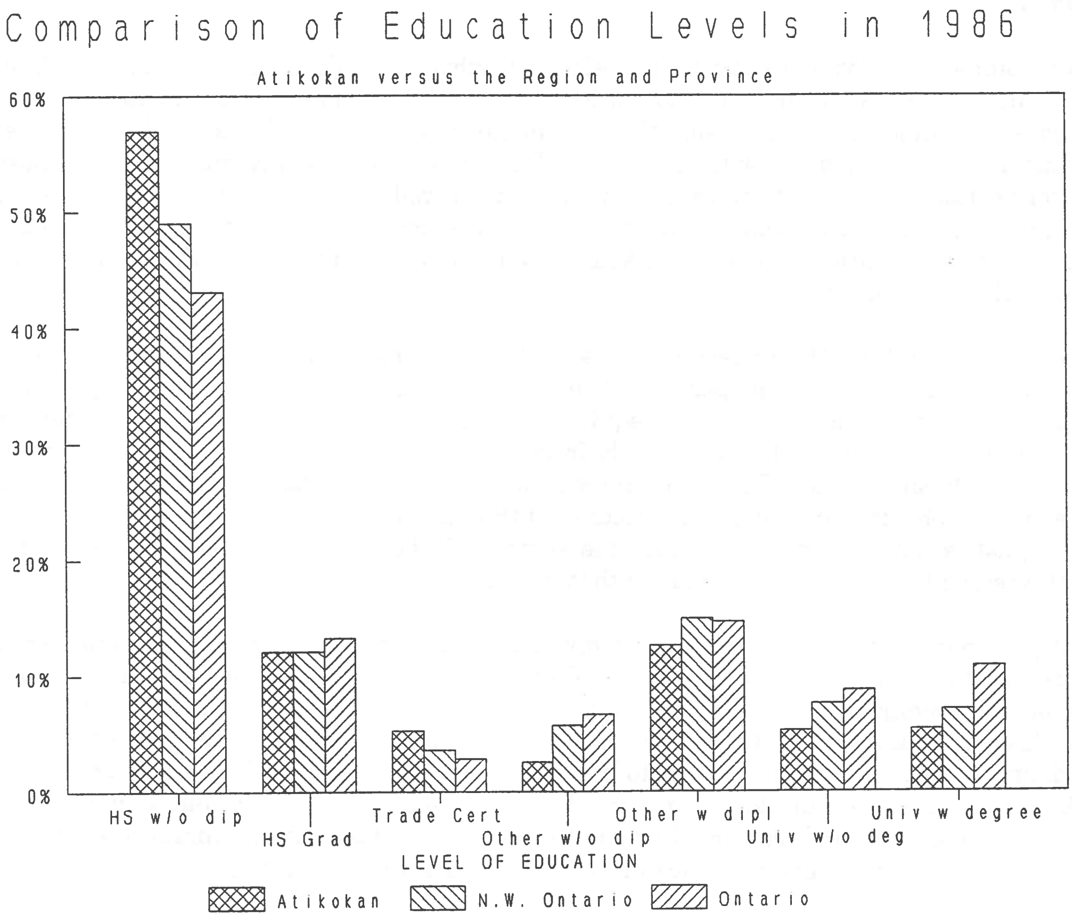
When compared to typical education levels in Northwestern Ontario, Ontario, and Canada overall, Atikokan in 1986 had a larger portion of its workforce in the least-educated category - those without a high school diploma. It had a significantly smaller number of residents (workers) with some college or university education, or with degrees. While it was over-represented in the trades area, this category contained many of the retired miners who stayed in the community when the mines closed,[1] and could also be influenced by the tail end of the construction of the Ontario Hydro plant. A comparison of education levels for Atikokan, Northwestern Ontario and the province as a whole in 1986 is given in Figure 1.

This situation reflects the lingering effects of the attitudes towards education that were common in Atikokan during the mining period. The mines offered secure, well-paid employment for local residents. While many positions required a skilled trade, most did not. There were many opportunities for a resident to go directly from school to the mine, and earn a very attractive salary in a relatively short time. Therefore, the attitude of many was that education was not important, as it was not emphasized by the hiring practises of the mine employers. A lack of emphasis on education in the past is not unique to Atikokan; the same could be said of most resource-extraction towns in Northwestern Ontario, and Canada for that matter.

Of key importance to Atikokan's economy are education levels among the younger and middle segments of the workforce (15-44) today. While hard data is not available, it is speculated that the lack of well-paying entry-level positions would encourage residents to pursue greater skills training and "higher education" (a trade, college, or university). Therefore, the expectations of younger residents towards education is likely to be more compatible with provincial averages. Unfortunately, Atikokan's small size limits the range of post-secondary education that can be offered locally. Therefore, many of our high school graduates leave the community to pursue their training. While many would like to return, they face limited employment opportunities here.

1 Information on education levels comes from the 1986 Census by Statistics Canada.

Figure 1

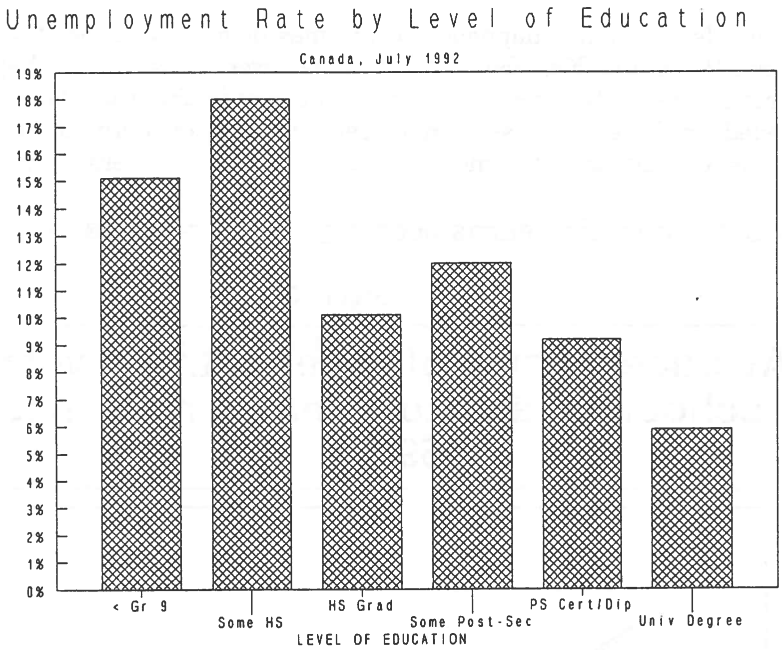

Comparison of Education Levels in 1986
Atikokan versus the Region and Province
60%
50%
40%
30%
20%
10%
0%
HS w/o dip
HS Grad
Trade Cert
Other w/o dip
Other w dipl
Univ w/o deg
Univ w degree
LEVEL OF EDUCATION
Atikokan
N.W. Ontario
Ontario

1. The Situation in 1992

Education affects our employment and standard of living.

