



Thunder Bay
Ventures

Community Futures Development Corporation

2004 Thunder Bay Small
Business Opinion Survey

June 2004

7th Annual Report
presented by Thunder Bay Ventures

to examine the attitudes of the business community towards specific
issues and developments in the local community.



Executive Summary

The 2004 Thunder Bay Business Opinion Survey was developed to examine the attitudes of the small business community toward the current and future business climate in Thunder Bay, offering insight in areas of concern and possible opportunities for better performance from small business. The survey identifies factors most critical to the development of the City's economy beyond the year 2004 and examines the attitudes of the business community regarding specific issues and developments in the local community. This report represents the findings of the survey, and offers interpretation to the findings when needed. Statistical methodology and practice are used in the study in an effort to eliminate any bias that would provide misleading results.

The presentation format of this report is similar to previous years. Questionnaire development maintained consistency for the purpose of identifying trends and patterns in the small business community. Questionnaire reliability and validity were examined and found to be consistent with generally accepted statistical techniques.

The survey offered notable findings in several key areas:

- (1) 72 percent of the survey respondents enjoyed an increase in Fiscal Year (FY) 2003 revenues, while 98 percent expect to maintain or increase their employment levels; however, only 64 percent feel secure about the sustainability of their business over the next 5 years.
- (2) 77 percent of respondents expect zero or negative growth in the Thunder Bay economy over the next 12 months, similar to last year's 78 percent, indicating a continued sense of pessimism.
- (3) Respondents significantly find Higher Education, Tourism/Hospitality, and Healthcare industry sectors as having the most optimistic growth potential in Thunder Bay. This is the seventh year in a row that Tourism/Hospitality has been ranked among the top sectors.
- (4) 32 percent of respondents believe that the Thunder Bay City Council is doing a good job representing their small business, up from 5 and 14 percent in last two years respectively, while only 28 percent believe they are proactive toward economic development.
- (5) 70 percent of small business owners believe the Charity Casino has had a negative impact on their business, up another seven percent, continuing the negative trend.

Responses for the 2004 Business Opinion Survey remain consistent to results found over the last several years. A consistent pessimism toward the economic health of Thunder Bay remains, appearing to cause conservative short-term decision-making by small business managers. However, indicators such as past and expected revenues and employment levels remain encouraging.

Many small businesses are concerned with the recent volatility of core expense items such as gas, insurance and tax rates. These are large operational expenditures for smaller firms, creating an uncertain business environment. Finally, respondents indicate that they want more productivity and efficiency from local government. Issues such as city promotion, enhanced administrative services and a productive economic development office persist.

Table of Contents

Research Objective	1
Methodology and Response	1
Respondent Profile.....	2
Current Small Business Attitudes	3
Thunder Bay Business Climate.....	6
Development Projects, Small Business and the Community.....	8
Further Respondent Comments.....	12
2004 Thunder Bay Business Opinion Survey.....	16

Research Objective

It is time once again to offer results of this year's Thunder Bay Business Opinion Survey. The objective of the study is to examine the attitudes and behaviours of small business organizations in the Thunder Bay Census Metropolitan Area (CMA). Specifically, the three primary focal points are: (1) to gauge both the attitudes and trends of the small business community with regard to the current and future business climate in Thunder Bay; (2) to identify factors most critical to the development of the City's economy beyond the year 2004, and (3) to examine the attitudes of the business community toward specific issues and developments in the local community. The principal organization driving this survey is Thunder Bay Ventures (TBV); an organization funded by Industry Canada through FedNor, as part of the federal government's Community Futures Development Program. TBV has a mandate to conduct research on issues relevant to community economic development, in addition to providing financing and support to small business. A similar survey has been done for the past six years and results from these earlier studies will be referred to in this report when possible. The 2004 annual survey was conducted in May and June of this year.

Methodology and Response

The specific population examined in this study is organizations with less than 30 full-time employees, regardless of revenues. Further, the population is located in the Thunder Bay CMA and has no affiliation with a particular industry sector. Included with the questionnaire was a letter of introduction explaining the purpose of the survey and details of a response incentive. During a three-week response period, 500 surveys were delivered with 108 surveys returned (21.6%), a higher return rate than last year, however in keeping with the six-year average. Previous response rates have ranged between 14 and 25 percent. Of the 108 responses, all were considered usable. The similar response rate indicates that the delivery method and selected sample are consistent with previous years.

The survey uses a systematic random sample approach and is delivered through Canada Post. Each survey is addressed to the identified owner of the business. The questionnaire has 114 independent variables and primarily uses a Likert scale (1 to 5) response format (see Appendix A). Respondents are also offered the opportunity to openly express comments regarding Thunder Bay's economy. Seventy-one percent of respondents did provide additional feedback on one or more of the open-ended questions in Section C. A random selection of the comments is offered in the report. These responses are simply opinionated comments and do not indicate any statistical significance or trend.

In keeping with accepted statistical practice, an examination of the questionnaire's reliability and numerous validity measures were performed. An inter-item reliability alpha was calculated at 77.1 percent indicating that consistency and stability of the measurement scoring scale exists. Typically, a percentage above 70 is considered acceptable for this type of research. The research instrument also demonstrates strong internal and external validity. Validity measures are qualitative, not quantitative and therefore more difficult to ascertain. However, the questions in this instrument are very similar or the same to those used in the previous years, thus providing

additional confidence. Also, results provided in this year's survey typify results from previous questions.

