2019

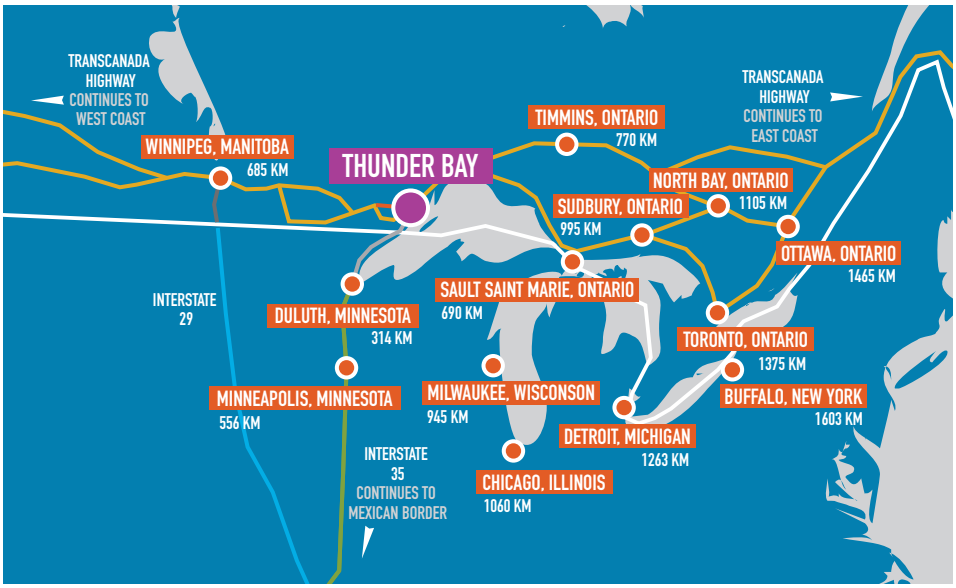
GO TO THUNDERBAY

SPECIALIZED MANUFACTURING REPORT

www.gotothunderbay.ca

Why Thunder Bay

Manufacturing has been a strong industry for Thunder Bay since 1912. With Thunder Bay's central location within Canada and close proximity to the US border there is an extensive transportation network that allows businesses in Thunder Bay to ship, import and export materials and finished products quickly and efficiently. That's why companies like Bombardier, and its predecessors, have been operating diverse and successful manufacturing facilities here for over 100 years.



Industry Diversification

Transportation Equipment and Wood Products have been manufactured in Thunder Bay for over 100 years. Products have evolved to include not only streetcars, and railcars, but aerospace parts and software as well. Specialized Manufacturing is a growing industry in Thunder Bay, with research and innovation centres encouraging development and diversification in this evolving sector. Thunder Bay is now home to businesses specializing in: Aerospace Parts Manufacturing, ICT Manufacturing, Life Sciences Manufacturing, Mining Machinery Manufacturing as well as Food and Beverage Manufacturing.

> "Thunder Bay is currently home to over 177 manufacturing businesses, which makes up just over 5% of its labour force. Internationally recognized companies, such as Bombardier and Resolute Forest Products, have a proud history of operating in Thunder Bay."

INDUSTRY DIVERSIFICATION

177

Manufacturing businesses located in Thunder Bay.

TALENTED LABOUR FORCE

6,000

trades people in Northwestern Ontario.

COST EFFECTIVE LABOUR

7.8%

lower average cost of labour than the Canadian average.

Location/Transportation Network

70
kilometers from the Pigeon River crossing to the US market

Road
300 km/186 mi to Interstate 35 linking to to the US-Mexico border.

346 km/215 mi from the Fort Frances/International Falls border crossing.

20,000
kilometers of CN Rail track through Canada & US

Rail
Access to 2 major railways, Canadian National (CN) & Canadian Pacific (CP).

Provides access across Canada, through the US, and ports on 3 coasts.

6th
largest port in Canada

Water
Largest outbound port on the Great Lakes-St. Lawrence Seaway System.

One of Canada's largest warehousing and trans-shipment complexes.

3rd
busiest airport in Ontario

Air
2 hour flight from major centres in the US and Canada.

Airport moves over 800,000 passengers per year.

