

# ***The Role of Canadian Municipalities in Economic Development***



***Michael J. Skelly***

**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
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**ICURR Publications  
Toronto  
April 1995**

Published by ICURR PRESS  
Suite 301, 150 Eglinton Avenue East,  
Toronto, Ontario  
Canada M4P 1E8  
Telephone: (416) 973-5629  
Fax: (416) 973-1375

First Edition: April 1995  
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ISBN 1-895469-28-7

Canadian Cataloguing in Publication Data

Skelly, Michael, 1968-  
The Role of Canadian Municipalities  
in Economic Development

Includes bibliographical references  
ISBN 1-895469-28-7



ICURR Intergovernmental Committee on Urban  
and Regional Research  
gouvernemental de recherches  
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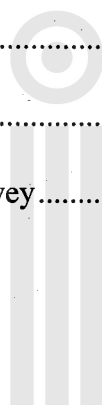
1. Municipal government - Canada. 2. Economic  
development. 3. Canada - Economic policy.  
I. Intergovernmental Committee on Urban and  
Regional Research (Canada). II. Title.

JSI705.S54 1995 352.94'2'0971 C95-931215-3

# **Table Of Contents**

Foreword .....	i
Acknowledgements .....	iii
Author Biography.....	v
Executive Summary .....	vii
Chapter 1: Issues in Municipal Economic Development.....	1
Introduction .....	1
Definitions.....	1
Issues Affecting Municipal Economic Development Initiatives.....	2
What type of role in economic development is appropriate for municipalities?.....	5
Changes in the Focus of Municipal Economic Development.....	7
Public/Private Partnerships and Public/Public Partnerships .....	8
Emergence of City-Regions as Economic Entities .....	9
Municipal Economic Development in the United States .....	11
Chapter 2: Municipal Powers in Economic Development by Province.....	17
Yukon Territory .....	17
Northwest Territories .....	18
British Columbia .....	18
Alberta.....	19
Saskatchewan .....	21
Manitoba .....	22
Ontario.....	23
Quebec.....	25
New Brunswick.....	26
Nova Scotia .....	27
Prince Edward Island .....	28
Newfoundland.....	29
Summary of Municipal Powers in Economic Development.....	31
Chapter 3: Economic Development Survey—Summary and Methodology .....	35
Survey Methodology .....	35
Summary—Economic Development Survey Results .....	40

Chapter 4: Survey Analysis.....	51
Yukon Territory .....	51
Northwest Territories .....	56
British Columbia.....	60
Alberta.....	69
Saskatchewan .....	76
Manitoba .....	84
Ontario.....	91
Quebec.....	101
New Brunswick.....	110
Nova Scotia.....	115
Prince Edward Island .....	122
Newfoundland.....	126
 Conclusion .....	 131
References.....	133
Appendix 1: Survey Sample.....	143
Appendix 2: Economic Development Survey.....	149



## **Foreword**

The Intergovernmental Committee on Urban and Regional Research is proud to present *The Role of Canadian Municipalities in Economic Development* by Michael Skelly. The theme of local economic development has always been at the forefront of ICURR strategic research. Our very first publication, the immensely popular *Successful Local Economic Development Initiatives*, dealt with the issue at a much smaller scale within a case study framework: eight CEO's and other leaders of the community were interviewed by telephone.

The current research report is more ambitious and meticulous, surveying 415 municipalities with a standardized questionnaire. It also provides a background in reporting the pertinent legislation. The thoroughness and novelty of this project attracted the support of Labour Market Services at Human Resources Development Canada, whom we wish to thank. We also thank the committee of research directors from Municipal Affairs and CMHC for their continued commitment to this research stream and their dedication in facilitating our projects in each of their constituencies.

Michel Gauvin, MCIP  
Executive Director  
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## **Acknowledgments**

The author would like to acknowledge the valuable help of ICURR staff in producing this report. Claude Marchand and Michel Gauvin provided useful guidance and commentary throughout the project. Wayne Berry contributed editing and translation assistance, and Michael Afar and Vicky Gregor gave library support.

The author would also like to thank the ICURR research directors for their assistance in providing information about provincial legislation regarding municipal powers in economic development and for their comments on the draft version of the report.

Finally the author also thanks the economic development officials who took the time to complete the survey - without their valuable input, this report would not have been possible.



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## Author Biography

Michael Skelly has both an Honours Bachelor's Degree and a Master of Science in Planning from the University of Toronto. His undergraduate geography thesis was on trends in interprovincial migration in Canada, 1966-1986. His graduate thesis was on residential intensification in the City of Toronto. He has research experience in economic geography, planning and economic development. Michael has been working at ICURR since March 1994.



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## **Executive Summary**

With most areas of Canada still recovering from the recession, the need for initiatives that foster economic development and create jobs is of growing importance. Many municipalities believe that they can have a significant effect on the growth and development of their local economies through economic development initiatives. This is the first nation-wide Canadian study of local government initiatives in economic development. The main objectives of the report are as follows:

- To determine what role municipalities in Canada believe they should play in economic development.
- To determine what techniques they are currently using to promote economic development.
- To determine what Canadian municipalities are allowed to do by provincial legislation and whether they believe that this legislation is a significant factor in the way in which they pursue economic development goals.
- To discuss issues facing Canadian municipalities undertaking economic development initiatives.
- To provide a brief theoretical discussion on the appropriate role for local government in economic development.
- To discuss local government involvement in economic activities in the United States.

### **Issues Relating to Municipal Economic Development Initiatives**

A number of factors have led to an increasing number of municipalities in Canada becoming more active in the area of economic development. These factors include the following :

- globalization of the local economy
- fall of trade barriers
- fiscal restraint of senior levels of government
- competition from other municipalities
- collapsing world markets for resource commodities
- economic restructuring
- need for a highly educated workforce
- a reduction in federal government economic development programs.

### **Economic Development Initiatives Undertaken by Canadian and U.S. Municipalities**

Most Canadian municipalities are at the “conservative” end of the spectrum of interventions in the local economy. Local governments tend to engage mainly in conservative “supply-side” techniques which aim to improve the local business environment. Supply-side practices include providing information brochures and physical infrastructure improvements. One of the

main reasons for the choice of these practices is the governing provincial legislation which generally prohibits the granting of financial incentives to private businesses in most provinces. Canadian municipalities do, however, engage in some “demand-side” techniques which aim to improve the ability of businesses to understand and meet the needs of the market. Demand-side practices include initiatives which improve the flow of information to small businesses in order to make them aware of senior government programs and incentives designed to promote risk-taking by local entrepreneurs.

In terms of supply-side economic development practices, US municipalities have more flexibility since they have the power to provide financial incentives to private businesses. In fact, U.S. local governments have been shown to rely more heavily on these methods, especially the industrial tax abatement. US cities tend not to use as many innovative methods as Canadian municipalities on the demand-side of the economic development practices.