Statistics clearly show that the higher the level of education, the higher the employment. In July 1992 for example, unemployment among people without a high school diploma was 2.5 to 3 times higher than those with a university degree. This data is for Canada.

Figure 2



Source: Statistics Canada, "The Labour Force", Cat 71-001, Table 5, July 1992.

1. The Situation in 1992

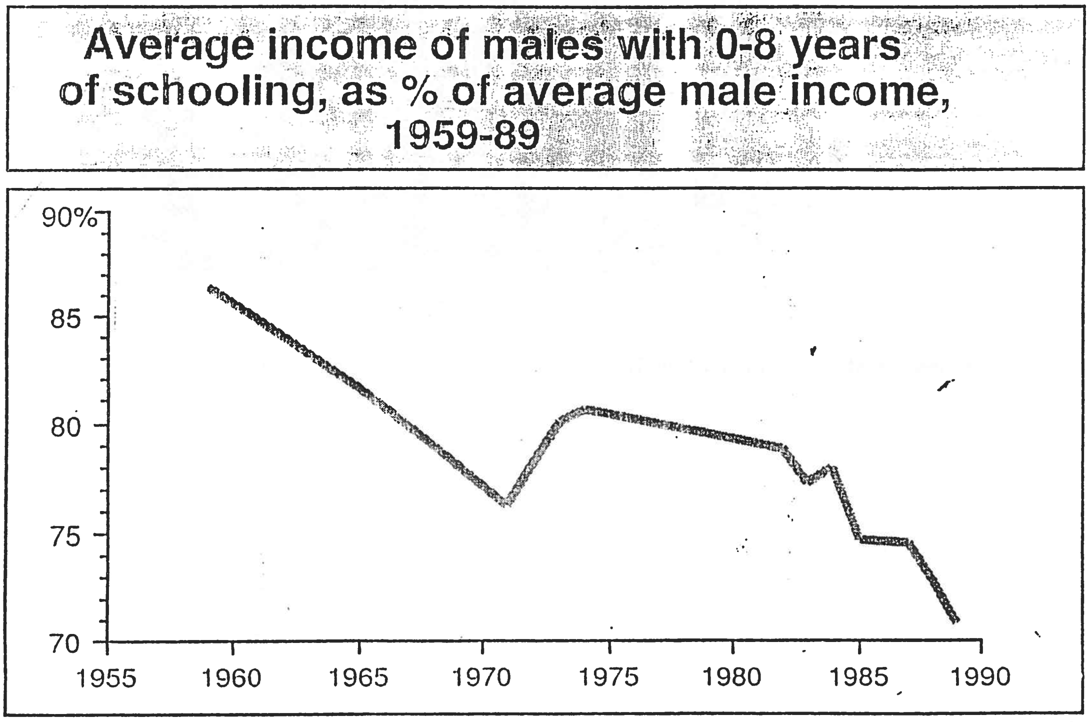
Education also affects the income that residents can earn, and therefore the standard of living in the community. The lower the education, the lower the wages that can be earned.

Greater use of technology means that workers need more skills to do their jobs, so workers without those skills will discover that they have become less employable. Likewise, communities whose workforces have lower skill levels will have difficulty supporting businesses that are in the growth areas of the "information economy".

For example, consider what has happened to incomes of men with less than a Grade 9 education (Figure 3). In the 1950s and 60s, when 60% of all jobs were "unskilled",[2] they earned almost 90% of the average male income. By 1989 the use of technology in the workplace meant that higher skill levels were needed, so those with less than a Grade 9 education were out of touch with the needs of the workplace. As a result, their incomes dropped to 71% of the average male income.

Therefore, a poor education earns poor pay — and perhaps no pay.[3]

Figure 3



Source: Statistics Canada, as cited in "The Future Letter", October 1991, by John Kettle.

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2 An "unskilled" job is one that does not require specialized training such as a trades certificate or university degree, according to Statistics Canada.

3 A .poor education. is one where the skills are out of date, or the literacy levels are insufficient for the demands of the workplace.

1. The Situation in 1992

These trends can be seen in Atikokan today.

The AEDC's "Barriers to Employment" study, done in 1988, found that 10% of local workers were chronically unemployed/underemployed. ***The single largest obstacle preventing this group from finding permanent work was a lack of education.*** Fully 57% of this group had not graduated from high school.

Curiously, while they recognized that their lack of education was a key problem, many had a "lack of motivation to seek academic upgrading."[4]

However, local attitudes towards education are changing.

While it is difficult to measure attitudes, adult educators agree that residents are placing more emphasis on education than before. As an example, the Atikokan Board of Education estimates that there were 270 adult students completing their Grade 12 in the 1991/92 school year through independent study and correspondence courses.

Information about the education levels among the younger age groups (15-44) in Atikokan and the region/province is not available, so a comparison cannot be made. There are differing opinions about whether the views of high school students towards post-secondary education are consistent with their peers across the province.

Youth out-migration.

Two main reasons often cited for youth leaving a community are to go to college or university, and to seek work in a field that is not available locally.

Youth out-migration from Atikokan between 1981 and 1991 was 27.3%. That is, the number of residents between the ages of 15 and 24 fell by 27.3% between 1981 and 1991. However, out-migration among 25- to 34-year-olds was very low - those that have not left by the time they turn 25 tend to stay.

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4 AEDC, "Barriers to Employment" study (1988), Executive Summary, page 1.

1. The Situation in 1992

Many education facilities and agencies are available locally.

There are over 40 organizations involved in education in Atikokan. These facilities and agencies include:

Primary to high school (J.K. to Grade 13).

Adult re-entry and independent learning programs of the Atikokan Board of Education.

Lakehead University - local campus

Confederation College

Contact North - distance education

Vocational training: CITC (Atikokan Community Training - ACT)
Employment Learning Opportunities (ELO).

Lifelong Learning Centre (LLC) - an initiative intended to coordinate all adult training programs, offer on-site counselling, and eventually provide one building to offer all adult training from.

2. Trends to 2000

External

Higher skills/literacy needs in traditional sectors.

