

# **ENVIRONMENTAL SCAN**

## **EXECUTIVE SUMMARY**

**PREPARED FOR**

*Building an Extraordinary Community  
Strategic Planning Committee*

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## **Introduction**

The community of Sault Ste. Marie is undertaking a community-based strategic planning process known as "*Building an Extraordinary Community*".

As a starting point to the strategic planning process an Environmental Scan was commissioned. The purpose of the Environmental Scan was to provide an information base upon which the strategic planning process can occur – more or less a snapshot of the current issues, both external and internal, facing Sault Ste. Marie.

## **Terms of Reference**

The objectives for the Environmental Scan were outlined in the formal request for proposal document. The objectives have been addressed throughout the document.

- ◆ Identify existing community visions.
- ◆ Collect, compare and analyze existing strategic planning documents, namely the RAPIDS process, Focus 2020 and the Official Plan.
- ◆ Collect, summarize and analyze other documents relevant to the process.
- ◆ Provide a demographic overview of Sault Ste. Marie.
- ◆ Identify external issues and trends relevant to the strategic planning process.
- ◆ Identify internal issues.
- ◆ Provide conclusions and recommendations based on the information collected.

As a result of the objectives set forth, this report first looks at the global situation and then examines issues closer to home - North America, Canada, Ontario, Northern Ontario, and finally Sault Ste. Marie.

A good deal of the reference material for the world economy, the North American economy, Canada, Ontario and Northern Ontario was garnered from the Internet. The Internet also proved useful to supplement local information.

Locally, reference material was made available, reviewed and analyzed. From there a short list of people to interview was developed.

Several meetings were also held for input and guidance with the *Building an Extraordinary Community* Secretariat and the Coordinating Committee.

As well as personal interviews, telephone interviews and information gathering was conducted with several individuals

Two draft documents were prepared prior to the final document. These drafts were subjected to intense scrutiny by both the Technical Implementation Working Group and by the Coordinating Committee.

## **The World Economy - Global Turmoil**

Two major issues became evident in putting together the research for this report. Telecommunications and the Internet are moving the world at a faster pace today than ever before in history, but not likely as quick as technology will tomorrow. Many of the issues and challenges facing Sault Ste. Marie today are external. For a community and its leaders to possess true vision and leadership they must be aware not only of the challenges at home, but of world events that can have significant impact on local situations. Therefore the report begins with a review of the global situation and gradually works downward to Sault Ste. Marie. We must not focus our attentions solely on local situations but be cognizant of the broader world scope and its daily effects on our lives.

## **Discussion**

The world is changing today faster than it ever has in the past. Even as early as a decade ago one could not have envisioned the changes taking place in the world today. Sault Ste. Marie can no longer look at itself as a Northern Ontario city, but must strive to become a world class city in many diverse ways. People can now move around the world in the same time today that it took our forefathers to travel from Sault Ste. Marie to Toronto. The Internet and computer technology have made it possible to conduct business with a person on the other side of the world almost as readily as with a person across the street.

Only a few short years ago the 21<sup>st</sup> century was said to belong to the Asian nations given their aggressive growth patterns and leading edge economies. Today that region is mired in recession. Although indications are that this recession has bottomed out, severe structural changes remain to be implemented in many of these economies. Unfortunately, as we have seen with steel imports, as these economies struggle to restructure they can directly impact the economy of Sault Ste. Marie.

Brazil is an important trading partner with the United States. Continued turmoil in the Brazilian economy in the near term could have negative repercussions on the American economy. Naturally, with Ontario's growth being driven by a close affiliation with the United States, any negative impact in the US would strongly affect Ontario and hence Sault Ste. Marie.

It would now appear that the United States and Europe will be the economic powerhouses of the early 21<sup>st</sup> century. Canada stands poised to gain from strong associations with both economies. Significant opportunities exist for Sault Ste. Marie to attract investment, not from within, but to reach out to both American and European investors for joint ventures and investments within our community. Sault Ste. Marie has several positive attributes, which if properly marketed can serve to create a community that is open for business, open for growth, and ultimately open for job creation.

This does not mean we have an easy road ahead of us. More than ever we are competing for jobs on a world basis. Take Mexico, for example, with an average hourly manufacturing wage of

US\$1.60. Can we compete with this? What natural advantage do we have over Mexico to overcome this vast wage differential? A local manufacturing firm expressed the feeling that many firms are still reluctant to deal with Mexico because they still perceive the economy to be unstable.