### **Provincial Legislation**

In terms of governing provincial legislation, Alberta municipalities and the City of Winnipeg have the most significant number of powers to undertake economic development initiatives. The creation of land reserves for industrial parks is the most widely available power for economic development amongst all provinces and territories. Financial assistance to non-profit organizations is another common power across most provinces and territories.

### **Economic Development Survey of Canadian Municipalities**

A comprehensive mail-out survey of Canadian municipalities and regional organizations was undertaken, comprised of questions on economic development practices and the role of municipalities in economic development. The following table is a summary of the activity levels of each province/territory. The percentages in the second column represent, on average, how many municipalities within each province/territory use one of the economic development practices listed in the survey. By this measure, Saskatchewan and Ontario respondents were the most active in economic development initiatives.

Province	Avg. Percentage of Municipalities Using Any Practice	Province	Total Number of Techniques Used (Total Practices = 67)
Saskatchewan	55	Ontario	67
Ontario	42	Quebec	67
British Columbia	39	Saskatchewan	67
Nova Scotia	39	Alberta	59
Newfoundland	37	British Columbia	59
Quebec	34	New Brunswick	55
New Brunswick	33	Newfoundland	55
Alberta	30	Nova Scotia	53
Northwest Territories	30	Manitoba	48
Prince Edward Island	29	Northwest Territories	48
Yukon Territory	29	Yukon	47
Manitoba	22	Prince Edward Island	46

The last column in the above table displays, for each province, the total number of economic development practices used by at least one municipality in the provincial or territorial set of respondents. This measure of economic development activity shows that Saskatchewan, Ontario and Quebec utilized all the practices in the survey. B.C. and Alberta are next with only eight techniques not used by any of the provincial respondents.

### **Economic Development Practices of Responding Municipalities**

The following summary table displays the average percentage of municipalities using a particular economic development practice, for all responding municipalities. Six of the seven marketing techniques were used by well over half of all survey respondents. The provision of an information brochure was the most common practice for all municipalities. Tourism promotion is another area in which a significant number of the municipalities are involved. Three aspects of liaison with local business—business liaison council committees, small business advisory services and making local businesses aware of senior government programs—are all used by over half of all the municipal responses. A large percentage of the municipalities are involved in two categories of infrastructure development, namely, the improvement or expansion of recreational facilities as well as street or road improvements. A number of practices within governmental regulations are also employed by well over half of all the municipal respondents. Other economic development practices used by over half of the respondents include natural aesthetic changes and downtown revitalization programs.

In terms of the spectrum of economic development initiatives, Canadian municipalities engage in some of the “demand-side” practices such as those mentioned under liaison with local business. There are, however, a number of demand-side areas where relatively few municipalities make use of the economic development techniques, partially due to the



<b>GOVERNMENTAL REGULATIONS</b>		<b>LAND AND PROPERTY MANAGEMENT</b>	
	<b>AVG</b>		<b>AVG</b>
Industrial zoning	70	Sale of industrial land to developers	46
Sign control regulations	63	Sale of commercial land to developers	41
Height and density variances	42	Lot consolidation	21
Facade control regulations	39	Industrial property management	23
Historic district regulations	24	Municipal land banks	36
Density transfers	15		
Policies to expedite development process	54		
		<b>FINANCIAL TOOLS</b>	
			<b>AVG</b>
<b>INCUBATION FUNCTIONS</b>		Provide security for a private company	4
	<b>AVG</b>	Lend money to a private company	4
Rehabilitation of buildings	18	Subsidize or grant a tax exemption	16
Rental of industrial buildings, space	19	Contribute to an investment fund	7
Donations of unused real property	15	Community loan funds	8
Provide management and other services	15	Financially assist non-profit organizations	31
		Establish capital pools	7
<b>TRAINING &amp; OTHER SERVICES</b>		Attraction of an international investor	16
	<b>AVG</b>	Utility discounts for firms	7
Training/retraining funds/programs	16	Freezing property taxes	11
Awards/funding for research	7		
Direct professional services	9	<b>GENERAL SUPPORT OF CED INITIATIVES</b>	
Financial services	6		
			<b>AVG</b>
		Participation in CED initiatives	42
<b>OVERALL AVERAGE 37</b>			



resources needed and provincial legislation. These areas include fostering local business connections, export development and incubation facilities. The category with the least utilized practices is training and other services, probably due to the fact that the provincial/territorial or federal level of government is involved in this aspect of economic development more than local government.

It is interesting to note, however, that in the smaller provinces, (PEI, NWT and Newfoundland) and in BC, more of the sample municipalities are involved in job creation initiatives in comparison to the larger sample municipalities in other provinces. Municipalities in these provinces (except for BC) are compelled to generate jobs within the community to offset the lack of diversity within the local economies and to help keep people within their communities.

The relatively low percentage of use in the land and property management category is somewhat surprising since land is one of the basic tools that the municipality has to work with in trying to generate economic development within its domain. Provincial legislation restrictions in certain aspects of this area of economic development probably prevent local government from being more active in this field.

In terms of financial tools, the assistance of non-profit organizations is the most frequently used practice in this category. A large proportion of Saskatchewan municipalities (78%) subsidize or give a tax exemption to private businesses. The attraction of an international investor (undertaken mainly by Quebec municipalities) and the freezing of property taxes for commercial or industrial development are the only other financial tools used by at least 10% of the total respondents, due to legislative restrictions and the resources available to the municipalities for this activity.

Finally, it is also unexpected that less than half of the respondents engage in community economic development initiatives, since CED seems to be gaining popularity as a preferred way of delivering economic development services in many provinces.

Municipalities in most provinces stated that they would employ some type of financial incentive if they had the legislative authority to do so. Many, however, prefaced this by stating that there should be limits placed on such powers. Municipalities in B.C. and Alberta tended to state that legislation was not the problem; rather the lack of financial resources available was the main constraining factor in pursuing economic development initiatives

### **Role of Municipalities in Economic Development**

On the general question of the role of municipalities in economic development, two points of view were common to all provinces and territories in the survey. In the first, some respondents viewed municipalities as having an important lead role in economic development with a mission to be pro-active and provide a positive business climate. Municipalities in Newfoundland and Quebec tended to be of this opinion. Respondents thought that

municipalities should take a lead role since they best understand their own communities. In addition, some respondents suggested that municipalities should work with the private sector in fulfilling a pro-active role as well as expedite development approvals.

In the second point of view, respondents agreed that municipalities should play more of a facilitative role, providing information and quality infrastructure and services. This is more of a passive role that most local governments play just by providing services to the local population. They believe that, at most, municipalities should help in the coordination of economic development groups in the area as well as develop networks with senior levels of government. (For further details concerning the opinions of respondents by province please consult the Survey Analysis.)

### **Structure for Implementing Economic Development Initiatives**

In municipalities in provinces and territories with relatively small populations (especially in the Atlantic Region and the Territories), economic development functions tend to be carried out by regional bodies which transcend municipal boundaries and are usually at least partially funded by the province. This type of structure for carrying out economic development is optimal for these provinces/territories. The majority of the municipalities in these provinces/territories would not, on their own, have sufficient resources to undertake many economic development activities. These local governments can, however, still contribute to economic development within their areas through effective infrastructure and service provision.