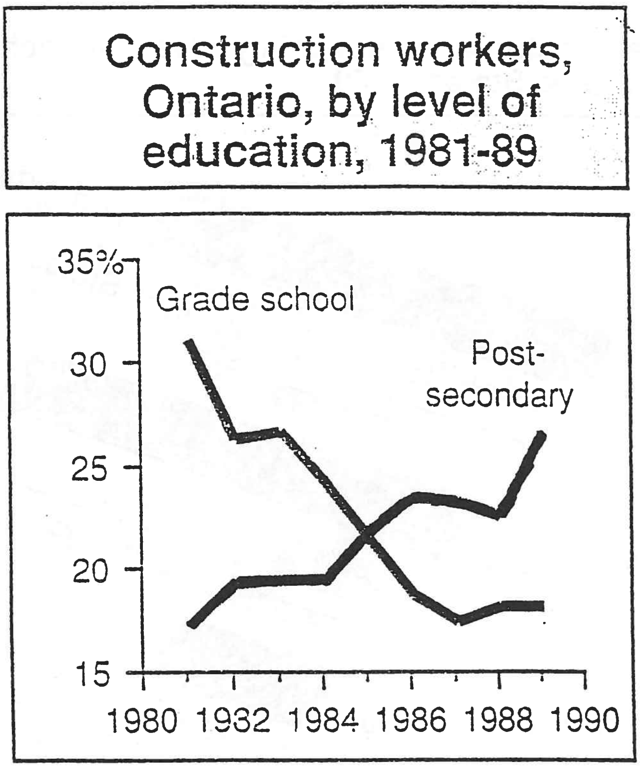
The use of technology in the workplace has been increasing since the 1960s. The last two decades have seen widespread application of computers, telecommunications, automation, robotics, advanced metals, and the like. Initial efforts focused on speeding up simple functions, and eliminated many "unskilled" jobs in the process. In 1960, "unskilled" jobs made up roughly 60% of all jobs; by 1990, that number had fallen to 35%.[5]

The result has been strong growth in sectors based on information and knowledge, commonly referred to as the "Information Economy." The implications for education are that workers' skills needs are:

- ***higher*** today than previously,
- ***very different*** to those of even two decades ago, and
- ***changing faster*** than ever before.

The change in education levels in the construction trades provides one example of this trend (Figure 4). In the eight years between 1981 and 1989, the portion of construction workers with post-secondary education doubled, while those without a Grade 12 dropped by half.

Figure 4



[5] An "unskilled" job is one that does not require special training to perform, such as a trade certificate, college diploma or university degree.

2. Trends to 2000

This trend has only started. The use of various workplace technologies will become even greater over the next decade, so the knowledge, skill and literacy levels needed in the workplace are expected to increase at a rapid rate.

This increase will be due to three factors:

1. Canadian manufacturing firms presently use less advanced-technology processes than their competitors in other countries. With the emphasis on global marketing, Canadian manufacturers will need to modernize in order to compete.

2. Canadian firms face greater competition from other countries, so they will have a strong incentive to make these improvements.

3. There will be fewer younger people entering the Canadian labour force during the 1990s, so machines will be required to replace workers who are not available.

The first two points are highlighted by information from Statistics Canada, given in Figures 5.A and 5.B.

Figure 5.A
Canadian Firms Use Less Technology.

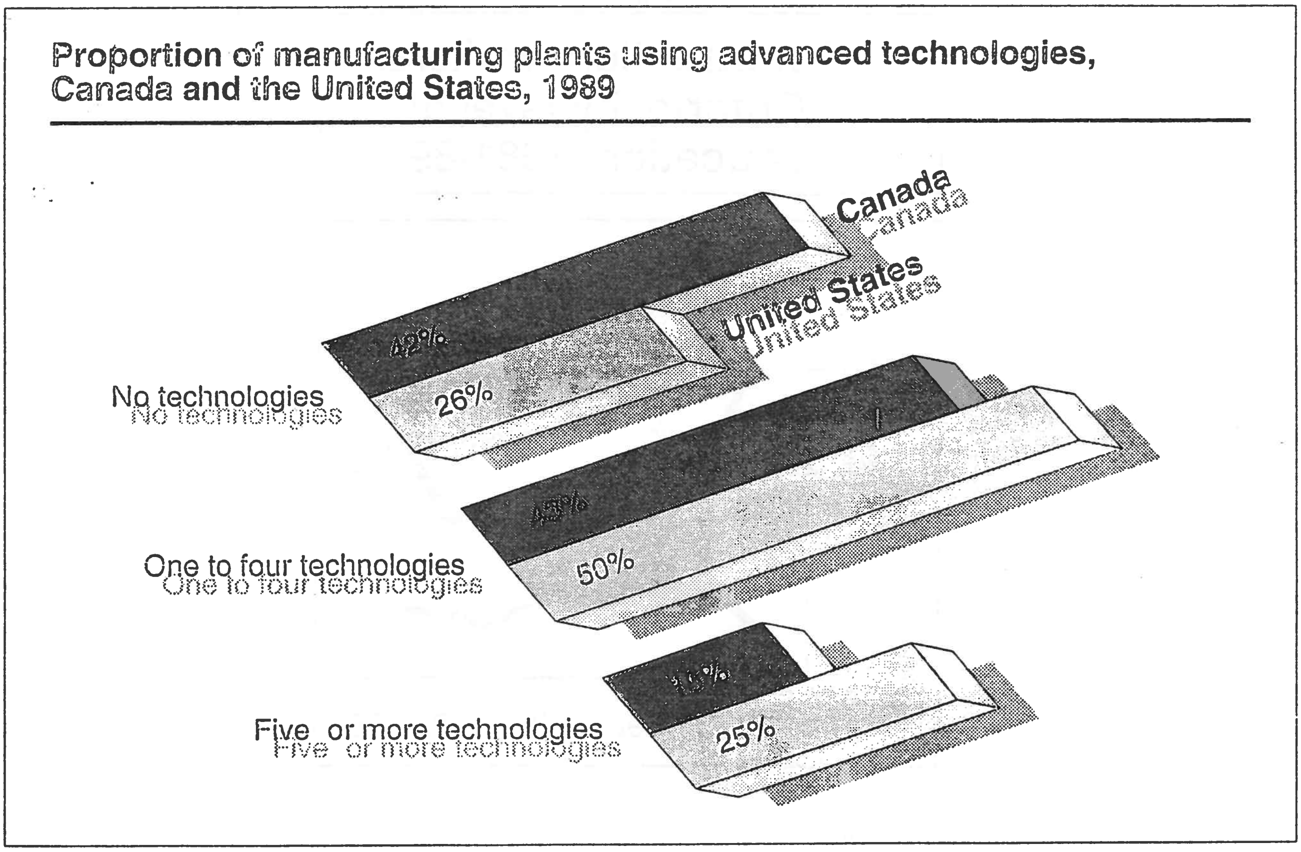
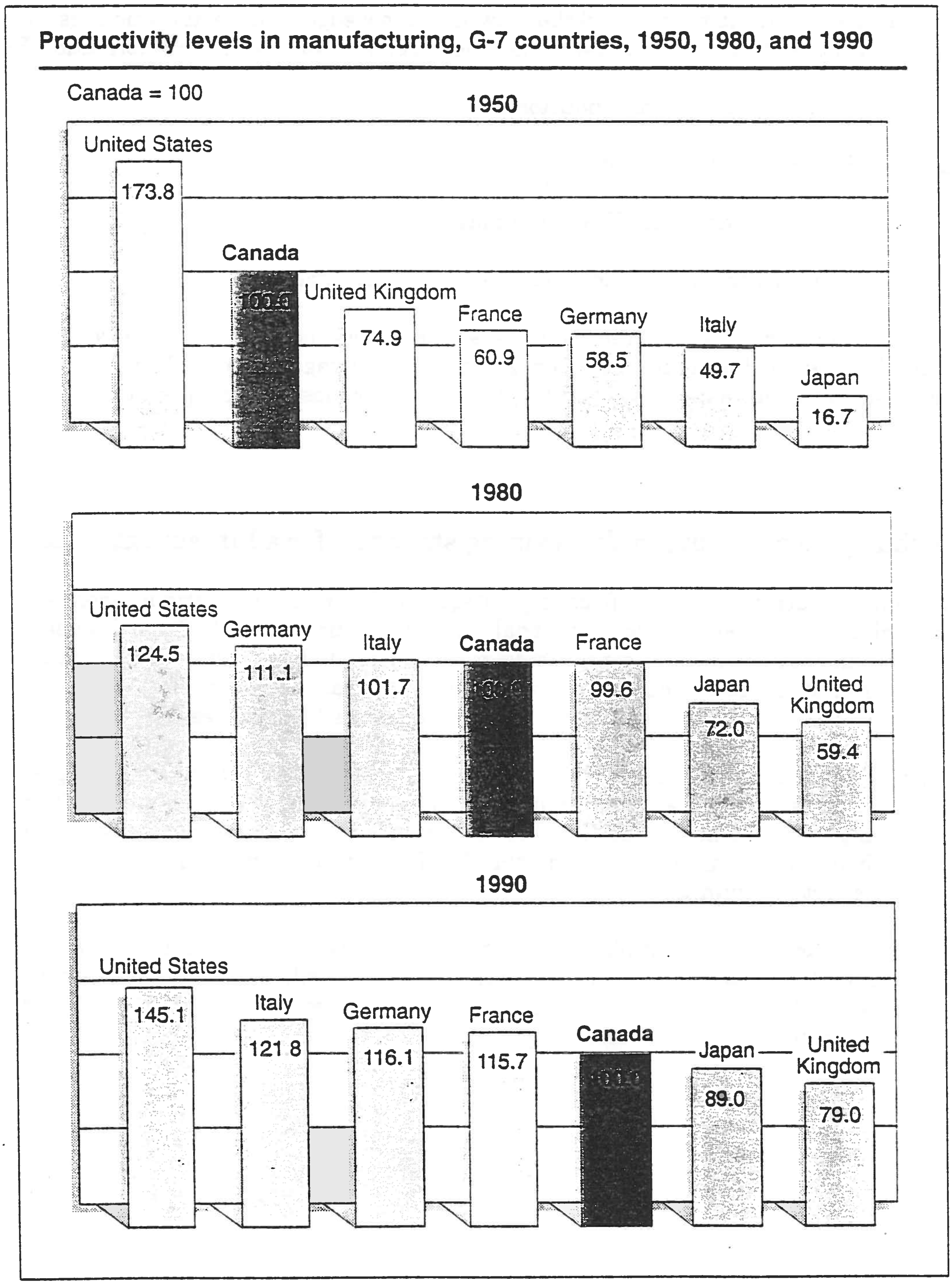


