
Subject: Emerging Sectors Research and Analysis

Report to: Planning and Economic Development Committee

Report date: Wednesday, July 12, 2023

Recommendations

1. That this report **BE RECEIVED** for information.

Key Facts

- This report outlines the importance of work on the growth of emerging sectors to diversify the economic base of the Niagara Region. It validates the need to devote further time and resources to the emerging sectors as identified in the 10 Year Economic Development Strategy.
- The six emerging sectors include Electric Vehicle (EV) Battery Manufacturing (Electrification), Marine, Healthcare (Lifesciences), Active Economy/Sport Tourism, Film and Aerospace. Briefs on each of these sectors have been developed and speak to current trends, opportunities and barriers to market (Appendices 1 through 6).
- As we continue to unlock the potential of these emerging and core sectors as identified in the 10 Year Economic Development Strategy there may be a need to review the current service delivery framework within the department to compliment the future needs of the investor through a sector specialist lens.

Financial Considerations

The activities described in this report have been accommodated within the Council approved 2022 Economic Development Budget at a cost of \$88,800 for six briefs.

Analysis

Niagara Region's 10 Year Economic Development Strategy outlines strategic directions, goals and actions that will guide the work of Niagara Economic Development (NED), as it collaborates with its partners to build a strong and sustainable economy.

The strategic directions of the Economic Development Strategy were established by combining input from the research conducted through the background review, the economic and industrial base analysis and community and business engagement activities.

The objective is to achieve a confident and positive business environment that will assist in growing a strong regional economy. The six strategic directions are: Sector Development and Support; Diversity, Equity and Inclusion; Education and Workforce Development; Business Retention and Expansion; Green Development and Sustainability; and Infrastructure and Transportation.

Emerging sector analysis falls within the strategic direction of "Sector Development and Support". NED will continue to support and build on existing core sectors as outlined within the 10 Year Economic Development Strategy, which include agriculture, manufacturing, and tourism. In addition to those sectors five new emerging sectors have been identified through private sector activity, or the establishment of major assets as catalysts in the region for future development and exploration.

The emerging sectors identified in the 10 Year Economic Development Strategy are:

- Electrical Vehicle (EV) Battery Manufacturing (Electrification)
- Marine
- Healthcare (Lifesciences)
- Active Economy/ Sport Tourism
- Film

Through the initial stages of review of these industries, a contextual review of Niagara and its assets, as well as the consideration of global geopolitical trends, a sixth emerging sector was identified for review and analysis - that sector is Aerospace.

Deloitte LLP was retained by Niagara Region to perform a detailed analysis of the emerging sectors identified through Niagara Region's 10 Year Economic Development

Strategy, and guide sector-based economic development activities in the region. The analysis defines the sector's core and associated industries, gathers local intelligence, and identifies global opportunities and trends in each emerging sector. The analysis and reporting are designed to provide internal research to Niagara Region to inform its activities.

Sector briefs were developed by defining the industries that make up and broadly support each sector. These industries were characterized using business and employment data and include support and supply businesses. From this broad overview, international, national, and local trends were considered to identify high potential areas relevant to Niagara's economy. The research also includes the perspectives of local experts in industry, current international trade agreements as well as a review of existing literature. The data was pulled together to show a picture of each sector's future potential.

Each of the sector briefs are meant to be used internally to inform future decision-making (they are not to be used for marketing purposes) and will over time receive updates to reflect current market conditions.

The briefs will offer a framework and recommendations to assist NED and its partners to work together to grow and support each sector.

The goal of this initiative was to receive third party validation through the analysis that each sector shows potential and or positive momentum, where further staff time and financial resources should be dedicated to exploring and growing the sector.

Throughout Ontario, there are several regions / municipalities that drive economic investment through the implementation of Sector Specialists within their economic development function. These roles offer a global opportunity for world-class talent to drive the development and execution of emerging sectors within those jurisdictions. Through their relationships they foster connectivity and collaboration across the global and regional ecosystem, advance the brand of a region/ municipality, and manage day-to-day operations. The number of activities performed and the level of intensity of those activities varies by sector due to many factors, including the level of the candidate and the complexity of the sector.

Being able to speak the language of a specific industry and having the technical knowledge to understand process and policy implications within that sector of focus is key to unlocking its future potential. To fully implement and action the 10 Year

Economic Development Strategy ratified by Council in 2022, there will be a need to invest in the potential of the Niagara Region through people that have firsthand industry experience.

A sector specialist can then develop industry specific strategies that can achieve targeted growth and compliment the existing base of economic development professionals that have hybrid knowledge of their industry base.

As we continue to unlock the potential of these emerging sectors as identified in the 10 Year Economic Development Strategy there may be a need to review the current structure/framework in how we deliver our core services within the department to compliment the future needs of the investor through a sector specialist lens.

Exploring emerging sectors includes, but is not limited to:

- Conducting research and exploration of new market opportunities and sharing those findings with our strategic partners.
- Leading international investment missions with “Team Niagara” partners in new and existing markets.
- Proactively engaging with Provincial and Federal government partners, Foreign Direct Investment (FDi) partners (Invest Canada, Invest Ontario, and the Consider Canada Cities Alliance) to inform them of emerging opportunities and assets within Niagara.
- Engaging with decision makers at all levels to inform them of new emerging industries to influence policy change that is complimentary to sector growth.

Niagara Economic Development is mandated to be the Investment attraction arm of the Niagara Region as per the Memorandum of Understanding (MOU) signed by all partner municipalities and these specialist functions would serve to compliment retention and expansion activities at the local level by amplifying the Niagara advantage and value proposition on the world stage. Critical to the success of the 10 Year Economic Development Strategy and growing these emerging sectors is the ability to leverage Niagara’s value proposition, which includes, but is not limited to:

- Strategic location – Proximity to the United States and Greater Toronto area, truly multimodal (access to air, rail, shipping and 400 series highways).
- Skilled workforce – Training the labour force of the future.

- Post Secondary Institutions – Developing programming of the future to compliment industry needs.
- Innovation Spaces – Connecting industry to new technologies and processes as well as harnessing research and development potential.
- Strategic Assets – Welland Canal/Niagara Falls etc.
- Quality of life – Surrounded by green space, but within days drive of 60% of the North American industrial market.

At NED we develop and lead global strategies and provide programs and services that unite our network. We see the importance of adapting to change and by doing so we create value. By investing in emerging sectors, we have the opportunity to make an impact through the diversification of the regional economy.

Please refer to appendices 1 through 6 to review each of the emerging sector briefs.

Relationship to Council Strategic Priorities

This supports Council's strategic priority of supporting Businesses and Economic Growth.

Other Pertinent Reports

Not applicable

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This report was prepared in consultation with Renee Muzzell, Manager Program Financial Support and reviewed and reviewed by George Spezza, Director of Economic Development and Michelle Sergi, Commissioner, Growth Strategy and Economic Development.

Consultants from Deloitte LLP will present findings.

Appendices

- Appendix 1 Emerging Sector: Marine
- Appendix 2 Emerging Sector: Electric Vehicle Battery Manufacturing
- Appendix 3 Emerging Sector: Health Care and Life Sciences
- Appendix 4 Emerging Sector: Active Economy/Sport Tourism
- Appendix 5 Emerging Sector: Aerospace
- Appendix 6 Emerging Sector: Film