In the provinces with relatively large populations (especially in Ontario, Quebec and B.C.), it is not always feasible for the province to coordinate and become involved with the economic development activities of its local governments. In this case, it becomes necessary for a regional body, whether it be a level of government or an association of municipalities, to help coordinate economic development activities. In many provinces, there is a feeling of excessive duplication of economic development activities. Many respondents to the survey called for better cooperation and coordination amongst all levels of government and the private sector. With a regional organization acting as a coordinator, this problem might be better addressed. Also, in all the provinces and territories, it is important for municipalities to be able to work with senior levels of government and the private sector in working towards economic development goals. Partnerships can provide access to funding, different views on economic development issues and access to additional professional personnel.

### **Increased Powers for Local Government in Economic Development?**

In terms of the existing level of powers of municipalities to carry out economic development, local government in most provinces can have an effect on local economic development in a number of different ways, not the least of which includes the basic “everyday” duties of providing a high level of services and infrastructure. Substantial legislative changes are not

needed for local governments to become effective coordinators and facilitators. The problem for many municipalities is the lack of resources to carry out economic development activities rather than the legislative restrictions. Moreover, many municipalities in the survey felt that local government in Canada should continue to be at most, a facilitator and coordinator of economic development within its boundaries. Municipalities in some provinces requested further powers in this area. Despite this, it is questionable whether, if faced with the actual prospect of the responsibility of taking on these new powers, that these municipalities would actually still want them.

The advantages of giving local government increased powers in economic development include:

- The placing of more power to exercise economic development functions into an accountable body.
- Local governments would become better equipped to assist existing businesses to survive and to attract new businesses to boost the local economy.
- The local government would not have to rely on outside bodies controlling their economic future.

The disadvantages include:

- The danger of becoming involved in a bidding war with other municipalities. This could result in a reduction of the quality of services offered and could also result in the need for financial assistance from the province.
- Some local governments may not have the resources to undertake economic development initiatives—although they may be compelled to do so if other surrounding municipalities are taking the initiative.
- Municipalities may move away from trying to encourage an entrepreneurial spirit in their community and the fostering of the growth of existing businesses and instead concentrate their efforts on attracting a large employer.

Clearly, the potential disadvantages of giving municipalities significant powers to pursue economic development initiatives could be disastrous. Giving municipalities the ability to provide unlimited tax exemptions or subsidies to private companies would in all likelihood be detrimental to local areas across Canada. Similarly, allowing municipalities to become involved in the operations of a private company could also have undesirable consequences. If there are to be changes to provincial legislation with regards to economic development, it would make sense that any new powers that local government acquire should be related to the ability to encourage the creation of new businesses from within the community and to the assistance of existing small businesses. This could be accomplished through giving support to community economic development.

Changes to provincial legislation would also allow local government to give greater support to community economic development (CED) initiatives, as has already been done in many provinces. CED is a way in which municipalities can become more involved in the economic development of their areas by providing financial or other types of support to non-profit

organizations engaging in CED. Community economic development is a tool of self-empowerment whereby the community can often accomplish more on its own than local government—especially in smaller areas, since the community potentially has more resources and has a greater stake in the economic future of the area.

### **Challenges for the Future**

From the results of the analysis, the following are the challenges facing economic development officials for the future.

- Improving the coordination of public and private organizations involved in economic development
- Maintaining the accountability of non-public economic development bodies
- Adjusting local government boundaries to reflect economic regions
- Encouraging participation in community economic development initiatives
- Determining which additional powers municipalities should have with respect to the ability to undertake economic development initiatives

It is recommended that future research in this area consist of a number of in-depth case studies in different sized municipalities across the country to examine more closely all the actors in economic development, their responsibilities and how they interact.



## Chapter 1

# **Issues in Municipal Economic Development**

### **Introduction**

To some degree, local governments have always affected the health of their local economies. For example, they have accomplished this either directly through providing incentives to attract a large employer, or indirectly through land-use regulation and infrastructure provision. In the past, the promotion of economic development has been more explicitly the domain of the federal and provincial governments in Canada. The question of the appropriate role of municipalities has been debated in the literature for the last 15 years. With the increasing globalization of local economies and the reduction of senior government programs, an increasing number of municipalities are taking a more pro-active role. This report is not an attempt to prescribe the proper role for Canadian municipalities; rather it lays out current municipal practice (along with what provincial legislation allows), as well as the role municipalities perceive that they should play in fostering economic development.

The first part of the research report will discuss definitions, general issues, and trends in the role of local government. Following this, provincial legislation covering the powers of municipalities to promote economic development will be examined. The third part of the study will present the results of a survey of Canadian municipalities and local economic development organizations. This is the first Canada-wide survey on the economic development practices of municipalities and regional organizations.

### **Definitions**



Before embarking on a discussion of emerging issues and trends, the meaning of “local economic development” should be clarified. For the purposes of this analysis, local economic development refers to initiatives by local government—or an organization funded at least in part by local government—designed to increase the wealth (jobs, income, public goods and services, quality of life) in the local economy. The focus of this study will be on economic development practices of both small towns and large cities.

Another way of looking at economic development is to examine what it attempts to achieve. A successful local economic development program should lead to:

- job creation and retention
- tax revenue growth
- improved quality of life
- enhanced innovation and competitiveness (McGowan & Ottensmeyer, 1993: 4).

## 2 MUNICIPAL ECONOMIC DEVELOPMENT

In general, economic development does not imply the empowerment of disadvantaged groups; it merely purports to increase the wealth of a community without regard to the distribution of this increase in wealth. Community economic development (CED) on the other hand, involves social as well as economic goals, and is usually initiated by community organizations rather than by the public sector (although it is often supported by the federal or provincial government). “It seeks to enhance the well-being of the community at large by increasing economic activity, as well as empowering community members” (New Economy Development Group, 1993: 1). Therefore, CED encompasses both economic and social goals, operates at the local level and seeks to enhance the capacity of local resources.

CED is focused on allowing the local community to help itself, and is limited in its geographic scope. It can involve fostering local small business, but also strengthening networks with other communities, as well as business, academic and political institutions outside community boundaries.

An analysis of community economic development organizations and initiatives in Canada is beyond the scope of this report—and would be treated separately in any case, since CED initiatives often involve fundamentally different goals (social goals) from economic development programs. Economic development initiatives usually define “well-being” in terms of overall economic growth (e.g. per capita income) while CED “identifies an individual’s well-being in terms of the collective identification of community needs and wants” (Broadhead, 1994: 14). For example, the goals of CED programs often include the employment of disadvantaged sections of the local population. Nonetheless, mention will be made of some CED initiatives and organizations as they overlap with and relate to municipal economic development initiatives across the country.