Figure 5.B
Canadian Firms Face Greater Competition.



2. Trends to 2000

Emerging sectors - The Information Economy.

The shift away from producing goods, and the growth of knowledge-based employment, is well known. According to Toronto economist Nuala Beck, there are four key sectors in the Information Economy:

1. Computers and Semi-conductors.
2. Health and Medical Care.
3. Communications and Telecommunications.
4. Instrumentation (robotics, computer-aided manufacturing, etc).

Beck's research shows that Canadian firms in these four sectors recovered from the recession in early 1991. In the 18 months since then, they have grown at an average rate of 15% per year.[6] Note that each of these sectors require high skill and training levels for most of their positions.

A major change is occurring in the training structure for adult education in Ontario.

Currently, adult education is not effectively integrated between the various agencies involved. Vocational training is handled through Industrial Training Committees (CITCs) and colleges. Several federal and provincial government agencies have programs related to adult education, but there is no one overall coordinating group. As a result, adults wanting training are often unaware of the range of programs that exist, or discouraged by the frequent referrals to other agencies.

The Province of Ontario intends to solve this problem by introducing the Ontario Training Adjustment Board, or OTAB. This one body will coordinate all training programs offered in the province. A series of Local Training Adjustment Boards (LTABs) are intended to address the needs of the different regions throughout the province, and inform the OTAB about local training requirements. "Local" refers to **regions, not communities.**

OTAB and LTABs are due to be in place by the Spring of 1994, at which time CITCs will be ended. While it is known that representatives from each community will be sought to sit on the LTABs, specifically how OTAB (and LTABs) will function has not been worked out yet. However this change will have major significance, and cannot be ignored.

6 Nuala Beck, as quoted in the Financial Post 500 - 1992.

2. Trends to 2000

Canada's high school system is not meeting the demands of the workplace.

Educators believe that it is not feasible to teach job skills because no one can predict what skills will be required in the future. Instead, they emphasize knowledge, flexibility, creative problem-solving and attitudes, all of which will enhance the "employability" of their students.

However, this approach is not effectively equipping many students for the current job market. The Economic Council of Canada points out that:

* One-third of high-school graduates (about 1.2 million) cannot perform everyday reading requirements.

* 36% of graduates experience difficulty in working with numbers.

* The proportion of scientists, engineers, and technicians in the labour force is much lower in Canada than in the United States, Japan, and Germany.

* The secondary-school drop-out rate is 33% in Canada,[7] compared with 2% in Japan and less than 10% in Germany.[8]

In fairness to the local school system, specific information is not available to compare the academic performance of Atikokan students with their peers across the country. Students' literacy skills, proficiency with numbers, and propensity to become scientists engineers and technicians is unknown. It is known that the dropout rate among high school students is lower than the national average, typically around 10%.

Given the projections of greater skill and literacy needs over the next decade, the pressure on the school system to change to meet the needs of the workplace will become even greater. If the changes are not made Canada's ability to compete will fall, and with it our standard of living.

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7 Many educators believe that the drop-out rate for Canada measured by the study is over stated. Students who did not graduate within four years of entering Grade 9 were considered to be drop-outs. Therefore the study wrongly classified those students who took an extra year to graduate, as well as those drop-outs who returned to finish their Grade 12 later.

8 Economic Council of Canada, "Au Courant", Vol 13 #1, 1992, page 9.

Distance Education: A new way of teaching.

The lack of post-secondary schooling in smaller communities has caused many seeking higher education to leave for the universities and colleges in the cities. This has long been a source of concern for small towns throughout Ontario. One response to this problem is distance education. This involves using correspondence courses, videos, and the like to reach students right in their own communities, and not require students to come to the campus.