While most of us probably did not recognize the shift, the recession of the early 1980's likely heralded a structural shift in our society. History books fifty years from now are apt to identify this era as the end of the industrial age and the beginning of the age of technology and information. Unfortunately for Northern Ontario, and especially Northeastern Ontario, with an economy heavily based on mining and primary industries, our economy has suffered harder than the economy of the rest of the province. While the post-war years saw significant growth in Northern Ontario, since the early 1980s this region has been in decline. We must partner with our Northern neighbours to overcome the challenges facing us today and prepare ourselves for the future. Remember, when growth ends, decay begins.

## Synopsis

- ◆ The world's second largest economy, Japan, is in deep recession. The economic turmoil is compounded by bad loans held by banks and by political uncertainty. Serious restructuring of the Japanese economy is deemed required over the next decade.
- ◆ The other economies of Asia are also in recession but are believed to have bottomed out.
- ◆ Russia's economy is in a state of collapse. Starvation and hardship are a major concern. A return to a totalitarian state is a possibility. Infighting and tension among Russian's states could lead to civil war.
- ◆ The European economy is relatively healthy although unemployment is higher than desired. The new euro has the potential to become a second "safe-haven" currency, eroding some of the dominance of the United States dollar. The European market could be poised for a huge boom in consumer spending over the next decade as American style retailers invade the European market.
- ◆ Latin America is suffering effects from the Asian economies. Low commodity prices are having a serious impact on the economies of Latin American countries. Brazil, recognized as the leading economy in Latin America, is an important trading partner with the United States. Brazil's economy remains in turmoil.
- ◆ Mexico is benefiting from the North American Free Trade Agreement. Low wage rates in Mexico and the nearness to American markets threaten manufacturing jobs in Canada, the United States and Asia. Investors are still somewhat wary of the Mexican economy after the currency crisis of 1995.
- ◆ The United States economy is proving to be very resilient. The current expansion will be the longest post-war expansion to date. The Asian crisis has not adversely affected the American economy but actually helped to ease upward pressure on

- interest rates. The American economy should sustain healthy, although somewhat lower, growth in 1999, barring any unforeseen catastrophes.
- ◆ Canada's economy should slightly outperform the US economy in 1999. Canada is enjoying fiscal surpluses for the first time in many years. This could lead to more dollars being put back into areas such as health care and may possibly lead to tax cuts. Canada still has one of the highest debt loads of the G-7 nations, however, and must face the need for debt reduction. The low Canadian dollar is boosting exports.
  - ◆ Ontario is one of the leading provincial economies. Its manufacturing base and close ties with the US economy should allow it to continue a growth pattern through 1999. Toronto, Ontario's largest city, while experiencing strong economic performance, is also facing severe social problems such as child poverty and homelessness.
  - ◆ Northern Ontario has been facing rising unemployment and a declining population base for some years. Northeastern Ontario is performing poorly, while Northwestern Ontario appears to be matching the Canadian economy in performance. The cities of Sault Ste. Marie, Sudbury, Timmins and North Bay face many similar challenges - unemployment, low construction and investment values, low labour force participation rates.
  - ◆ Sault Ste. Marie remains economically challenged. Further lay-offs could be forthcoming at Algoma Steel Inc., still Sault Ste. Marie's major employer. Government budget reductions have had a significant impact on Sault Ste. Marie. The effects of these reductions should level as the federal and provincial governments tackle their fiscal budgets. The tourism and construction infrastructure of the city should receive a boost with the construction of the new temporary and permanent casinos. Job creation and growth remains a major challenge to Sault Ste. Marie.

## **Recommendations**

The following recommendations contain several references to Sault Ste. Marie. These references should not be construed to mean only the Corporation of the City of Sault Ste. Marie or the Sault Ste. Marie Economic Development Corporation. This community, as a whole, needs to take an active role in developing a sustainable, healthy, growing community.

- ◆ The world economy is in turmoil. Money and information flow faster today than ever before. Competition for jobs and investment occurs on a world scale. Sault Ste. Marie must think globally.
- ◆ We, as a community, must not allow the population projections as outlined in the Official Plan to become a self-fulfilling prophecy. Let us look to Francis Clergue as a role model in bringing growth back to this community.
- ◆ Sault Ste. Marie must create sustainable jobs in order to reverse the economic decline it has experienced since the recession of the early 1980s.
- ◆ Concrete goals must be structured in order to increase Sault Ste. Marie's population base to a sustainable level, whether that be 100,000 people or more.
- ◆ The Social Planning Council should be supported in its efforts to create a healthy, sustainable community. It is admirable that the Council has chosen to take a role in