### **Issues Affecting Municipal Economic Development Initiatives**

For the most part, economic factors beyond the jurisdictional powers of the municipality—including cutbacks of senior government programs and increased competition from other countries—have sparked increased economic development by municipalities. The following is a brief discussion of some of the more important external factors affecting municipalities in Canada.

#### **1. Globalization of the local economy**

Although experts may disagree about the extent of the effect of globalization on local municipalities (or even the use of the term itself), one cannot deny that local areas are increasingly being opened up to world markets and that local tariff protection is being reduced. According to Drache, globalization refers to two phenomena. The first is the internationalization of production (Drache, 1994: 17). Companies can organize themselves internationally to take advantage of the lowest possible costs, whether it be labour, land or

capital. Multinationals organize production according to an international division of labour (Pisarczowski & Baroudi, 1993: 45). The second phenomena is increased capital mobility: international capital movement—stock portfolio transactions, currency manipulation, firm takeovers and buyouts—are significant aspects of current corporate strategies (Blakely, 1994: 11). The essence of globalization is large firms conducting business outside the influence of government.

## 2. Fall of Trade Barriers

Recent trade agreements (the North American Free Trade Agreement and the General Agreement on Trade and Tariffs) serve to reduce trade barriers. Indeed, “the rise in the value of international trade is one of the major economic trends shaping the future” (Surrey Planning Dept., 1994: 101). These trade agreements are forcing many businesses to become more efficient in their production to meet new international competition. Ironically, significant *provincial* trade barriers still exist in Canada, almost making interprovincial trade tougher than international. Steps have been taken to try to dismantle exiting provincial trade barriers and progress is expected to continue in the near future (Atlantic Provinces Economic Council, 1994: 1).

## 3. Fiscal restraint of senior levels of government

In Canada, transfers from senior levels of government to municipalities are decreasing: all levels of government are affected by the weight of the national debt. As transfers are reduced, municipalities are required to absorb a greater share of the cost of local services, further highlighting the need for local governments to increase the tax base by promoting economic development in their municipalities.

A further burden on local government is the increase in local citizens' expectations of services to be provided by the municipality. This is especially a problem in rural communities where, traditionally, municipalities had to be concerned only with providing basic hard-infrastructure services such as road construction and maintenance, water and sewer. But now both rural and urban communities demand expanded recreation services, expanded health and education programs and other social services (Miller, 1992: 48).

## 4. Competition from other municipalities

Municipalities may undertake economic development initiatives, prompting other local governments to do likewise to compete. This is especially important if a number of municipalities in the same region have undertaken initiatives—in the GVRD for example, the adoption of economic development strategies by the cities of Burnaby and Surrey within the last four years has forced other municipalities in the area to follow suit.



### **5. Collapsing World Markets for Canadian commodities**

Many municipalities—especially in Western Canada—have sought ways to diversify their local economies to shield themselves from the effects of depending on one industry for survival (Kiernan, 1990: 65). Problems of resource-dependent communities include economic instability, risk of mass unemployment, limited job mobility and limited community amenities.

### **6. Economic Restructuring**

The main economic activity of many cities has been transformed from the production of goods to the provision of services. The service sector is very diverse, and can be divided into: distribution services (trade, communications, transportation, public utilities); producer services (accounting, management consulting, financial services); consumer services (such as restaurants and hotels); not-for-profit services (such as health, education and religion); and finally government services. Producer services have the greatest potential to positively affect the economy of a local area because they export outside the region and have the ability to influence investment, innovation and technological change (Coffey 1994, p.14). Larger centres are most easily able to adapt to these economic changes. Rural areas forced to adopt diversification strategies are usually not able to tap into the new service-sector led economy since small market size weakens their potential for service-led economic growth. Moreover, distance and rural depopulation may preclude assembling a threshold customer base in the area of specialized services.

### **7. Increased demand for a highly educated workforce**

There is a constant need to upgrade skills for jobs in the “new” economy. To keep up with technological advances, firms need to hire more highly educated people (Huron Community Committee Project, 1993: 6). The challenge for municipalities is to undertake initiatives that upgrade educational levels of community members. For rural communities, a further challenge (and reason for an increased commitment to local economic development) is to keep young educated people in the community.

### **8. Federal Regional Economic Development Cutbacks**

In the past, the federal government was more heavily involved in the economic development efforts of Canadian municipalities. Established in 1969, the Department of Regional Economic Expansion (DREE), identified areas in Canada for infrastructure expenditures. DREE initially focused its efforts on Atlantic Canada and Quebec, but it was soon involved in all regions of Canada (O'Neill, 1994: 63). After reorganization, the Department was renamed the Department of Regional Industrial Expansion (DRIE). Federal efforts at regional

economic development have been largely unsuccessful—partially due to the fact that they had been subject to numerous changes in form, scope and objectives. (Surrey Planning Department, 1994: 65). The federal government still maintains some regional economic development programs, however (e.g., the Atlantic Canada Opportunities Agency). The focus of such agencies is usually on helping local communities help themselves, through business entrepreneur funds as opposed to direct intervention.

### **What type of role in economic development is appropriate for municipalities?**

Given the circumstances in which municipalities find themselves, the question becomes: what types of initiatives should municipalities undertake to foster the growth and development of their local economies? In the next section of the report, provincial legislation will be examined in order to determine what municipalities in each province are *permitted* to do. At this point, we will look at a way of classifying municipal involvement in the local economy.

Academics studying economic development often characterize the range of initiatives as a spectrum, ranging from facilitative to interventionist. These initiatives are often categorized as either supply- or demand-oriented approaches. At the conservative end of the spectrum are economic development strategies which seek to improve the environment in which local businesses operate. Such “supply-oriented” approaches include physical infrastructure improvement and increasing capital availability. Towards the middle of the spectrum are those initiatives which seek to eliminate market imperfections (Gertler, 1990: 37). Many of these strategies are referred to as “demand-side” approaches and include initiatives to improve the ability of businesses to understand and meet the needs of the market (Community Economic Development Task Force, 1993: 11). The goals of these initiatives often involve helping local businesses grow and develop. These approaches also include improving the flow of information to small businesses in order to make them aware of senior government funding programs, and initiatives designed to promote risk-taking by local entrepreneurs (Reese, 1993: 503). Finally, at the most interventionist end of the spectrum are public sector initiatives such as crown corporations (Gertler, 1990: 39).

Another view of the role of local government in economic development is discussed by Blakely (1994). He sees local government as potentially occupying one of four different roles:

- The municipality could act as an “entrepreneur/developer” in which case it would take on full responsibility for operating commercial enterprises. Local government would identify land and buildings under municipal ownership and take an active role in assessing the commercial potential of these properties and partner with the private sector to make the best use of them.
- The municipality could act as a coordinator, working with other government agencies, businesses and community groups, to develop strategies and objectives for the community.

- Municipalities can simply act as facilitators, streamlining the development process and improving the overall business environment.
- Local government can act as a stimulator by providing industrial premises and incubation facilities.

Although Blakely's first and fourth roles seem to overlap, he provides a useful discussion of the different types of roles local government can play in economic development.

