

CASE STUDY:

Sudbury's Transformation: from mining town to regional service center and innovation cluster

The Sudbury Case

» BACKGROUND AND CONTEXT

Endowed with one of the largest concentrations of nickel-copper sulphides in the world, Sudbury is unlike any other resource town in Canada having evolved from a colonial frontier mining town into the largest integrated mining centre in the world with a population of 160,000 people. Originally established as a railway depot in the 1880s, Sudbury rapidly grew with the construction of a mine and smelter in the late 1890s. Incorporated as a town in 1893, Sudbury became a city in 1930 as industrial and military demand for nickel rapidly grew driving the need for increased production.

Up until the 1970s, Sudbury was a quintessential company town that was dominated by International Nickel (Inco) which had an inordinate level of influence over the development of the city. Over the course of the last century, Sudbury's fortunes were closely aligned with the performance of Inco (now Vale) and Falconbridge (now Glencore) and have fluctuated accordingly.

Like most resource towns, Sudbury has experienced a sequence of booms and busts that contributed to a lingering feeling of uncertainty about its long-term economic future. Sudbury's population grew rapidly from approximately 115,000 in 1950, up to a high of 170,000 in 1971 before dropping back to 150,000 in the mid-1980s. Property assessment and taxation policies that favored the

Under the leadership of the regional municipality, Sudbury has marshalled resources and support from different levels of government, the private sector and not-for-profit organizations to become a cluster of innovation and entrepreneurship in the mining sector while also establishing itself as a regional centre for services in northern Ontario.

mining companies and boosted provincial mining revenues had a punitive impact on the city. Up until the 1960s, a paternalistic relationship existed between the city and the industry resulting in the mining companies exercising a high degree of control over municipal investments, service delivery and even political representation.

The fact that mining companies were not subject to property tax but rather paid a grant in lieu of taxes represented a

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significant loss in revenue for the city. This made it extremely difficult for Sudbury to make the necessary investment in municipal infrastructure that was required to attract people and businesses to the city. By the early 1970s, the lack of a stable tax base, a significant drop in demand for nickel and massive layoffs drew into question Sudbury's future.

The municipality's inability to meet the demand for water, sewage and transportation infrastructure drew attention to the lack of regional planning capacity in the city that triggered a political restructuring resulting in the formation of the Regional Municipality of Sudbury in 1973¹. This signalled a turning point in the future development and growth of Sudbury.

» CHALLENGE

Sudbury's challenge was to manage its transformation from a mining town vulnerable to cycles of booms and busts into a regional centre of innovation and entrepreneurship with a more stable and diversified economy.

» APPROACH

By the mid-70s the forces of globalization, as well as increased consolidation and mechanization, triggered a massive restructuring in the industry resulting in Inco and Falconbridge laying off workers, divesting non-core activities and outsourcing services that had traditionally been provided in house. It was during this period of rationalization in the mining sector that Sudbury realized the urgency with which it needed to develop a more progressive economic development strategy that would gradually reduce its dependency on the local mines. Following are some of the key steps taken by Sudbury to facilitate this transition:

1. Enabling Institutions

The creation of the Sudbury Regional Development Corporation in 1974 brought together a group of regional planners to work with industry, business and the city council that worked to transform the city's image and align city plans with Sudbury's economic development objective of attracting new business. The SRDC helped to build strategies to develop specific growth centres, revitalize the downtown core and the creation of sectoral task forces to stimulate ideas and guide the growth of different sectors of the economy.

2. Building a visión

In 1978, a group of citizens urged representatives from government, business, academia, mining and the unions

1. Oiva Saarinen, Sudbury: A Historical Case Study of Multiple Urban Economic Transformation.



to come together to define a strategy for making Sudbury a self-sustaining community by the turn of the century. Known as 'Sudbury 2001', it marked a shift in traditional approaches that were typically influenced by the mining companies or driven by the government. Instead, it took a more inclusive approach that used consensus building to define a long-term vision for Sudbury. Subsequent strategic planning exercises undertaken by the municipality have continued to create opportunities for citizens to help build Sudbury's future.

3. Diversified Funding

Thanks to effective advocacy efforts on the part of the city, the provincial and federal governments increased funding that helped to diversify the economy and create permanent jobs outside of the mining sector. Sudbury was able to attract investments that fortified the city's position as a regional hub and centre for government services, health care, higher education and tourism. This resulted in the creation of Health Science North which provides high quality health care services for the region, decentralized provincial government offices, expansion of Laurentian University, the establishment of a federal government tax centre and the development of a leading science centre known as Science North.

4. Research and Development

In the 1980s Inco and Falconbridge began to explore opportunities to increase productivity that included new investments in research, technology, equipment automation and process improvements to reduce environmental impact of their mining and smelting activity.

5. Public-Private Cooperation

In early 2000, the Sudbury Area Mining Supply and Service Association (SAMSSA) emerged as an important advocate and strong champion for innovation and diversification at a time when the industry was making significant investments

to enhance productivity, reduce environmental impacts and promote technological advancement. Working with the city and other levels of government, SAMSSA helped the mining supply and service sector in and around Sudbury to connect and compete globally through targeted export assistance programs.