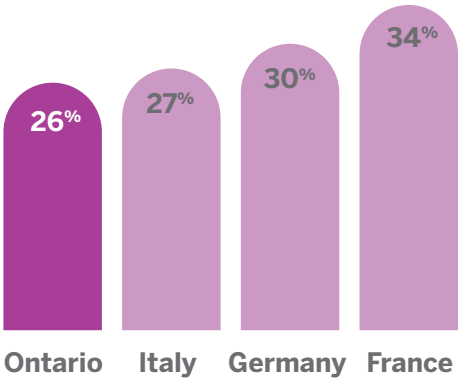
Local Production, Global Market

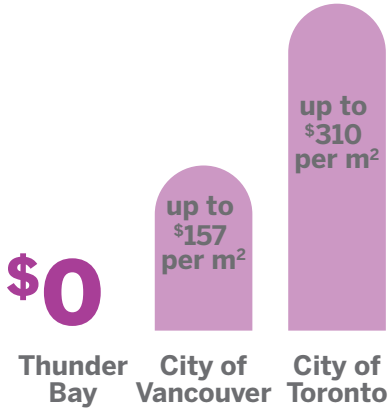
Shipping goods is critical to the success of Specialized Manufacturing businesses. Whether it is shipping in raw materials for production or sending finished products to customers, transportation rates play a large factor in a company's supply chain and bottom line. Having access to different methods of transportation allows businesses in Thunder Bay to optimize how they ship, and how much they spend on shipping.

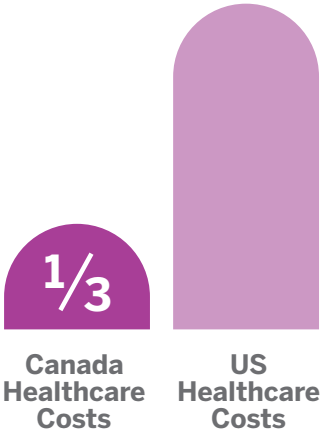
Thunder Bay is centrally located in Canada; the gateway to Ontario's Northwest; and is extremely close (70km, 43.5mi) to a major US border crossing. Thunder Bay's location and extensive transportation network enables competitively priced global shipment options which are ideal for businesses that need to access not only North America, but a global market.

Telecommunications

With 5 major national fibre optic cables going through Thunder Bay, the city is well serviced by most national communications companies as well as TBaytel, which is owned by the City of Thunder Bay. The multiple fibre trunks run through the city and are connected to the largest data centre and carrier hotel in Toronto, Canada. TBaytel has a 110 year history in Thunder Bay and has grown to be the largest independently owned communications company in Canada. Tbaytel employs over 400 people in Thunder Bay and they provide the fastest internet connection in the city as well as reliable mobility, tv internet, telephone and security services for business clients.







Low Taxes
Ontario has a combined provincial (11.5%) and federal (15%) corporate income tax rate of 26.5%, making Ontario's combined general federal-provincial CIT rate lower than the average of G20 countries and lower than the average federal plus state CIT rate in the United States.

Low Site and Building Costs
Thunder Bay offers extremely competitive land costs, construction costs, and zero development charges, making it an ideal location for expansion and new construction. Thunder Bay has a large amount of land zoned for new development, offering commercial, industrial, and aviation space.

Low Healthcare Costs
One area in which Canadian companies are much more competitive than their US counterparts is healthcare. Ontario has a universal healthcare system, which means that average employer health costs per year for companies based in Ontario are 1/3 of the cost of the US average.