Given this spectrum of economic development initiatives, where do most municipalities in Canada fit on this scale? Where *should* they be? Where does provincial legislation *allow* them to be? First of all, most local government initiatives in Canada are at the conservative end of the spectrum. For example, the most common type of municipal assistance to industry is that of providing information (Huras & Miller, 1993: 442). The most radical municipal initiatives in economic development would not approach the extreme interventionist end of the spectrum. The main reason for this is the constraint placed upon municipalities by senior levels of government (mainly provincial governments) regarding allowable economic development techniques. A significant selection of potential interventionist development strategies is *ultra vires* the municipal level of government. Therefore, municipalities are confined to measures which try to take advantage of, rather than manipulate market trends (Filion, 1994: 1).

Many economic development experts believe that governments in general should pursue only facilitative initiatives in any case, whatever legislation might allow. For example, Harvard professor Michael Porter states that government should be involved only in indirect intervention, such as improvement of the local infrastructure and human resources (PEI Economic Development and Tourism, 1994: 19). He also states that government should rely on incentives (as opposed to grants to individual firms), which is consistent with initiatives towards the middle of the economic development spectrum. Donald Savoie, an expert on regional economic development initiatives in Canada, also espouses the idea of providing incentives for entrepreneurship rather than giving grants (PEI Economic Development and Tourism, 1994: 22). These views are in some ways consistent with those of Harry Kitchen, who states that municipalities should not be actively involved in the promotion of economic development, since local governments often don't take broader societal considerations into account—one municipality's gain is often another municipality's loss (Kitchen, 1985).

However, others believe that municipalities are in a good position to plan for, and stimulate economic growth and development. If local governments pursue facilitative strategies that aim to help the growth of indigenous enterprises, municipal economic development is not a zero-sum game: this type of locally-based growth is a net gain to society as a whole, and wouldn't have occurred without the assistance of the local government. Local government also best knows the strengths and weaknesses of the community and is accountable to the municipal electorate—unlike members of the business community or members of senior levels of government. The Ministry of Municipal Affairs in B.C. points out that municipalities are in a very good position to plan for and stimulate economic growth, even in their day-to-day

activities (BC Ministry of Municipal Affairs, 1986: 2). For example, the tools available to local government include community services, planning policies, financial policies, regulatory policies and administrative policies.

### **Changes in the focus of municipal economic development**

The emphasis in local government initiatives in Canada has shifted over the last 15 to 20 years from attracting large, exogenous industrial firms (“smoke-stack chasing”), to fostering the growth of local businesses in all sectors of the local economy. Efforts are increasingly being focused on smaller firms, which are the major sources of job growth. Municipalities now lean less towards traditional “boosterism” initiatives, and more towards developing a supportive environment for entrepreneurship and small business growth (Stankovic, 1987: 6). Such initiatives include: making small business aware of senior government funding programs, providing management assistance and support, helping small businesses identify export opportunities, and providing business incubator facilities and services.

Incubators provide the facilities and support to assist entrepreneurs who wish to establish and develop a business. Rental rates for new businesses in the incubator are usually lower than the typical business market average. Moreover, an incubator can significantly reduce the capital costs incurred by a fledgling business through the sharing of facilities such as photocopying and computer services. Even if a business does not succeed in an incubator, it has a better chance of starting up again because of the relatively low capital investment. There are also benefits from the proximity to other businesses in similar stages of growth. People can learn from each other’s experiences, and in some cases could even work together for more efficient production.

This trend of supporting an entrepreneurial environment is easily identified in economic development plans and strategies across Canada. The following table is a sample of the types of policies in economic development strategic plans fostering the growth of local business.

<b>Municipality, Year of Plan</b>	<b>Economic Development Policy</b>
Moncton, 1991	“Assisting people in the community to start new manufacturing and service exporting businesses”
Montreal, 1993	“Encourage innovation; support and stimulate entrepreneurship”
Metro Toronto, 1994	“Help Metro companies find new international markets for their goods and services”
Calgary, 1991	“Modernize, Develop and Expand Calgary’s Existing industries”
Burnaby, 1990	“Create a supportive environment for new entrepreneurs”

A further reason for the widespread municipal adoption of policies designed to foster entrepreneurship is provincial legislation governing local economic development. In a study comparing development practices of Michigan and Ontario cities, Laura Reese speculates that because of provincial limitations to local government intervention, Ontario cities use more innovative methods to attract development (Reese, 1994: 239). The most popular economic development technique used by Michigan cities is the industrial tax abatement while Ontario cities are more likely to employ business incubators and training programs.

A second significant trend in the move away from smoke-stack chasing, is that communities are now building on local strengths instead of attempting to transform themselves into a particular type of industrial town. This strategy is especially important for smaller cities and rural areas not having economies diversified enough to survive economic downturns in a number of industries. In fact, even the larger cities in Canada have recognized the need to specialize in a few economic sectors in order to foster the growth of existing firms as well as attract outside business. For example, the City of Toronto identifies film as a key industry on which development efforts should be focused. Similarly, one of Calgary's goals for the 1990s is to establish itself as the world's first "Information Port" (City of Calgary, 1991). Smaller cities and towns, especially those dependent on a single industry, often turn to tourism and recreation as sectors on which to focus their development efforts.

### **Public/Private Partnerships and Public/Public Partnerships**

If municipalities are to provide a supportive environment for the private sector, then it follows that public/private partnerships are important in understanding the needs of local businesses. In some sense, local businesses have the most at stake in the economic health of their community, especially if they have significant fixed-capital investments. Partnerships with the private sector can result in the securing of funding for a particular project which might not have been otherwise possible.

The economic development corporation is a structure for carrying out economic development at the local level and includes representatives from both the public and private sectors—an example of this structure is the Toronto Economic Development Corporation in the city of Toronto, an arm's-length entity from the local government that seeks to disassociate itself from the negative associations that local businesses often place with government. Thus, the structure in which economic development is carried out at the local level often reflects the extent of or the level of partnership with the private sector.

Partnerships with other levels of government are also important, since municipalities often don't have the resources to undertake significant projects, and can't find a private sector partner. The 1994 *Report on Business*' list of "Best Cities for Business" states that the most appealing cities are team players—Moncton is often cited as a model city that has benefited from effective partnerships and cooperation. One of the critical factors behind the success of

the Greater Moncton Economic Commission has been a commitment from all levels of government and Premier Frank McKenna (Advisory Committee, 1993: 19). Other key actors in the economic development process are on the board of the Commission (including representatives from the Greater Moncton Chamber of Commerce, the Atlantic Canada Opportunities Agency, and the New Brunswick Department of Economic Development and Tourism). Many of these agencies are in close proximity to each other, allowing regular networking meetings. New Brunswick's small size is another factor contributing to the province's success, since it allows the Premier to become actively involved in the development of all its major cities.