Respondent Profile

This section provides some general demographic results to the 2004 survey. Percentage results provided are from those individuals responding to the specific questions. Every respondent did not answer every question, in every case. The average age of the respondent was 46.8, (youngest 23, oldest 73). Firms have been in business an average of 21.6 years, ranging from 1 year to 98 years. Also, the average size of the small business respondents is 6.3 full-time employees and 5.1 part-time employees. These general demographic results are in keeping with the target population under examination and are extremely close to previous results of this study.

OTHER DEMOGRAPHIC RESULTS

	<i>percentage</i>
Gender	
Male	63
Female	37
Primary Business Format	
Retail	34
Wholesale	4
Manufacturing	5
Professional Services	24
Personal Services	3
Other	30
2003 Fiscal Year Income	
less than \$25,000	13
\$25,000 - \$49,999	6
\$50,000 - \$99,999	12
\$100,000 - \$249,999	13
\$250,000 - \$499,000	17
\$500,000 - \$999,999	21
\$1,000,000 - \$5,000,000	16
greater than \$5,000,000	2
Change in Sales Volume, 2002 to 2003	
Increase greater than or equal to 10%	27
Increase greater than 0 and less than 10%	45
Decrease greater than 0 and less than 10%	15
Decrease greater than or equal to 10%	13

The demographic results confirm an appropriate dispersion for the targeted population. A cross-section of Thunder Bay small businesses is represented (geographic, employee size, revenue size

and format). Retailers and professional service firms continue to make up the largest portion of respondents, indicative of the population in question. Seventy-two percent of respondents made more money in FY 2003 than in their previous year; this number is up 11 percent and is an encouraging sign of small business performance in Thunder Bay.

Current Small Business Attitudes

The “Current Small Business Attitudes” section is focused on understanding the current posture of small business managers given their previous experiences and future expectations. Expectations and perceptions strongly reinforce the small business owner’s actions, especially those centered on risk and investment decisions.

In keeping with past surveys, there does not seem to be an overwhelming problematic area for small business owners in Thunder Bay. Responses noticeably below 3.00 would indicate an area of concern. This year’s results found no strong problem indicators.

Through further investigation, inquiry is made regarding factors impacting FY 2003 sales performance. Three factors associated with sales performance are identified as being important. They are fuel and energy costs, the general Thunder Bay economic climate, and new this year, insurance rates. These variables were suspected, primarily due to their volatility, as those that could quickly impact company margins, causing concern for small business owners. Overall results are generally consistent with last year’s survey. Examining these variables in a context of future business success, other than those issues impacting FY 2003 sales, no noticeable trend is apparent, as compared with last year’s findings. Concern over the future economic climate of Thunder Bay persists.

Investment expectations are a key indicator for evaluating managers’ current attitudes toward the business environment. Findings indicate that small business owners in the Thunder Bay CMA will be investing most in advertising/promotion, and technology. These findings are consistent over the last several years. Capital project investment continues to trend upward, indicative of favourable interest rates. The least anticipated investment will be in consulting and advisory services. This may be of concern for Thunder Bay’s small business environment given the large percentage of firms that appear to offer these types of services.

Small business was also asked how specific developments and institutions in Thunder Bay have impacted their business. Three noticeable concerns are gasoline and fuel prices, the existence of the Charity Casino, and changing tax rates. Unpredictable costs such as fuel can be very damaging for small business, as well as less volatile, but continually increasing tax rates. The Charity Casino, which has been an area of study for the last four years, also continues to plague the small business, trending more negatively with each passing year. One item that has been noticed in previous surveys has been the impact of box store entrance into Thunder Bay. This year the trend is slightly more negative, but over three years it is flat.

Lastly, 98 percent of small businesses in the CMA expect to maintain or increase their current employment levels in the next 12 months, exactly the same as last year, and 97 percent two years

ago. However, of the 98 percent expecting to maintain or increase employment levels, as indicated with last year's results, only 84 percent of small business actually did so during FY 2003. Sixty-five percent of small business owners also believe they will have a sales increase FY 2004.

Employment Levels

	<i>percentage</i>
Change in employment level fiscal year 2003	
Increased	30
Remained the same	54
Decreased	16
Expected change in employment level, next 12 months	
Planning to hire additional employees	33
Planning not to hire any additional employees	65
Planning to layoff employees	2

Anticipated Annual Sales Increase for the 2004 Fiscal Year

	<i>percentage</i>
Yes	65
No	35

Problems often Encountered by Small Business during the Last 12 Months Significant Problem (1) - Not a Problem (5)

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>mean</i>	<i>mean</i>	<i>mean</i>
Wage rates	3.77	3.90	4.00
Inventory control	3.80	4.17	3.99
Availability of skilled employees	3.08	3.36	2.98
Weather conditions	3.71	4.01	3.94
Raising Capital/Securing business loans	3.55	3.77	3.94
Increased competition	3.28	3.30	3.20
Access to market research	3.46	4.04	3.85
Government paperwork requirements	2.90	2.90	3.00
Municipal zoning/building requirements	3.85	3.88	3.91
Access to business advice	3.75	3.94	3.94

Factor Importance as Associated with 2003 Sales Performance
Very Important (1) - Not Important (5)