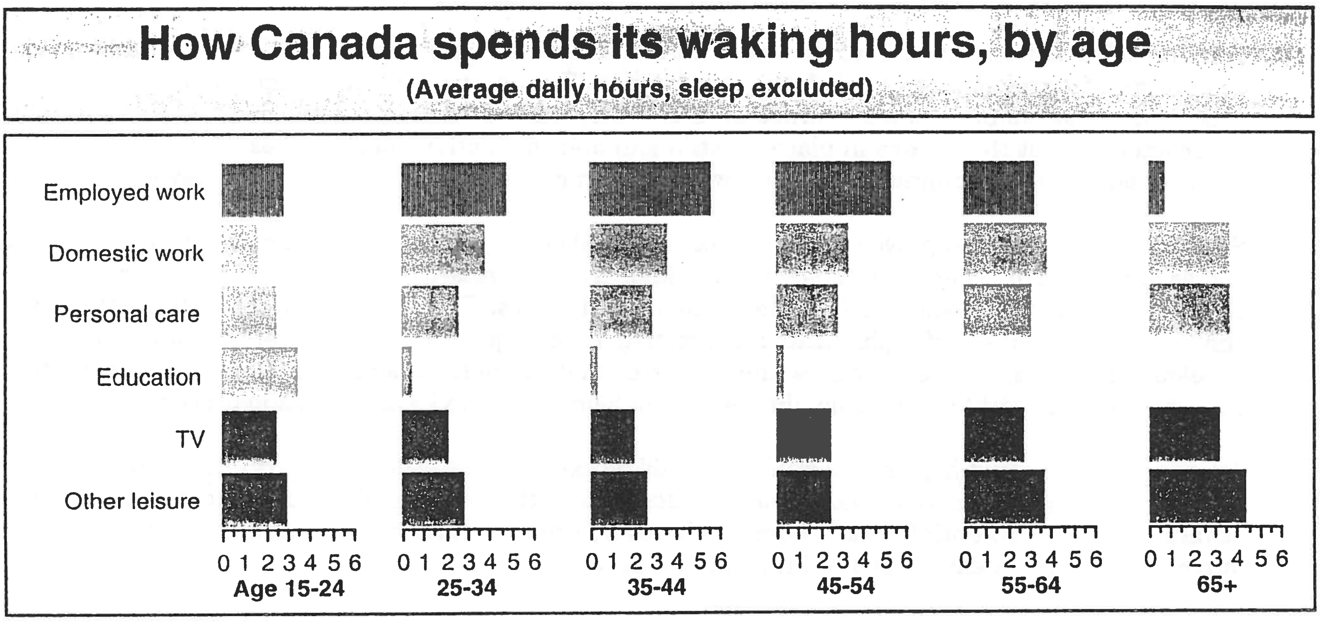
Improvements in communications technology means that students can be linked directly to the teacher via satellite or cable, regardless of the distance separating them. Therefore, the quality of distance education should improve over the next decade.

One benefit of this approach is the use of videos for teaching. Poor literacy skills is a problem for some adult learners: the length of time that they have been out of school means that their reading and study skills are rusty. As Figure 6 shows, time spent on reading and education drops off dramatically with age, while time spent watching TV remains fairly constant. Therefore, because more adults are "TV-literate" than "book-literate", education using video will have a wider appeal than that using books alone.

While distance education holds promise for the future, there are limitations at present. It will not appeal to all students - some will prefer on-campus studies. Also, this technology is just entering the marketplace, so the range of courses available is limited because of the high cost of developing new programs currently. Finally, a fibre-optic cable network is necessary for the interactive video component of distance education to be used, and Atikokan does not have such a cable network available yet.[9]

9 The proposed telecommunications pilot project, mentioned later, is an attempt to overcome this limitation.

Figure 6



Source: Statistics Canada, as cited in "The Future Letter", June 1992.

2. Trends to 2000

Internal

In addition to the external trends, there are two important developments within Atikokan.

Telecommunications pilot project.

The lack of satellite links and high-speed data transmission cables means that Atikokan cannot take advantage of developments in distance education. This is one reason behind efforts to improve Atikokan's telecommunications infrastructure. One such effort is a proposal to the provincial government to put these links in place in Atikokan and three other communities, which would allow us to get access to the communications networks growing across the province and the developed world.

Should this project be approved and the links established, students could be connected with training bodies across North America. Courses not available from an Ontario school, college or university could be brought in from elsewhere in Canada or the United States. The availability of this technology will enable the development of sophisticated interactive learning programs in a variety of subject and skill development areas. Those provinces and countries that are able to develop a comprehensive system will enable their workforce to keep abreast of employment-related and educational needs.

Another benefit is that high-school students could be exposed to a state-of-the-art telecommunications system, allowing them to become more comfortable with the technology and more able to take advantage of the potential that it offers. However, funding must be available for local schools to purchase the equipment needed to link into the network.

Changing attitudes towards education by locals.

As mentioned earlier, there is evidence that the attitudes of residents towards education is changing for the better. The large number (270) of adult students completing their Grade 12 diploma at the high school shows the extent of the change of attitudes among adults.

The situation among youths is less clear due to a lack of information. Opinions among educators about how students' attitudes compare to provincial norms vary considerably.

Strategic Economic Plan for Atikokan

Background Document #3:

Population

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Introduction.

This background document is part of the strategic planning process being done by the Atikokan Economic Development Corporation (AEDC), and the Atikokan Future Incentives Corporation (AFIC). The purpose of this exercise, and of the strategic planning process in general, is to help people to think about the future of Atikokan.

If you think that other factors should be discussed or disagree with the conclusions presented here, **say so!** This is your chance to make your views known and help to shape the direction of our community's development for the next five years.

Sources of Information.

The information presented here comes from the Statistics Canada Censuses of 1971, 1976, 1981 and 1986. The information for 1991 comes from the AEDC Survey of Residents.