- providing unbiased research on community issues. Further support to increase these initiatives would be beneficial to the community as a whole.
- ◆ The Social Planning Council should be supported in its efforts to create a healthy, sustainable community. The City of Sault Ste. Marie should be encouraged to make a significant annual contribution (+/- \$100,000) towards the funding of full-time staff and facilities to enable the Social Planning Council to continue and expand its efforts. It is admirable that the Council has chosen to take a role in providing unbiased research on community issues. Further support to increase these initiatives would be beneficial to the community as a whole.
  - ◆ Sault Ste. Marie has a wide network of social service agencies. As governments have scaled back these agencies have faced severe funding pressures. As citizens, we must continue to support these agencies as they are vital components to a healthy, sustainable community.
  - ◆ As Algoma Steel Inc. tackles its debt and production problems it should stabilize as a healthy but much reduced contributor to the local economy. Sault Ste. Marie should look to attract value added manufacturing to complement and build on Algoma Steel's strengths
  - ◆ Opportunities for manufacturing industries that complement and build on other local industry should be actively pursued.
  - ◆ Sault Ste. Marie needs to inventory its industrial land and have serviced land ready for potential investors. Although published reports indicate that somewhere between 300 to 400 acres are available for development discussions with staff at the Sault Ste. Marie Economic Development Corporation indicate relatively few acres are serviced and ready for development.
  - ◆ Sault Ste. Marie should carefully review existing industrial lands to ensure they are in fact suitable for industrial use. The city must work to avoid situations such as have arisen at the Odena site. Investors purchased that site as an industrial property in good faith only to be met with significant opposition. This does not send a good signal to prospective investors.
  - ◆ Sault Ste. Marie cannot continue to look at itself as competing with Sudbury for jobs and investment. The city is in fact competing with the global economy for investment. Sault Ste. Marie must re-define itself as a world class city.
  - ◆ Sault Ste. Marie should work towards a partnership with the other Northeastern Ontario cities to encourage jobs and investment throughout Northeastern Ontario. Road, air and rail transportation infrastructures need to be enhanced throughout the region. Employment concerns and the requirement for job creation are common to all cities in Northeastern Ontario.
  - ◆ Significant potential exists to take advantage of the new knowledge-based economy. The development of technology based industries should be facilitated and encouraged.
  - ◆ Sault Ste. Marie offers significant natural attractions such as hiking trails, cross-country ski trails and canoeing. These natural amenities make Sault Ste. Marie an attractive location for industries not dependent on transportation as a key success factor.

- ◆ Untapped potential exists to partner between universities and our medical facilities to develop treatment centres unique to Northern Ontario.
- ◆ Sault Ste. Marie should encourage and assist Sault College in its development of specialized centres of knowledge.
- ◆ Untapped potential exists for Sault Ste. Marie to further develop its forestry infrastructure through closer liaison with both the Great Lakes Forestry Centre and the Ontario Forest Research Institute.
- ◆ Sault Ste. Marie should encourage and support local entrepreneurs in their job-creation efforts in this city.
- ◆ Sault Ste. Marie needs to work on and polish its image to outsiders as a good place to live, work and invest.
- ◆ Sault Ste. Marie should not rely on governments to solve our challenges but rather drive the process from within our community.
- ◆ Sault Ste. Marie should investigate partnerships with the local First Nations communities of the Batchawana and Garden River bands. As the First Nations move towards self-government, opportunities may increase for joint-venture developments with these communities.
- ◆ The Corporation of the City of Sault Ste. Marie should provide more dollars to the Sault Ste. Marie Economic Development Corporation specifically allocated to promoting the image of Sault Ste. Marie as a place to live and invest. There should be a significant increase in the budget of the Economic Development Corporation from its present \$625,000 annual budget.
- ◆ Sault Ste. Marie needs a CHAMPION to lead the city into the next millenium. This person should have foresight and be able to bring people and groups together for the common good. This Champion must take ownership of the challenges that face our community and lead us forward. We need leadership and vision.

## **Conclusion**

Several potential Solution Councils lend themselves to the strategic planning process:

- ◆ Manufacturing and Industry
- ◆ Science and Technology
- ◆ Social Planning and Responsibility, i.e., human care aspects of poverty, employment, crime and health care
- ◆ Education and Training
- ◆ Tourism
- ◆ Small Business
- ◆ Marketing and Promotion
- ◆ Community Leaders
- ◆ Partnering and Co-operation

Further discussion will define the Solution Councils and their respective roles. Care should be taken to keep the process community based and community driven. The challenge will also exist to keep the process from becoming large and unwieldy.

Sault Ste. Marie is a city blessed by natural beauty, by concerned and caring citizens, by skilled workers, by employers who are building for the future and by the infrastructure base to give the community the tools to move forward. The time for action is NOW!