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>mean</i>	<i>mean</i>	<i>mean</i>
Inventory price increases	3.25	3.35	3.10
Advertising/promotion	2.85	2.94	2.65
General economic climate	2.27	2.21	1.93
Change in product/service offering	3.27	3.71	3.22
Staff-related issues (e.g., training)	3.25	3.73	3.48
Change in competitive environment	2.86	3.33	2.88
Weather	3.65	3.73	3.53
New markets (e.g., exports)	4.01	4.09	3.99
Cdn - U.S. exchange rate	3.59	4.04	3.64
Fuel/Energy costs	2.83	3.05	3.11
Insurance rates	2.25	-	-

Factor Importance as Associated with Future Success
Very Important (1) - Not Important (5)

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>mean</i>	<i>mean</i>	<i>mean</i>
Inventory price increases	2.78	2.92	2.71
Advertising/promotion	2.53	2.77	2.68
General economic climate	2.04	1.99	1.90
Change in product/service offering	2.82	3.29	2.91
Staff-related issues (e.g., training)	3.02	3.37	3.11
Change in competitive environment	2.69	2.99	2.57
Weather	3.61	3.72	3.51
New markets (e.g., exports)	3.51	3.77	3.67
Cdn - U.S. exchange rate	3.21	3.66	3.21
Fuel/Energy costs	2.52	2.98	3.05
Insurance rates	2.13	-	-

Investment Expectations in the Next 12 Months
Significantly Less (1) - Significantly More (5)

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>mean</i>	<i>mean</i>	<i>mean</i>
Advertising/promotion	3.33	3.11	3.18
Employee compensation	2.82	2.75	2.78
Employee recruitment	2.93	2.64	2.89
Staff training programs	3.18	3.00	3.18
Partnering with other firms	2.86	2.70	2.65
Inventory supply	2.83	2.75	2.61
Capital projects (e.g, equipment)	3.03	2.94	2.72
Market research	2.91	2.77	2.50
Technology	3.27	3.04	2.99
Consulting/advisory service(s)	2.79	2.67	2.47

Impact of Developments/Institutions on Your Business
Very Negative (1) - Very Positive (5)

	<i>2004</i> <i>mean</i>	<i>2003</i> <i>mean</i>	<i>2002</i> <i>mean</i>
Regional Hospital	3.45	-	-
Box store development	2.63	2.88	2.57
Gasoline/Fuel prices	2.27	-	-
Cross Border Security	2.69	-	-
Waterfront development	3.57	3.32	3.64
Charity Casino	2.35	2.56	2.60
College/University	3.62	-	-
Emerging Local Energy Industry	3.40	3.49	-
Changing Tax Rates	2.56	-	-
Pulp/Paper Industry	3.19	-	-
Local Sawmill Production	3.13	-	-

Thunder Bay Business Climate

The “Thunder Bay Business Climate” section of the survey is presented in an effort to gauge small business’ attitudes toward the current and future business climate and economic growth potential for the Thunder Bay CMA. Specific questions regarding new development and institutions and their impact on the Thunder Bay economy, industry sector growth potential, and the City’s ability to meet the needs of small business are discussed.

The survey finds that 77 percent of respondents expect zero or negative growth in the Thunder Bay economy over the next 12 months. This number is down only one percent from last year indicating a strong, continued sense of pessimism. Small business respondents also believe there are four industry sectors with the most future growth potential in Thunder Bay. They are higher education, healthcare, financial services and hospitality and tourism. One surprise here was the strong response toward the financial service sector, up from last year. This is not typically an industry sector that receives much notice within the local economy. A new question asked in this survey is whether or not Thunder Bay should pursue specific industry sector growth. With somewhat surprising results, 78 percent of respondents believe that the development of one or two industry sectors would be an appropriate course for the city. A majority of the 78 percent found that one of the four sectors mentioned above would be the direction to take.

Small business owners were also asked how well Thunder Bay meets the needs of their business. Respondents indicate that municipal tax rates, City Council representation, city infrastructure and to a lesser degree provincial and federal representation are the four largest factors facing small business within Thunder Bay. Respondents appear to believe that the City of Thunder Bay does not do a good job in meeting the needs of their business. This may be a small business phenomena or systemic to all sizes of firms.

When asked about the business skills most lacking within the organization, sales and marketing were again found to be the highest at 50 percent, showing a dramatic upward trend over the last several years. High technology implementation was second at 24 percent. Small business displays a focus towards fundamental business activities, with primary concern regarding the ability to competitively sell their product. Another possible question for the future may be whether or not small business can find or enhance these lacking skills locally. Often times labour pools are discussed in a blue-collar context, however this is not the case here.

**Anticipated Economic Growth for Thunder Bay
In the Next 12 Months**

	<i>percentage</i>
Decrease in Economic Growth	41
No Change in Economic Growth	36
Increase in Economic Growth	23

**Future Industry Sector Growth
None (1) – Great (5)**

	<i>2004 mean</i>	<i>2003 mean</i>	<i>2002 mean</i>
Primary (e.g., logging, mining)	2.55	2.65	3.05
Secondary (e.g., large manufacturing)	2.43	2.65	2.99
Small manufacturing	2.80	3.51	3.38
Construction	2.74	3.14	2.81
Hospitality/tourism	3.36	3.80	3.82
Primary Education	3.12	3.18	3.74
Health Care	3.44	3.69	3.62
Retailing	2.90	3.09	3.24
Technology	3.38	3.62	3.64
Financial Services	3.41	3.07	3.08
Higher Education LU/Confederation	3.44	3.93	4.10

	<i>percentage</i>
Do you believe the City of Thunder Bay should pursue the focused development of a particular industry sector?	
Yes	78
No	21