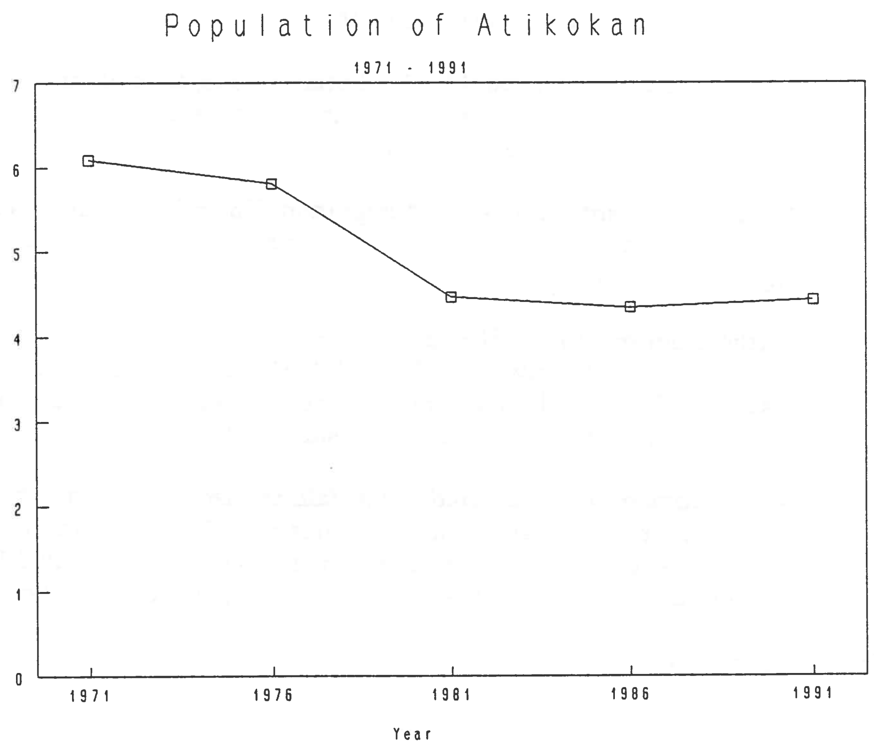
The Situation in 1992

Atikokan's 1991 population is estimated at 4,428. There have been two major trends over the last two decades:

* *Sharp decline between 1976 and 1981.* The population dropped by 23.4% in this period due to the closure of the two mines.

* *Stability over the 1980s.* The population stabilised after 1981; today's level is the same as in 1981, and a 2.0% increase over 1986.

Figure 1



The nature of the population has changed.

There have been significant changes in the nature of Atikokan's population over the last two decades. The changes for each age group can be summarized as follows:

- ***Seniors (65+) - Rapid growth.*** The number of seniors (aged 65+) has increased by 350% since 1971. Their numbers have almost doubled since 1981.

- ***Older workforce (45-64) - Stability.*** The number of people in this group has not changed significantly since 1971.

- ***Middle/younger workforce (25-44) - Initial decline, then stability.*** The mine closures caused this segment to drop at the end of the 1970s, but since then there has been stability.

- ***Workforce entrants (15-24) - Out-migration.*** The mine closures caused a large drop in people aged 15-24. Even during the 1980s, youth out-migration averaged 27%.

- ***Youth/Children (0-14) - Decline.*** The number of children and young teens fell by 50% between 1971 and 1981 as a result of the mine closures. While the decline slowed as the population adjusted, toady's levels are still 10% lower than at the start of the 1980s.

- ***Stable number of households, but falling sizes.*** The number of households in 1991 is essentially the same as in 1976, and an increase over 1971 levels. However the size of households has fallen by 33% in this period, which is consistent with the ageing of the population.

The trends towards an ageing population will be examined in detail.

The Situation in 1992

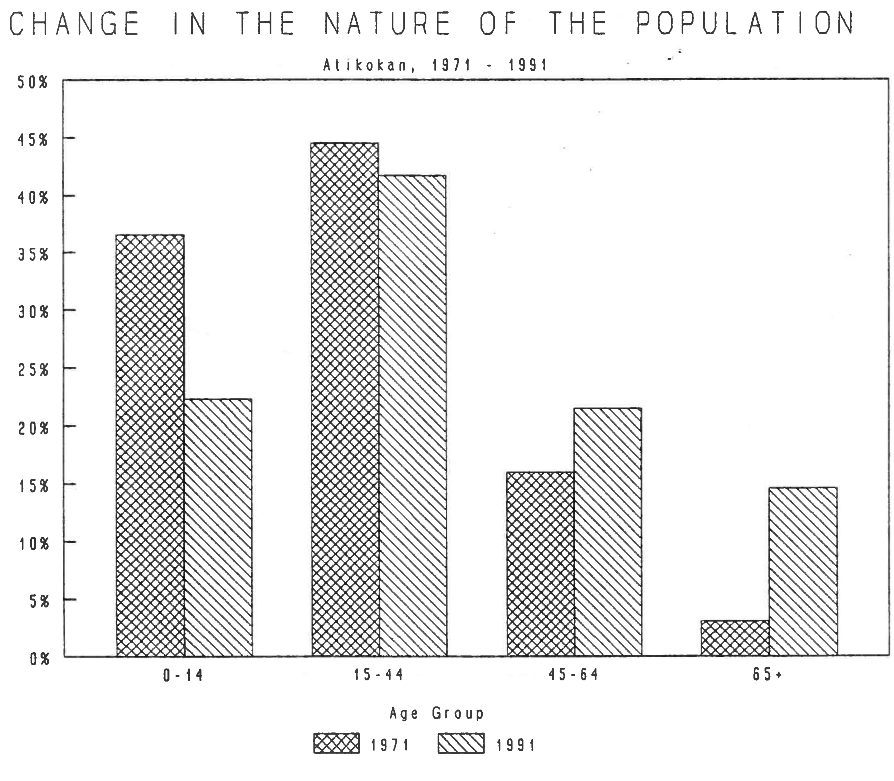
There has been rapid growth in seniors over the last two decades.

Today's population is very different from that of the mining period, or even the start of the 1980s. The number of seniors (aged 65+) has grown rapidly, becoming a major part of the population. In two decades, Atikokan's senior's population has gone from significantly below the provincial average to significantly above it.

* The share of the population made up by seniors grew from 3.0% in 1971 to 14.6% today.

* Their numbers increased from 185 to 645 over this period.