The Winnipeg Core Area Initiative (CAI) is another example of effective partnerships with senior levels of government. In 1981, Federal, Provincial and Municipal governments agreed on a 5 year, \$96 million urban revitalization program (August, 1994: 80). The agreement was renewed and by 1992, the three levels of government had contributed a total of \$196 million. The CAI has also attracted an additional \$600 million in public and private investments (National Council for Urban Economic Development, 1992: 6). The strategy was based on three objectives:

- stimulate investment, employment and economic growth
- support the physical, economic and social revitalization of inner city neighbourhoods
- maximize the impact of investment through strong central coordination.

This last point was crucial to the success of the Core Area Initiative. Matthew Kiernan, Assistant General Manager of the CAI during the mid 1980s, stated that the coordinating role of the CAI body was the key. Without central coordination, "government programs and the private investment would have been scattered and dissipated and their impact on the area dramatically reduced" (National Council for Urban Economic Development, 1992: 6).

### **Emergence of City-Regions as Economic Entities**

A significant trend is the emergence of what are often termed "city-regions". Large metropolitan areas (usually of at least 100, 000 people) are at the centre of these regions. Economic activity transcends local political boundaries, leading to the call for a redefinition of local government boundaries to coincide with those of the economic region, and for more cooperation between local municipalities.

Local-government reform experts argue that economic development needs to be carried out at this city-region level. When examining different places to locate or expand, firms tend to first focus on a particular region before deciding upon a location within a municipality. International "footloose" firms examine the assets that a whole region has to offer in comparison to other regions in the world. Many regions in Europe are becoming economically specialized and are even achieving some independence from national governments by dealing directly with the European Commission. Moreover, these regions are developing strategic

alliances with other regions and cooperative agreements in technology transfer, R&D and cultural exchange (Blais, 1994: 18). Mississauga Mayor Hazel McCallion states "We are headed towards a world economy...whose components are regions and cities; the economy where national governments will become far less important and less visible in the economic competition that we are in" (McCallion, 1994: 88). National government macro-economic policy, it is argued, is not an effective instrument for fostering the economic growth of these city-regions. Each regional economy with a major city at its core requires specific and customized strategies (Peirce, 1993: 2).

Canadian cities are not immune to the emerging importance of city-regions. The economic health of Canada's largest urban centres is intimately related to the overall health of the national economy. In order for these centres to remain competitive with the rest of the world, it is argued, government structure must reflect the existence of these regional economic units. People have been debating for many years the possible reorganization of local and regional government in the Toronto area to better reflect the extent of the urban area and the economic activities and networks that exist in the region. Debates surrounding the reorganization of local government in large urban areas is usually tied to the issue of service provision and attaining a more efficient and yet still accountable, local government. It is unlikely that the Province of Ontario would create a Greater Toronto Area level of government even if it was the most practical solution, since it would probably rival the province in economic power and political clout. At this time, local municipalities in the GTA are calling for increased cooperation on economic development matters and reduced "cut-throat" competition which detracts from the economic attractiveness of the area as a whole.

London, Ontario recently illustrated one way in which a central city in a relatively large urban area can effectively deal with the issue of competing suburbs, by annexing a significant number of smaller municipalities on its border. The City carried out the annexation for reasons of both regional planning and economic development. The annexation allows the City to continue to offer sites for industrial firms to locate in the City (Sancton, 1994: 36).

A recent task force on Greater Montreal commissioned by the Ministry of Municipal Affairs stated that their vision was to realize a Montreal City Region (Gamache, 1994: 24). They proposed the creation of another level of government which would be called the Montreal Metropolitan Region. The proposed regional government would have several areas of jurisdiction including regional planning and economic development. A unique and interesting feature of the proposal was that the territorial sphere of the Montreal Metro Region would be regularly adjusted to compensate for urban growth and development. At this time, no action has been taken in favour of the proposal.

In B.C., the Greater Vancouver Regional District level of government takes in almost the entire city-region of Vancouver. Sancton views it as the best example of a level of government that is "comprehensive in territory and flexible in function" (Sancton, 1994: 66).

Also in B.C., Vancouver's Cascadia group transcends the boundary between the U.S. and Canada to foster increased cooperation between two western regions. The Cascadia Institute, a

non-profit organization, has a mandate to advance education on issues of economy, culture, and public policy affecting western Canada and the northwestern U.S. by publishing, conducting research and education, seminars, and conferences fostering regional awareness (Cascadia Institute, 1994). Although Cascadia does not constitute a legal form of government, its existence illustrates the importance of recognizing that economic regions ignore national boundaries. Recent Institute activities include:

- a study of Cascadia regional tourism marketing initiatives and opportunities for cooperation in international marketing
- a conference for tourism industry and government leaders to explore opportunities for bi-national initiatives in marketing
- a study proposing a high speed rail-link between Vancouver and Seattle.

Future decisions about the restructuring of local government in large Canadian urban areas will likely have greater regard for the importance of city-regions as global economic units. Municipalities within these city-regions will also likely continue to recognize the need for cooperation within urban areas for effective regional economic development.

### **Municipal Economic Development in the United States**

Municipalities in the U.S. generally have more powers to provide incentives for economic development. Many Canadian municipalities feel that they need access to a similar array of incentives to remain competitive with their American counterparts, especially with the recent reduction of trade barriers and tariffs. Other observers, however, recognize the potential pitfalls of allowing municipalities too much freedom in the pursuit of large employers. For example, tax abatements to large firms willing to locate in a particular area will initially result in a reduction of the total tax base for a municipality and could lead to a reduction in the quality of services provided to local residents. This problem could be compounded if the large employer decides to leave the municipality shortly after arriving, thereby depriving the local area any of the economic spin-off benefits and draining community services without contributing its share of the property tax base.

In comparing local government initiatives between in countries, it is important to keep in mind their different political, institutional and geographical contexts. American local governments have always been relatively independent compared to their Canadian counterparts. Municipalities in Canada are creatures of the provinces, while in the U.S., the concept of "home rule" and local independence is more widespread both in local philosophy and the actions allowed by state legislation. Furthermore, the populations and urban hierarchy of the two countries affects the economic development techniques practiced by local government. In U.S. literature, a "small" city is considered to be any city 50, 000 or under in population. In Canada, however, a city of 50, 000 would be considered large (or at least medium-sized) in the majority of provinces. Related to this issue is the contrast between the inner cities of large urban areas in both countries. Inner city decline is a significant economic



and social problem in all large American metropolitan areas. These areas become stigmatized and the result is high unemployment rates, crime, deteriorated shopping districts and a dilapidated housing stock (Blakely, 1994: 20). In Canada, however, the downtowns of the major cities have not witnessed the same extent of decline; in fact, the downtowns of many large Canadian cities are the preferred areas to live.

As in Canada, the federal government in the U.S. is not extensively involved in promoting local economic development. The main federal government initiatives are federal enterprise zones: that is, geographically targeted tax incentives, capital expenditures, job training and regulatory relief (Rubin and College, 1994: 164). Many states also operate enterprise zones, mainly to revitalize declining inner-city areas by stimulating employment growth through deregulation.