**Thunder Bay Meeting the Needs of Your Business
Very Well (1) - Very Poor (5)**

	<i>2004 mean</i>	<i>2003 mean</i>	<i>2002 mean</i>
Labour pool (education, availability, skill)	3.11	3.00	2.91
Access to raw materials/natural resources	3.02	3.08	3.21
Weather response	3.04	2.92	3.01
City's promotional efforts	3.56	3.55	3.69
Transportation costs (passenger)	3.54	3.46	3.49
Other transportation costs (shipping)	3.47	3.62	3.68
City infrastructure (e.g., roads, hydro, gas)	3.65	3.55	3.33
Municipal tax rates	4.01	3.91	3.92
City Council representation/decisions	3.82	4.52	4.55
Access to financing/capital	3.40	3.29	3.39
Provincial/Federal representation	3.60	-	-

Business Skills Most Lacking in the Organization

	<i>percentage</i>
Sales and Marketing	50
Finance and Accounting	14
Inventory and Process Management	8
High Technology Implementation	25
Recruitment and Training	3

Development Projects, Small Business and the Community

The final section of the report addresses the attitudes of small business toward the local and business communities. Specifically, Thunder Bay's attractiveness as a community, local business stimulus, and the performance of City Council are examined.

Seventy-one percent of small businesses believe that the quality of life in Thunder Bay is as good as or better than any other place in Canada. This number is down from 77 percent last year, suggesting an area to watch in next year's survey. Retirees are also believed to enjoy the highest quality of life in Thunder Bay, while the same measure for skilled workers has dropped a bit since last year. This may reflect a concern for the manufacturing and industrial sectors. Furthermore, respondents find that recreational opportunities and the area's quality of life are key variables for enticing people to relocate to the Thunder Bay region. Interesting to note, the response towards "awareness of the region and its resources" is trending negatively. The most notable impediment to the region appears to be economic opportunity, and to a lesser degree, city government and polices, although this factor is trending positively over the last three years.

In keeping with previous years, a general analysis of the Thunder Bay City Council is made. Thirty-two percent of respondents believe that City Council is doing a good job representing their business. This number is significantly better than last year's 5 percent approval rating and is at its highest level in three years. This is an encouraging sign. In addition, respondents overwhelmingly believe (73 percent) that City Council has not been proactive towards economic development and tourism. This number is better than last year for small business, although the wording of the question was slightly different, affecting the reliability of comparison. Attitudes toward City Council performance have improved.

Two questions are offered this year regarding the administrative requirements of municipal government (zoning, permits, licenses, inspections) and the affect on decisions to develop new business initiatives and whether they believe the process for meeting these requirements needs to be changed. First, 35 percent of respondents state they did not develop new business initiatives because of municipal government requirements. This number is in keeping with last year's findings, nonetheless discouraging. Also, 85 percent believe that changes need to be made regarding the process for meeting the city's requirements. Clearly, small business owners are not satisfied with the current system in place.

Access to capital and the lending practice of local banks and credit unions continue to be examined. Only 36 percent of respondents believe that local banks are focused on meeting the needs of local businesses, this number is better than last year, up five percent. However, the same question asked regarding credit unions' focus on lending behaviour is dramatically better at 66 percent. Credit unions appear in favour with small business in Thunder Bay. The discouraging find in this area is that 37 percent of respondents believe that an inability to access capital has affected their decision to develop new business initiatives. This is up eight percent from last year and should be a concern.

Several new questions this year are geared to Thunder Bay's most recent strategic plan, New Foundation, developed in March 2004. The first question concerned the awareness of the document by small business. Only 15 percent were familiar with the document. This result appears concerning since much of the content would directly pertain to local small businesses. Regardless of the content, the effectiveness of the document is marginal unless more visibility is provided to the community. Of those familiar with the plan, 46 percent feel that it provides adequate details for building the local economy. However, 92 percent of respondents aware of the plan believe that the goals and objectives are attainable.

In examining the impact of the Charity Casino, 70 percent of respondents believe the Charity Casino has negatively impacted the Thunder Bay economy. This number is up another seven percent. Clearly, the trend here is worsening. In fact, every response regarding the Charity Casino has deteriorated. And finally, when asked about the security and sustainability of their company over the next five years, only 64 percent of small business owners were confident that they would still be around.

	<i>percentage</i>
In your opinion, as compared to other cities you are familiar with in Canada, how would you describe Thunder Bay's quality of life?	
Better than most	42
Same as most	29
Not as good as most	29
Do you believe the Thunder Bay City Council is doing a good job representing your business?	
Yes	32
No	68
Do you believe that City Council has been proactive towards economic development and tourism opportunities in the Thunder Bay region?	
Yes	27
No	73
Have the administrative requirements of municipal government (zoning, permits, licenses, inspections) adversely affected your decision to develop new business initiatives?	
Yes	35
No	65
Do you believe the process for meeting administrative requirements of municipal government (zoning, permits, licenses, inspections) should be changed to help facilitate new business initiatives.	
Yes	85
No	15
Do you believe the lending practices of banks in Thunder Bay are focused on meeting the needs of local business?	
Yes	36
No	64
Do you believe the lending practices of credit unions in Thunder Bay are focused on meeting the needs of local business?	
Yes	66
No	34
Has an inability to access capital affected your decision to develop new business initiatives?	
Yes	37
No	63
Are you familiar with "The Corporation of the City of Thunder Bay's" <u>New Foundation: A Living Strategic Plan to Build a New Foundation for a Better Future</u> document, created March 2004?	
Yes	15
No	85