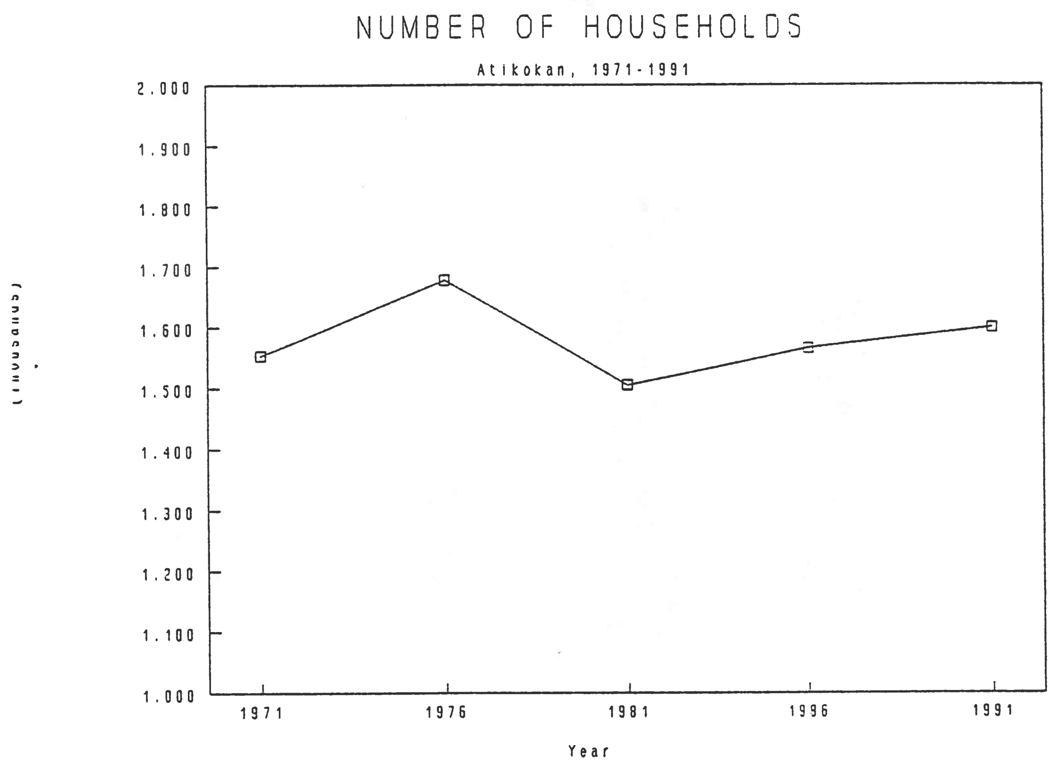
Figure 2



The number of households has been very stable during this turbulent period.

* There are 1,600 households in Atikokan today.
* Household levels today are 95% of those in 1976; a decline of only 4.7%.
* There are only 80 fewer occupied houses today than during the mining period, despite a population drop of 23%.

Figure 3

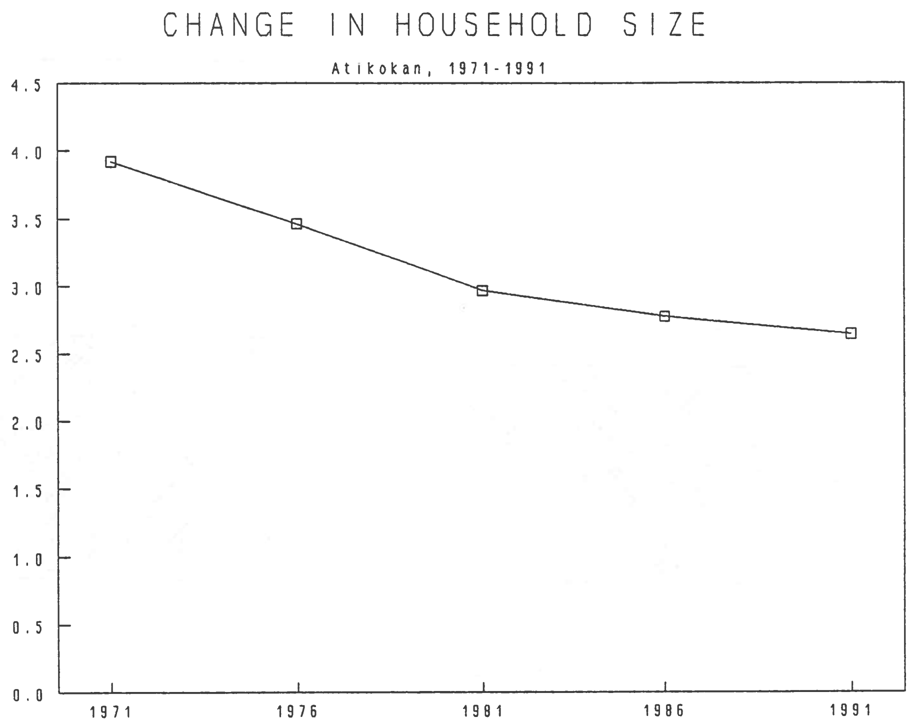


However, the size of households has been steadily falling.

The size of an average household has fallen from 3.92 people in 1971 to 2.64 today - a decline of 33%!

Part of the decline is explained by the ageing of the population: older households tend to be smaller, since their dependants are usually grown and moved out on their own. This is encouraged by our affordable house prices, which make it relatively easy for young adults to own a home. It is also partly due to the trend towards smaller families.

Figure 4



As with the population, the nature of Atikokan's households has changed.

The demographic trends have caused a rise in the proportion of "older" residents. Currently almost half (48%) of all households are seniors or "empty nesters" - nearly double the 1971 level.

Figure 5

2. Trends to the Year 2000.

External

Four trends occurring outside Atikokan can potentially have an effect on our population.

Ageing of the overall Canadian population.

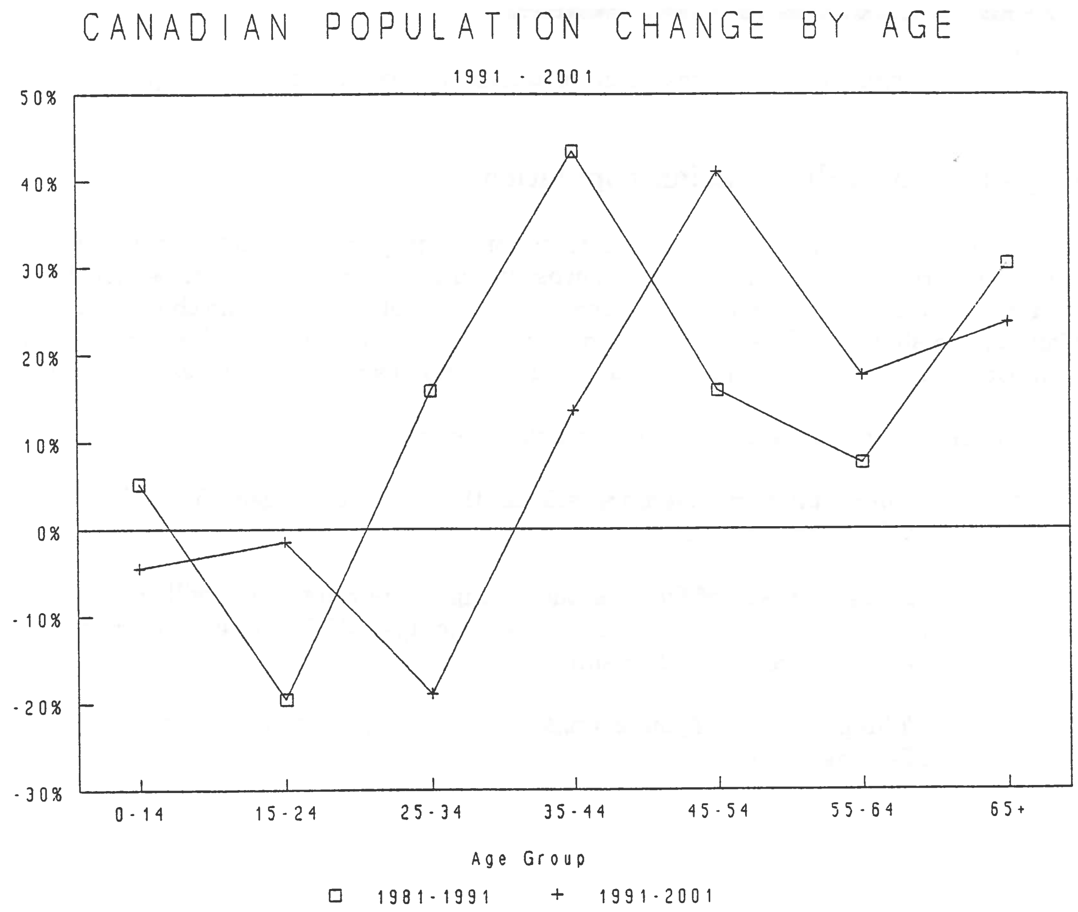
Population swings can have major implications for many parts of society. For example, an ageing population can result in strong growth in towns suited to and geared for retirees (such as is currently happening on Vancouver Island and throughout the State of Florida). The changes in each age group for Canada are shown in Figure 6 on the next page. Because trends in the U.S. are very similar to those in Canada, Figure 6 is a fair indication of the changes occurring across North America.