Many commentators on U.S. economic development note that although local governments have been extensively involved in economic development initiatives for a long time, many are reactive in their economic development policies—strategic planning is not common practice (Reese, 1994c). Local governments tend to adopt policies only to deal with an external threat to their economic base or the departure of a major employer, as opposed to establishing a vision for the local community. Others claim the opposite—that local governments' expectations have become more refined over time, as communities seek to build more diverse, stable local economies by targeting higher-quality jobs, and businesses more compatible with community goals, values and resources. Two interesting case studies of smaller towns in the U.S. support this latter hypothesis.

### **Rock Hill, South Carolina**

Rock Hill (Pop.: 43, 000), is an example of a small city successfully transforming its economic base. Traditionally a textile centre until the late 70s, when the city lost all of its mills, in the past few years, Rock Hill has brought in 40 new high-tech, high-wage industries. The community used a strategic visioning process, and their economic development strategy aimed to specialize in particular areas. They wanted to be an education city, a garden city, a business city, a cultural city, a historic city and a functional city. The process was successful because plans were kept flexible to respond to economic forces and new opportunities. (Iannone, 1994: 85)

### **Helen, Georgia**

Helen (Pop.: 265), is a small rural community in the northern Georgia mountains. The community successfully transformed “an old depressed lumber town into a major sales and service economy” and a major tourist area. The strategy began with simple aesthetic improvements to the town; then controls to ensure future development complied with plan standards; and finally, protection of natural areas. Each local business funded its own

improvements initially and then the public sector became involved. This case study illustrates the potential of the local private sector to transform a local economy, and points out that in many small towns, the impetus for economic revitalization has to come from the local business people. (National Council for Urban Economic Development, 1989: 70)

### **Effects of State Legislation**

Studies examining the effects of state enabling legislation on local government economic development practices have shown that cities in states prohibiting property tax abatements are less likely to use financial inducements in general (Reese and Malmer, 1994: 114). Furthermore, it was found that cities in these states were on average more likely to use demand-side techniques than cities allowed a broader range of financial incentives. At this time, state and local government officials in a number of states are reviewing the enabling legislation related to financial incentives (Iannone, 1994: 94). There are proposals to limit the use of financial-incentive programs to projects that provide direct relief to the community proportional to the potential return (future jobs and taxes) on the community's investment.

### **Regional Economic Development in the United States**

In many respects, Canada is further advanced than the U.S. in fostering the creation of effective regional economic development organizations cutting across municipal boundaries. Metro Toronto is often held up as a model by U.S. local government officials, because it has successfully (some may disagree) divided up the delivery of services and fostered cooperation amongst its member municipalities. In the U.S., large cities are characterized by jurisdictional fragmentation—there are often over 100 local government units within one distinct urban area. This problem is further compounded by the affluent suburb—declining inner city antagonism, which works against any efforts at cooperation since the communities involved cannot form a collective vision of the entire urban area.

The Metro Denver Network is an attempt to reduce the effects of fragmentation by initiating a coordinated effort towards economic development in the metropolitan Denver area. In 1993, fifty-three economic development agencies and chambers of commerce had become part of it. This is first example in the U.S. of a regionwide, computerized information system to track every new lead and all available sites, and to provide unified national advertising and coordinated screening of industrial prospects (Peirce, 1993: 14). This network also helped to alleviate problems of competition between local government units for economic development with the metropolitan area. This type of regional cooperation is much more common in Canada.

Recent regional economic-development initiatives in the U.S. included an effort by the state of Ohio, which set up 12 regional economic development offices across the state to assist local governments (Iannone, 1994: 95). The Ohio regional offices are intended to expedite

state assistance and serve as catalysts for regional cooperation. The county level of government is a potential area for regional initiatives, but little space in the economic-development literature has been devoted to exploring this potential. Reese's study on this subject is perhaps the only one of its kind. Reese found that counties generally take a coordinating role and are more likely than cities to practice "demand-side" and entrepreneurial incentives. As would be expected, the study also discovered that cities continue to focus on land-based, governance and infrastructure-related development (Reese, 1994c).

### **Economic Development Techniques in the United States**

The business improvement district is a method used in the U.S. to revitalize downtown commercial areas (Houston, 1994: 13). In 1991, there were about 1000 BIDs or organizations of a similar nature in operation (Coburn, 1991: 31). Local business people fund and manage services in their own area rather than relying on local government to take the initiative. These initiatives are analogous to the way shopping centre tenants contribute towards the maintenance of the mall. business improvement districts all have the following common elements:

- initiative is from local business people who desire services beyond what the local municipality can provide
- the local government determines the boundaries of the district, approves the annual budget and financing strategy and also determines what services may be provided
- business leaders oversee the operations (such as hiring staff, letting contracts) of the district and management is usually in the form of a non-profit organization (Houston, 1994: 14).

BID's in large U.S. cities tend to spend a significant portion of their budgets on cleanup and security while smaller BIDs tend to spend more on marketing, parking and general business-attraction activities. BID success is illustrated by the fact that local business people continue to provide funding for them.

A similar strategy has been employed in the downtown area of Louisville, Kentucky. To revitalize the downtown area, local government officials and business leaders agreed on an extra tax for downtown business (Coburn, 1991: 31). The area covered by the tax is known as the Downtown Louisville Management District or a special assessment district.

In Burlington, Vermont, the managing body of the special assessment district even took on responsibilities that would normally be the exclusive domain of local government, such as issuing vendor licenses, and maintaining and improving the pedestrian mall developed in the the downtown shopping district.

A number of concerns have been expressed about the proliferation of these special assessment districts in U.S. cities. First of all, local officials are concerned that—especially with larger

special assessment districts—a whole new level of government is being created that is not directly accountable to the local residents (Coburn, 1991: 32). Secondly, business people are of the opposite opinion, that the local council's control of the budget of these organizations will lead to excessive political interference and disrupt the efficient running of the district (Houston, 1994: 18). Finally, some believe that these special assessment districts become exclusive areas and are successful to the detriment of other areas in the city.

However, these downtown administrative bodies are not totally unaccountable to the local public. State laws enabling the creation of special assessment districts or BID's include provisions for local government participation and supervision (Coburn, 1991: 32). It is important, for example, that the services provided by the city are properly integrated with the services provided by the special assessment district.

Recent development in downtown Denver illustrates the increasing importance of small business. Three themes are evident: organic growth, entrepreneurship and incremental development (Segal, 1993: 2). The majority of recent job growth has come from small, existing businesses, and was mainly the result of market forces. Recently, the downtown area has not been as subject to the pitfalls of boom and bust cycles, as in the past. It remains to be seen whether the Denver local government will recognize and foster these trends through public policy.

### **ICMA Survey**

The International City Management Association regularly undertakes extensive surveys of economic development techniques employed by American cities over 10,000 population (and all counties over 25,000). The most recent available survey results were published in 1989 (Black, 1991). At this time, local government was the most active agent in economic development (44% of the respondents). The second most prominent actors (33% of respondents) were public/private partnerships, and in the remainder of the cities, the private sector alone was the driving force behind local initiatives.