	<i>percentage</i>
Do you believe the “New Foundation” strategic plan adequately details the steps necessary to build the local economy and help your business?	
Yes	46
No	54
Do you believe the goals and objectives of the plan are attainable?	
Yes	92
No	8
Do you believe the Charity Casino has negatively impacted the Thunder Bay economy?	
Yes	70
No	30
Do you feel secure about the sustainability of your small business over the next five years?	
Yes	64
No	36
Are you familiar with the Fast Forward Thunder Bay?	
Yes	31
No	69

**Thunder Bay’s Quality of Life
Very Good (1) - Very Poor (5)**

	<i>mean</i>
Students (all ages)	2.61
Professionals	2.62
Skilled Employees	2.87
Retirees	2.48

**Characteristics Impeding or Enticing People to relocate to Thunder Bay
Significant Impediment (1) - Significant Enticement (5)**

	<i>2004 mean</i>	<i>2003 mean</i>	<i>2002 mean</i>
Awareness of the region and its resources	3.02	3.39	3.56
Distance from major metropolitan areas	2.02	1.83	2.08
Weather (i.e., perceived or actual)	2.62	2.60	2.40
Quality of life	3.67	3.52	3.77
Transportation facilities (e.g., airport)	3.24	3.20	3.45
Health care facilities	3.38	3.20	2.98
Economic opportunity	2.36	2.42	2.11
Recreational opportunity	3.97	4.01	3.87
Technology Infrastructure (e.g., broadband)	3.00	3.09	3.14
City Government/policies	2.27	1.84	1.91

Further Respondent Comments

Thunder Bay is starting to grow a little as the real estate market (the number one economic indicator) is slightly improving. Our moral is still very low due to poor local governmental decision making. We have not had any concrete progress with governmental lack of team work within the past four years. The present council made many promises, but still has not come forth with results.

The economy has slowed down. There is job uncertainty. Wages have dropped – it's very difficult to support a family on wages from call centres, large box stores. Few student jobs available. This is the most discouraged I have felt despite living in Thunder Bay most of my life. The city thinks having large box stores and promoting tourism is the answer. However, most of these stores are U.S. owned, so money doesn't stay in Canada and they will close down if profits aren't high enough. Our population is dwindling – how will we sustain all these large stores. We don't have a large populated region to draw from. Small local business is not a focus of city development. However, small business creates a large number of jobs at living wages and small business will not move out if times get tough. Small business has a commitment to our community because this is where we live. There is too much emphasis on intercity development. What about the rest of the city. When discussing city cores, a plan for both cores should be developed simultaneously, not pit one against the other. Small business taxes are extremely high especially considering the economics of the cores. The streets are not maintained, the city is dirty – there appears to be no pride. Our customers are constantly complaining about the appearance of the city.

Sadly, not enough space provided. Need a strong primary industry to establish itself in area. Future prospects for forestry in my view are poor, with depleting wood supplies. We are not a "tourist destination" – too remote and nothing to hold people here. Outflow of graduating students is hurting and seems to me that I read recently where they are projecting population to drop below 100, no people. What's going to reverse this trend?? I don't know. Geez, I'm really negative, aren't I?!

I feel we have some major worries, decreasing population, especially in the 20-35 age group. Our major industries are fighting to stay open. Bombardier no contracts in place. Bowater operating only two machines. Buchanan practically shut down. Soft wood dispute which will take another year plus to get going again. Three years of very stagnate council. Ten years of no plans before that. Taxation fairness. Waterfront development. I feel we have great potential; centre of the continent, access to transportation, rail, water, air, roads. Great quality of life, many great community minded people. Council is moving in the right direction; some new incentives which are just taking shape. White water golf, law and safety, training by Confederation College and Chamber of Commerce, New hospital, medical school, L.U. new tech center. Close to U.S. Midwest. Potential of a Synfuel type project or alternative wind power. We just need to get moving now before we can't recover. We will shrink to population which won't sustain any new development. I hope this will head us to make some right decisions. Solution and direction is very important. Thanks.

I believe most people would agree that the city needs a big spark to get things going because most business owners I speak with feel it's getting tougher and incredibly competitive and they have the perception that everybody is under cutting everybody – I don't think many business owners are excited about the future – it also seems that when new projects start (e.g. hospital), they feel only a select few businesses benefit – overall most business owners I deal with could be fairly characterized as pessimistic about Thunder Bay's current and future economy.

Young, educated people who grew up in Thunder Bay are leaving. Those moving here are generally from small communities and have less education. Compared to their previous home towns, Thunder Bay has much more to offer, leaving them largely satisfied. Because of this, there is little pressure on the city to really change and offer entertainment and culture on a much grander scale. Now, older people are moving to where their kids are. We will have ever shrinking tax bases with ever increasing taxes, causing more of a downhill spiral. Already, there are many jobs in Thunder Bay, but few careers. I only see this getting worse. I have all but given up on this town and have been flirting with relocating my company to the USA.

The Thunder Bay economy is terrible. This was our absolute worst year in business. If you own a Tim Horton's shop, you probably would be okay. I was always an optimist in business (or else I wouldn't be here), but now I am a pessimist. The city has done absolutely nothing for small business! It's too late for me. I have no funds left to recuperate, and would never recommend that anyone try opening a small business in this city!