These demographic changes highlight several changes in the population over the 1990s:

- ***Rising numbers of seniors/retirees:*** the population aged 65+ will rise by 25% over this decade.
- ***Rising numbers of families:*** the ageing of the Baby Boom will cause a rapid increase in the number of people aged 35-54, which are prime years for starting and raising families.
- ***Falling numbers of young singles and couples,*** due to a 20% drop in the 25-34 age group.

2. Trends to the Year 2000.

Figure 6



Source: Dr. David Foot, University of Toronto.

Out-migration from cities by professionals, "middle class".

While there is no hard data on the number of people leaving the cities, there is a clear trend of people moving away from urban cores. These are seen in the rapid growth that has occurred in smaller centres on the fringes of Southern Ontario such as Barrie, Peterborough, Muskoka/ Parry Sound, and so on.

The trend to escape from the "hustle and bustle" of the cities and find a safe place to raise their families seems to be taken a step further by some professionals and "middle class" people. For some there is a desire to "get back to their roots" and return to small-town living. Again, it must be noted that this observation is not based on hard facts, since such data is not available. However, the lack of data does not mean that this trend should be ignored - even major changes start off small, and frequently are not measured since no one is looking for them.

Given the rapid growth in the number of people aged 35-54 over the next decade, which suggest a large increase in the number of families, there could well be a surge in the desire for a "safe place to raise children". This in turn could lead to greater migration out of urban centres and into small towns.

An opportunity for Atikokan?

Atikokan's quality of life and safe environment will appeal to this trend. Our pristine natural surroundings will also appeal to potential migrants who have greater environmental awareness. The outstanding issue is how to reach this type of person to get them to move to our community. While suitable employment may be an obstacle for some, many in this category could well create their own jobs by becoming entrepreneurs.

Influx of seniors to Atikokan.

The 1991 Survey of Residents by the AEDC found that 75 people had retired to Atikokan since the late 1980s. The majority of these people were former residents who had moved away when the mines closed.

The main features that Atikokan has that could attract seniors/retirees are:

* ***Quality of life.*** The variety of affordable recreation opportunities, range of medical services available locally, and small town living.

* ***Affordable housing costs.*** Retirees can purchase housing in Atikokan at a fraction of the cost for comparable styles in areas with strong housing markets (eg: urban centres). This gives them a sizeable gain in their equity.

However, Atikokan's housing stock presents a major obstacle for efforts to attract retirees to the community. The town's ability to accommodate a sizeable influx of retirees is limited by the following factors:

* The lack of available homes (vacancy rates were under 5% in 1991),

* The age of the housing stock (79% of all residential units were built at least 30 years ago), and

* The poor condition of many homes (150-200 units are estimated to be sub-standard).[1]

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1 The condition of the housing stock is covered in detail in the 1991 update of the Municipal Housing Statement.

2. Trends to the Year 2000.

Growth in cottagers offers potential growth in "summer residents".

The demand for cottages is closely tied to demographics. Research has shown that people begin to buy cottages when they reach their mid- to late-40s; Dr. David Foot notes that "those baby boomers in their mid-forties are just now beginning to look northward for a second property."[2] With the Baby Boom causing rapid growth in the number of people in this age group over this decade,[3] Foot predicts that cottaging is "the market that is about to explode."[4]

Sky-rocketing prices and lack of new cottage lots in areas close to major urban centres could allow Atikokan to meet some of this demand from would-be cottage owners outside the community. The 10,000 cottage lots along Lake of the Woods[5] demonstrates how far many people are prepared to travel if the setting is right.

Efforts to increase the number of cottage lots in the area face two obstacles:

- ***Environmental concerns.*** The issue of how many cottage a lake can carry without sacrificing its integrity is a major one. Concerns focus on fishing pressure, noise from surrounding lots, and water quality.

- ***Road access to cottage lots.*** The standards for the condition of access roads is established by MTO, but the roads must be built by the MNR. These standards are high; they exceed the actual road conditions of many secondary highways in Ontario. The MNR has limited funds for road construction, and most of these are needed for forestry access roads.

Unless these two issues are addressed, there will continue to be great difficulty increasing the number of cottage lots, and Atikokan will not be able to attract this potential market.

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2 Dr. David Foot, article in the University of Waterloo's Economic Development Program, 1992 Year 1 course.

3 Recall that Figure 2 shows a 40% growth in people aged 45-54 over the 1990s.

4 Ibid.

5 The source of the number of cottage lots on Lake of the Woods is the Kenora office of the MNR.

2. Trends to the Year 2000.

Internal.

Rapid ageing of older seniors (70+).

Demographic projections for Atikokan show that the number of seniors aged 70+ will increase by nearly 60% over the levels in 1991. Many of these seniors are the older miners who stayed in Atikokan after the mine closures - a resident aged 70 in 1996 was 53 in 1979.

Impact on the population of potential economic changes.

Economic forecasts to 1996-1997 suggest that Atikokan can expect to see an increase of up to 110 new jobs over the next five years.[6] Some of these jobs will require highly specialized skills and training, which the local labour force may not be able to meet. It is expected that up to 50 new households may need to be attracted to the community to fill these positions.

6 Refer to Background Document #1, The Economy, for more details.

3. Strengths / Weaknesses

Strengths

Older residents and retirees add stability to the community.

Atikokan's quality of life and environment can allow it to appeal to urban out-migration.

The growth in cottagers is also a prospect, for the same reasons.

Weaknesses

Youth out-migration takes much-needed "young blood" from the community. So far, few have returned.

Declining birthrate, fewer children and youth out-migration mean that over the long run, the population will decline.