Cost Overview

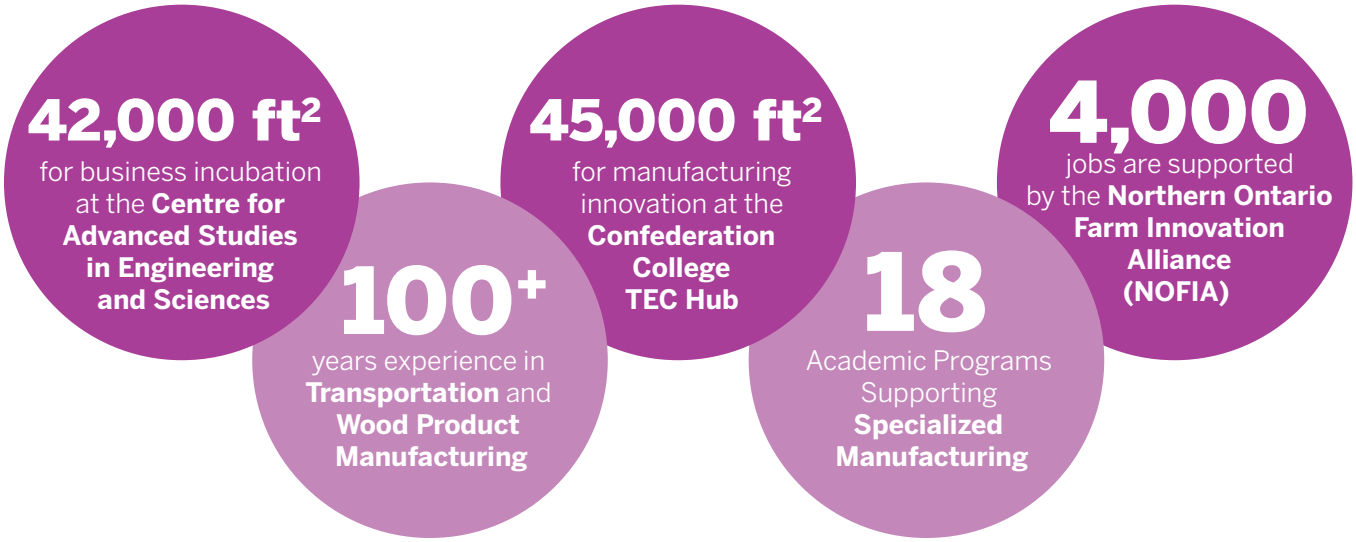
Canada is consistently ranked highly competitive on major cost factors including labour, transportation, and taxes. Canada also has a lower dollar value, which increases profits when selling to the US and global markets.

When compared to US cities such as Minneapolis, Thunder Bay has 22% lower costs for digital industries, 20.8% lower R&D costs, and 21.8% lower costs for corporate services[1]. Average wages in Thunder Bay are lower than the Ontario, and Canadian averages.

Thunder Bay also has zero development charges, affordable cost of land and buildings, and competitive construction costs, giving businesses superior opportunities for development. This thriving city is surrounded by breathtaking landscapes, features a superior quality of life and a lower cost of living for its residents.

[1]Source: KPMG Competitive Alternatives 2016

Leading The Way in Specialized Manufacturing



Leading Edge: Aerospace
Confederation College's TEC Hub enhances the College's Engineering Technology and Aerospace Manufacturing programs. It also hosts vibrant research incubation and technology transfer services supporting the region's advanced manufacturing technology and resource sectors.

Leading Edge: Agriculture
The Northern Ontario Farm Innovation Alliance is a non-profit organization dedicated to agricultural innovation in Northern Ontario. They create partnerships to enable research, innovation, and commercialization of agricultural products and technologies.

Leading Edge: Innovation
The Northwestern Ontario Innovation Centre supports all businesses in the region that are working on innovation. Becoming a member of this organization provides access to business advice, market research, development assistance, as well as funding and networking opportunities.

Educated and Skilled Labour Force

Thunder Bay is home to an educated and highly skilled labour force that is dedicated to supporting manufacturing in the region. Thunder Bay's two major educational institutions - Confederation College and Lakehead University - are pro-active in the ongoing development of the skill sets needed by employees to enable companies in Thunder Bay maintain their competitive advantage. Lakehead University has 5 engineering programs and Confederation College features 10 apprenticeship programs as well as 8 technical programs focused on manufacturing. There have been recent investments in both research and development, as well as in innovation centres in Thunder Bay, which are strengthening and diversifying specialized manufacturing operations.

Incentives / Funding Programs

Thunder Bay is committed to supporting the advancement of our businesses. There are numerous incentives and funding programs for new and expanding businesses to take advantage of. These opportunities have been organized by municipal, provincial, and federal programs.

35%

Refundable Investment Tax Credit offered to Canadian Controlled Private Corporations on qualified expenses

Northern Ontario Heritage Fund Corporation
The NOHFC provides financial assistance to businesses that are committed to the economic growth and diversification of Northern Ontario.