The city continues to try for the "big score", major industry attraction while allowing the downtown cores to deteriorate to the point that the city appears abandoned. Any prospective new investor is faced with the image of a city in decline and we expect them to invest here? Better we fix our house first before we invite company. We need to portray an image of growth and vitality. Such an image might even inspire some of our existing businesses.

The out-migration of young, middle aged individuals is a huge issue. We are losing the cream of the crop as the upwardly mobile and progressive minds are leaving for better opportunities for themselves, and their children. Thunder Bay needs a big time, new employer to infuse some energy and positivity into the economy. Any incentives that are needed to secure this type of employer must be extended.

Forest industry cannot sustain economic base, particularly if another paper mill shuts down. We have depended on primary industry without a plan to promote other secondary industries. Cannot replace high paying jobs with retail jobs and expect city to prosper. City looks like "crap" – no pride – streets, properties, infrastructure in a terrible state – need political will to ensure city can sustain existing population – not realistic to expect growth – need to accept "reasonable" goals.

8-10 years of David Hamilton several years ago with 0% tax increases has hamstrung more recent and current councils into thinking that we can't spend. Right now, if we don't spend lots to make this town an attractive place to be, with lots of amenities (e.g. pools, tennis courts, etc.) then we are in danger of continued decline. I would suggest some deficit spending, marginal tax increases every other year and spend the money. Take an honest look at this town and think about other towns (Fredricton, Winnipeg), and look at what they do to maintain their people and

civic pride. Have a contest (worldwide) with a \$100,000 prize for ideas (plans) to improve the city. You not only get the prize winning plan, you get a lot of other ideas as well – mostly from professional planners/developers, etc.

Instead of allowing new subdivisions, we should repair older areas with new infrastructure, repair older homes in the new central business district. This would create beauty and less infrastructure to service which means reduced costs to the taxpayer. i.e. take two homes on Banning Street with small lots, i.e. 33 ft. frontage assessed values of \$75 K, remove the homes and build new homes, assessment would rise to approx. \$200 K, larger yard, better use of equipment for city which for example our road would be plowed sooner as the city has less roads to plow, salt, sand. This would improve the economy as home building jobs would be created, road work jobs, infrastructure jobs, i.e. sewer, water would be replaced. Rather than having eye sore dwellings, this would increase total dollars to the city based upon assessment. This would also enhance property values, and visitors to the city will see the beauty of the city and surrounding area.

This spring is a real shock. A dim local economy, cold weather, municipal and provincial tax increases, neglect of our downtowns, outflow of families (not just youth), more big box stores, inflexible city administration and a lot of talkers in public office...not the formula for growth. I'm wondering whether I'm in the right city or not. Maybe my world class business needs to find a new world class city. Quality of life (clean air, trees and lakes in the north) is deteriorating. We need to state what is sacred in protecting and protect it. I'm afraid we are about to destroy our strongest assets. Bowater is a major polluter. The Hydro plant is too. And we want to add Synfuel to the mix! We need to say, business is welcome here, but not at the expense of our pristine water and air. Stop further development in intercity area. Must we continually amend the Official Plan to cater to land owners and construction companies? Do you think Wal-mart would be less successful if it was built elsewhere in the city? Imagine what a fraction of this development would do if it were forced ½ mile north or south?

I believe that Thunder Bay is in the right position for good growth. We need to attract new businesses. We must capitalize on the hospital/university/college. Thunder Bay should focus on giving away to the private industry, the auditorium, Canada Games Complex and two of the three golf courses, so it can collect taxes. We should remain in the same as other cities for taxes – so instead of lowering taxes, provide better roads, more marketing, and new business incentives.

I am saddened by the lack of prospects to keep our young here – I always thought I would retire here, but I'm not so sure now. I may follow my kids – I worry about the value of my home, bought in '89.

Closing both hospitals and building a new hospital is adversely affecting businesses and the cores. Thunder Bay needs industry to keep it from becoming extinct. People cannot work for retailers (intercity area) for minimum wage. If I could sell my business, I would and move to a more prosperous and business/industry friendly town.

There is a very critical unemployment rate that affects a large amount of the population and little is being done via new development to recreate a new job market. Our young and educated are leaving the city because of the lack of opportunity in Thunder Bay and as a result we are left with an aging and unskilled work force. How many local graduates choose to stay in Thunder Bay?

Construction industry, which drives a lot of the economy and small business, has slowed since the new hospital. This affects all sections – Thunder Bay needs new investments like the Synfuel plant. Young professionals leave because of the lack of new skilled professions. And young people are looking for a faster paced life. Thunder Bay is becoming a waiting room for the elders and we need to help our young stay put.

Maybe not just the city of Thunder Bay's economy, but the economy in general may function better with a little more freedom. For example, if someone wanted to sell hunting and fishing licenses, provide them with rules and regulations and a license fee, and let them do it. If the rules are not followed, the privilege could be suspended. This example could be used over and over again, for whatever service they would want to give/sell. There is so much red tape that people have to go through to get anywhere, only to be denied, and this creates an air of frustration and an unwillingness to do it again.

Thunder Bay could be a thriving tourist community if business owners developed some civic pride and cleaned up the two downtown cores of Fort William and Port Arthur. Thunder Bay needs more small business start ups where old buildings get retrofitted and get some new energy into the two downtown cores. For example, the Aurora Grill is wonderful, as is Take A Hike, International Dance Academy, etc. – we need a more professional look to our community and a wider variety of business to make this city a tourist attraction. As well, the city should offer tax breaks to attract industry and development.