» RESULTS

The City of Sudbury has followed a long and challenging route from its origins as a single resource town through to its emergence as a regional centre with a diversified economy. Below are some of the relevant results from Sudbury's experience:

• Strategic Planning

Since 1978 when Sudbury held its first brainstorming conference on economic development, the city has continued to invest in community based strategic planning exercises which have mobilized a cross-spectrum of stakeholders to inform the development of long-term sustainability plans which has ensured that Sudbury is always forward looking in its approach to local and regional economic development.

• Inter-governmental collaboration

Having prioritized the promotion of the mining supply and service sector beyond Sudbury, the municipal, provincial and federal governments pooled their collective assets to undertake a more coordinated and effective approach to regional economic development. Strategic Export Marketing Programs have been put in place, jointly coordinated workshops are being organized that bring together exporters to share market intelligence and exchange experience from different parts of the world, and all levels of government have cooperated to develop a shared calendar of export marketing events and international trade promotion opportunities.

• Entrepreneurship and innovation

Under the leadership of SAMSSA and with the emergence of private, not-for-profit organizations such as the Northern Centre for Advanced Technology (NORCAT), Sudbury has built a solid reputation for promoting entrepreneurship and supporting innovation, productivity and the commercialization of new technology for the mining sector. Other examples of innovation in Sudbury include the establishment of the SNOLAB, a world-class science facility located deep underground in Vale's Creighton nickel mine that is advancing research in underground science and sub atomic particles.

• Recognition

The Organization for Economic Cooperation and Development developed an international case study (1984) on Sudbury citing its ability to overcome severe obstacles and transform itself from a large resource dependent metropolitan area in severe economic decline in the 1970s to one that had set a course for self-reliance and sustainability in the 1980s.

• Applied research and skills development

Sudbury has built up a critical mass of post-secondary institutions (1 university, 3 community colleges) and with the recent creation of the Goodman School of Mining at Laurentian University it is becoming known as a premiere destination for the training and development of skilled labour and mining engineering in Canada.

• Diversification

Since the implementation of strategy that focused on reducing Sudbury's dependence on mining and building its relevance as a regional centre for northern Ontario there has been enormous growth in the number of jobs in government services, health care, post-secondary education and tourism which has helped reduce the volatility and vulnerability of the labour market.



» LESSONS LEARNED

Although Sudbury's situation is somewhat unique given its size, long history and lasting legacy of mining there are many interesting lessons that have been learned that would be valuable to share with other communities. Some of the lessons include:

01

Be inclusive

Fostering collaboration rather than competition amongst different sectors is an important step that a municipality can facilitate through the development of a community sustainability plan or a strategic plan for economic development and diversification. By creating the platform for engagement, collaborative planning and collective action, the municipality can lay an important foundation that will foster improved communication and coordination involving a range of important community stakeholders.

02

Planning for the Future

If municipalities have already undertaken work to better understand their risks, assets and priorities, they will be far better equipped to respond more rapidly to opportunities that may emerge, or to react more effectively in times of crisis. By having a strategy already defined that has broad ownership and buy-in from within the community, municipalities are better positioned to engage private partners, as well as leverage political support and funding from other levels of government to advance their short, medium and longer-term priorities.

03

Create Space for Innovation

Promoting a culture of innovation requires an enabling environment for entrepreneurship to flourish. While the role of government is not necessarily to drive innovation, it can help to create the space required to attract innovators. In the case of Sudbury, NORCAT is one of Ontario's Regional Innovation Clusters (RICs) that functions as a one-stop shop to cultivate entrepreneurs and help them to connect with mentors, technical advisors, testing facilities, training and capital.

04

Regional Focus

Greater Sudbury is mindful of the importance of taking a regional approach to economic growth and development, recognizing that what is good for Northern Ontario will be good for Sudbury and what is good for Sudbury will bring value to the region of Northern Ontario. As a result, Greater Sudbury has been able to attract support from provincial and federal partners that are committed to regional development. By strengthening the diversity of its economy with a focus on health care, government services, education and tourism, Sudbury has managed to reduce its exposure to the volatility and risks associated with the mining and commodities sector while at the same time bringing greater economic stability and security to its future.

05

Multi-stakeholder cooperation

By investing in Sudbury's capacity to undertake applied research and provide skills development through institutions like NORCAT and Laurentian University's newly created Mining Innovation and Technology (LMIT), the municipal, provincial and federal governments, as well as industry, are helping to secure Sudbury and Northern Ontario's future as a pioneer that is enhancing the safety, sustainability and competitiveness of mining in Canada and around the world.

The Sustainable and Inclusive Communities in Latin America (CISAL) Program is an initiative of the Federation of Canadian Municipalities (FCM) that seeks to strengthen local governments in mining contexts of Colombia and Peru to achieve greater social benefits and sustainable economic opportunities for communities. The Sustainable and Inclusive Communities in Latin America program is undertaken with the financial support of the Government of Canada provided through Global Affairs Canada.

<http://www.fcmcisal.org> - <http://www.fcm.ca/>

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