$260M

Has been invested through FedNor since 2011

SR&ED
This federal program supports businesses that are investing in innovation. Companies that complete scientific research and experimental development in Canada may qualify for tax rebates through the SR&ED program.

50%

Funding up to 50% on eligible project costs

FedNor
Focused on supporting businesses in the North, FedNor provides funding assistance for community projects as well as private sector initiatives designed to improve the economic and social well-being of the North. FedNor also offers internship programs.

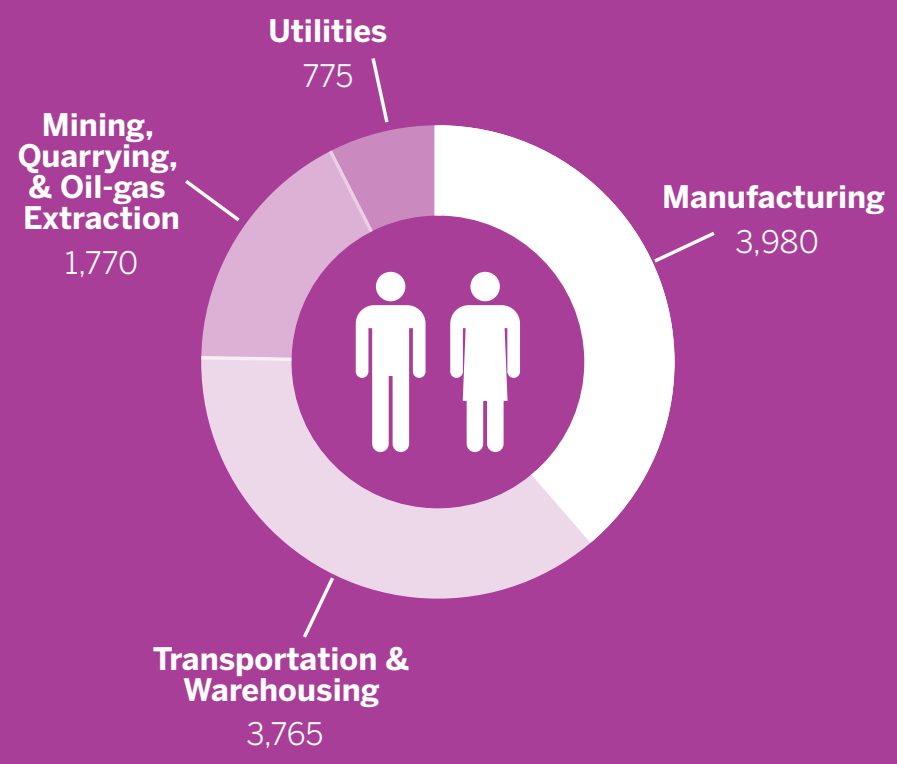
Specialized Manufacturing Labour Force

> There are approximately 6,000 trades people in Northwestern Ontario who work in the Industrial, Commercial, and Institutional sectors.

As of 2016 there were 3,235 jobs classified as part of the manufacturing sector in Thunder Bay, representing just over 5% of Thunder Bay's work force. These fields range from engineering to construction, mechanics and precision production.

The US has identified a skilled trades gap which is expected to worsen before it gets better. Thunder Bay is home to a highly educated and diversified skilled trades labour force. Industry experts estimate that there are approximately 6,000 trades people in Northwestern Ontario who work in the Industrial, Commercial, and Institutional sectors. Thunder Bay is also actively growing its manufacturing labour force by training new apprentices. Confederation College offers 10 different apprenticeship programs to get students started on the path to becoming a skilled journey person. In 2016, 8.9% of the Thunder Bay labour force had some type of apprenticeship, trades certificate or diploma. This is higher than the 6% average across the province of Ontario

Manufacturing Labour Force Profile



Most Popular Field of Study
Engineering

University Graduates
20%

Engineering & Related Technology Field of Study
22%

Thunder Bay CEDC

Thunder Bay's CEDC Team is here to support you while you start, or expand your business in Thunder Bay. Our dedicated Development Officers are local experts that can connect you with other leaders to learn more about the business environment in Thunder Bay. We also assist with: discussing opportunities or available sites, collection of statistics, financial or legal options, booking site visits, providing referrals, and acting as a liaison.

Thunder Bay Community Economic
Development Commission (CEDC)

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