The only way to sustain or increase current population is to attract large industry. Too many high money projects are given to outside firms that do not use local labor.

We need manufacturing and tourist businesses to keep a strong economy when forest and mining industries fluctuate as they do. Many goods could be produced locally under better incentive programs and less red tape.

Thunder Bay has so much potential. It is a beautiful city. However, there is no major attraction. The shopping sucks. The prices are high due to our remote local. The waterfront should have been developed long ago. I've been here 16 years and nothing has really changed. It has been a good place to raise my children, but unless anything changes between now and when they have to attend post secondary, we will all be leaving. People have to stop being selfish and stop slowing down and hindering progress. A handful of people run this city and it is so apparent. I do hope our council can form their own vision and make Thunder Bay the tourist attraction it should be.

Appendix A

2004 Thunder Bay Business Opinion Survey

The following survey will take a few minutes to complete and your willingness to take the time to share your opinions is greatly appreciated. Specifically, the survey captures the attitudes of Thunder Bay small business owners about issues that affect their business and the local economy. To learn more about this survey please contact the representative at 344-9208.

Section A: You and Your Business

1. Gender: Male Female
2. Your age: _____
3. How many years has this firm been in business? _____
4. Your business is...
 Retail Manufacturing Personal Services
 Wholesale Professional Services Other _____
5. Postal code: _____
6. How many people are currently employed at your firm? full-time _____ part-time _____
7. What change in the total employment level of your firm occurred during the **2003** fiscal year?
 Increased
 Remained the same
 Decreased
8. What are your current hiring expectations for the next 12 months?
 Planning to hire additional employees
 Planning not to hire any additional employees
 Planning to layoff employees
9. Which of the following best represents your actual sales or billings for the **2003** fiscal year?
 less than \$25,000 \$100,000 - \$249,999 \$1,000,000 - \$5,000,000
 \$25,000 - \$49,999 \$250,000 - \$499,999 greater than \$5,000,000
 \$50,000 - \$99,999 \$500,000 - \$999,999
10. Does this **2003** sales volume represent an increase or decrease over your 2002 sales?
 increase greater than 10%
 increase greater than 0 and less than 10%
 decrease greater than 0 and less than 10%
 decrease greater than 10%
11. Do you anticipate an annual sales increase for the **2004** fiscal year?
 yes
 no

12. Which of the following business skills is most lacking in your organization? (pick 1)

- sales and marketing
- finance and accounting
- inventory and process management
- high technology implementation
- recruitment and training

13. Below is a list of problems often encountered by businesses, please indicate the extent to which the following issues have been a problem for your business in the past 12 months.

	Significant Problem			Not a Problem	
	1	2	3	4	5
a) Wage rates	1	2	3	4	5
b) Inventory control	1	2	3	4	5
c) Availability of skilled employees	1	2	3	4	5
d) Weather conditions	1	2	3	4	5
e) Raising Capital/Securing business loans	1	2	3	4	5
f) Increased competition	1	2	3	4	5
g) Access to market research	1	2	3	4	5
h) Government paperwork requirements	1	2	3	4	5
i) Municipal zoning/building requirements	1	2	3	4	5
j) Access to business advice	1	2	3	4	5

14. How important were the following factors to your sales performance in the **2003** fiscal year?

	Very Important			Not Important	
	1	2	3	4	5
a) Inventory price increases	1	2	3	4	5
b) Advertising/promotion	1	2	3	4	5
c) General economic climate	1	2	3	4	5
d) Change in product/service offering	1	2	3	4	5
e) Staff-related issues (e.g., training)	1	2	3	4	5
f) Change in competitive environment	1	2	3	4	5
g) Weather	1	2	3	4	5
h) New markets (e.g., exports)	1	2	3	4	5
i) Cdn - U.S. exchange rate	1	2	3	4	5
j) Fuel /Energy costs	1	2	3	4	5
k) Insurance rates	1	2	3	4	5

15. How important do you expect each of the following factors to be for the future success of your business?

	Very Important			Not Important	
a) Inventory price increases	1	2	3	4	5
b) Advertising/promotion	1	2	3	4	5
c) General economic climate	1	2	3	4	5
d) Change in product/service offering	1	2	3	4	5
e) Staff-related issues (e.g., training)	1	2	3	4	5
f) Change in competitive environment	1	2	3	4	5
g) Weather	1	2	3	4	5
h) New markets (e.g., exports)	1	2	3	4	5
i) Cdn - U.S. exchange rate	1	2	3	4	5
j) Fuel/Energy costs	1	2	3	4	5
k) Insurance rates	1	2	3	4	5

16. Is your company planning to invest more or less in the following activities over the next 12 months than in the previous year?

	Significantly Less			Significantly More	
a) advertising/promotion	1	2	3	4	5
b) employee compensation	1	2	3	4	5
c) employee recruitment	1	2	3	4	5
d) staff training programs	1	2	3	4	5
e) partnering with other firms	1	2	3	4	5
f) inventory supply	1	2	3	4	5
g) capital projects (e.g, equipment)	1	2	3	4	5
h) market research	1	2	3	4	5
i) technology	1	2	3	4	5
j) consulting/advisory service(s)	1	2	3	4	5

17. What kind of impact do you believe the following developments/institutions will have upon your business?

	Very Negative			Very Positive	
a) Regional Hospital	1	2	3	4	5
b) Box Store Entrance	1	2	3	4	5
c) Gasoline/Fuel prices	1	2	3	4	5
d) Cross Border Security	1	2	3	4	5
e) Waterfront Development	1	2	3	4	5
f) Charity Casino	1	2	3	4	5
g) Emerging Local Energy Industry	1	2	3	4	5
h) College/University	1	2	3	4	5
i) Changing Tax Rates	1	2	3	4	5
j) Pulp/Paper Industry	1	2	3	4	5
k) Local Sawmill Production	1	2	3	4	5

Section B: Thunder Bay Business Climate

1. What level of economic growth do you anticipate for Thunder Bay over the next 12 months?

Significant Increase		No Change		Significant Decrease
1	2	3	4	5

2. Evaluate the following Thunder Bay industry sectors in terms of growth potential (e.g., new markets, new products/services).

	None				Great
	1	2	3	4	5
a) Primary (e.g., logging, mining)	1	2	3	4	5
b) Secondary (e.g., large manufacturing)	1	2	3	4	5
c) Small manufacturing	1	2	3	4	5
d) Construction	1	2	3	4	5
e) Hospitality/tourism	1	2	3	4	5
f) Primary Education	1	2	3	4	5
g) Health Care	1	2	3	4	5
h) Retailing	1	2	3	4	5
i) Technology	1	2	3	4	5
j) Financial Services	1	2	3	4	5
k) Higher Education, LU/Confederation College	1	2	3	4	5

3. Do you believe the City of Thunder Bay should pursue the focused development of a particular industry sector? If yes, which one?

- yes - _____
 no

4. How well does Thunder Bay meet the needs of your specific business with respect to the following factors?

	Very Well				Not Very Well
	1	2	3	4	5
a) Labour pool (education, availability, skill)	1	2	3	4	5
b) Access to raw materials/natural resources	1	2	3	4	5
c) Weather response	1	2	3	4	5
d) City's promotional efforts	1	2	3	4	5
e) Transportation costs (passenger)	1	2	3	4	5
f) Other transportation costs (shipping)	1	2	3	4	5
g) City infrastructure (e.g., roads, hydro, gas)	1	2	3	4	5
h) Municipal tax rates	1	2	3	4	5
i) City Council representation/decisions	1	2	3	4	5
j) Access to financing/capital	1	2	3	4	5
k) Provincial/Federal representation	1	2	3	4	5

5. In general, to what extent do you believe the following characteristics impede or entice people to relocate to Thunder Bay and the surrounding region?

	Significant Impediment			Significant Enticement	
a) Awareness of the region and its resources	1	2	3	4	5
b) Distance from major metropolitan areas	1	2	3	4	5
c) Weather (i.e., perceived or actual)	1	2	3	4	5
d) Quality of life	1	2	3	4	5
e) Transportation facilities (e.g., airport)	1	2	3	4	5
f) Health care facilities	1	2	3	4	5
g) Economic opportunity	1	2	3	4	5
h) Recreational opportunity	1	2	3	4	5
i) Technology Infrastructure (e.g., broadband)	1	2	3	4	5
j) City Government/policies	1	2	3	4	5

6. In your opinion, how attractive is Thunder Bay’s “quality of life” for these groups?

	Very Good			Very Poor	
a) students (all ages)	1	2	3	4	5
b) professionals	1	2	3	4	5
c) skilled employees	1	2	3	4	5
d) retirees	1	2	3	4	5

7. In your opinion, as compared to other cities you are familiar with in Canada, how would you describe Thunder Bay’s quality of life?

- better than most
- the same as most
- not as good as most

Section C: Development Projects, Your Business and the Community
 (Why/Why Not responses are optional in the following questions)

1. Do you believe the Thunder Bay City Council is doing a good job representing your business?

- yes
- no

Why/Why Not? _____

2. Do you believe that City Council has been proactive towards economic development and tourism opportunities in the Thunder Bay region?

- yes
- no

Why/Why Not? _____

3. Have the administrative requirements of municipal government (zoning, permits, licenses, inspections) adversely affected your decision to develop new business initiatives?

- yes
- no

Why/Why Not? _____

4. Do you believe the process for meeting administrative requirements of municipal government (zoning, permits, licenses, inspections) should be changed to help facilitate new business initiatives.

- yes
- no

Why/Why Not? _____

5. Do you believe the lending practices of banks in Thunder Bay are focused on meeting the needs of local business?

- yes
- no

Why/Why Not? _____

6. Do you believe the lending practices of credit unions in Thunder Bay are focused on meeting the needs of local business?

- yes
- no

Why/Why Not? _____

7. Has an inability to access capital affected your decision to develop new business initiatives?

- yes
- no

Why/Why Not? _____

8. Are you familiar with “The Corporation of the City of Thunder Bay’s” New Foundation: A Living Strategic Plan to Build a New Foundation for a Better Future document, created March 2004?

- yes
- no – if no skip to question #11

9. Do you believe the “New Foundation” strategic plan adequately details the steps necessary to build the local economy and help your business?

- yes
- no

Why/Why Not? _____

10. Do you believe the goals and objectives of the plan are attainable.

- yes
- no

Why/Why Not? _____

11. Do you believe the Charity Casino has negatively impacted the Thunder Bay economy?

yes

no

Why/Why Not? _____

12. Do you feel secure about the sustainability of your small business over the next five years?

yes

no

Why/Why Not? _____

13. Are you familiar with **FAST FORWARD** ?

yes

no

In the space provided below, please indicate your thoughts on the current state of the Thunder Bay economy. Please use examples if possible

Thank You!