In terms of local government structure, 40% of respondents had a separate economic development department, 28% placed development responsibilities within the office of the mayor, CAO or city manager. The remaining respondents indicated that economic development was part of a larger community agency (17%) or was decentralized away from the local government (14%). Over half (53%) claimed to have an economic development plan (Black, 1991).

The survey sent to American cities asked about the use of economic development techniques according to a number of different economic development goals. The following is a summary of some highlights.

- 11% engaged in activities intended to develop export markets for their communities' products or services.
- Tax abatement was the most popular financial tool; used by 29.3% of the local governments pursuing the goal of attracting new business and 23.1% of those attempting to retain or expand existing businesses. Cities and counties with populations between 250, 000 and 499, 999 give tax abatements most frequently.
- The issuance of bonds for private development was the most popular financial tool for industrial development (27.2% of the respondents).
- Direct loans to private businesses were made by 14.1% of local governments with the goal of developing small business in their communities.
- Midwestern and southern communities made extensive use of tax abatements to attract industry (Cope, 1990).

Reese's recent paper examining economic development techniques employed by a small sample of Michigan cities found industrial tax abatements to be the most popular (used by over 80% of the cities sampled) (Reese, 1994b). Other widely-used techniques included tax increment financing authorities, commercial tax abatements, boosterism, infrastructure development, downtown development authorities, loans and loan guarantees. More "entrepreneurial" and demand-side techniques such as training programs and incentives were not nearly as popular.

Despite the differences in political, institutional and geographical structures, it is instructive to compare the economic-development philosophies and practices of U.S. local governments with their counterparts in Canada. U.S. local governments tend to have broader powers to give financial incentives to private businesses, and tend to utilize this ability when the state enabling legislation permits. It also appears that competition between local municipalities within the same urban region is a much more serious problem in the U.S. than it is in Canada, where efforts at regional economic development have been more successful.

## Chapter 2

# **Municipal Powers in Economic Development by Province**

The following section outlines provincial/territorial legislation relating to the powers of municipalities in the area of economic development. Most of the information given for each province/territory was supplied by provincial/territorial government officials. The names of these officials can be found at the end of the *References* section.

### Yukon Territory

Municipal councils in the Yukon have a number of powers in the area of providing assistance to private businesses, subject to provincial approval. Section 374(1) of the Yukon Municipal Act gives councils permission to provide the following forms of assistance to help an industrial or commercial enterprise:

- a gift or loan of money or of any municipal property
- a guarantee of any borrowing
- an exemption from taxation or service charges or fees (Yukon Municipal Act: 124).

This section of the Municipal Act also indirectly permits municipalities to become involved in the rental of buildings for industrial purposes.

The Act also allows councils to provide grants to “any person or association of persons”, including non-profit organizations. This grant is also subject to approval by a provincial minister if the grant reduces property taxes or fees established for services provided (Yukon Municipal Act: 62).

Section 248(1) and (2) allows municipalities to acquire property for any municipal purposes “by purchase, gift, lease or otherwise” and also to reserve land for a specific municipal or public purpose, but does not explicitly authorize municipalities to donate property to private businesses (Yukon Municipal Act: 71).

Through Section 216, reserve funds can be created by Yukon municipalities. Municipalities are not allowed to contribute to investment funds or community loan funds, and partnerships with the private sector are not permitted.

A potential change in the Act will give municipalities the ability to franchise out utilities, but the main sections relating to municipal powers in economic development are unlikely to change in the near future. In general, Yukon municipalities are expected to foster economic development through the provision of basic infrastructure. They are encouraged by the Territorial government to facilitate economic development through cooperation with local

organizations, such as Chambers of Commerce and Tourism Associations (Douglas Smith and Associates, 1994).

### **Northwest Territories**

Under the Cities, Towns and Villages Act, municipalities in the Northwest Territories are not allowed to provide any type of financial incentives—including providing tax exemptions, loaning or guaranteeing money—or subsidizing private companies. Nor are they permitted to assist non-profit organizations in any fashion, provide incubator facilities, contribute towards investment funds or take part in public/private joint ventures.

Northwest Territories' municipalities have the power to create industrial parks. They have done this in the past by securing the transfer of land from the territorial government, servicing the land as an industrial park and then reselling the land to developers. Municipalities may only acquire, develop or dispose of real property to carry on a business if the Minister of Municipal Affairs approves. This type of municipal action will be approved if it is found to be in the "public interest and for municipal purposes" (Cities, Towns and Villages Act: 44).

As in the Yukon, the Territorial Government has a key role in local economic development in the Northwest Territories through the Department of Economic Development and Tourism. Also, only 7 municipal corporations out of over 50 communities are tax-based, thus removing one of the needs to pursue municipal economic development strategies (Douglas Smith and Associates, 1994).

### **British Columbia**

Municipalities are prohibited from providing any form of aid to an industrial or commercial private company, or participating in any investment fund. There was an exception to this rule between 1985 and 1990 through the Provincial-Municipal Partnership Act. With this Act in place, municipalities could enter into agreements with the Province to provide tax relief for industrial improvements and vacant industrial buildings, reductions in business license fees, or development cost charges and discounted electricity rates.

B.C. municipalities are permitted to provide grants to charitable institutions or community organizations such as arts or cultural centres, libraries, tourist associations and the local chamber of commerce (Sec. 269, BC Municipal Act). Moreover, municipalities can become involved in the operations of a private company. A municipality has full power to engage in any commercial, industrial or business undertaking and to incorporate a company for that purpose or to acquire shares in a corporation engaged in those undertakings (Section 19(3), BC Municipal Act). This provision is rarely utilized, but there has been at least one case of a municipality forming a company jointly with the private sector to protect local economic activity. The City of Revelstoke formed a company with the local sawmills in order to buy a

tree farm licence. The licence, which supplied wood for local sawmills, was in danger of being sold to an interest outside of the community.

In BC, it is possible that municipalities could, with a Minister's order under Section 288 of the Municipal Act, sell property at less than market value. With the recent addition in 1994 of Section 536.1, the authority of municipalities to sell or lease municipal property at less than market value to a non-profit corporation is clarified.

Section 530 of the Municipal Act allows municipalities to develop municipally-owned property for industrial purposes, but the act of developing industrial parks is left mainly to the private sector. In the early 1980s, however, the joint Federal/Provincial Industrial Development Subsidiary Agreement provided an incentive for a number of municipalities to develop industrial parks. The BC Municipal Act does not explicitly prohibit municipalities from operating, guaranteeing, building and developing industrial rental properties; however, they cannot offer all of the services usually associated with incubator facilities.

Additional powers include the ability of municipalities in BC to create business improvement areas (Section 269., BC Municipal Act). The organization receiving funding for a BIA might undertake street and building improvements and other initiatives designed to promote businesses within the area. The local council would require the BIA applicant to recoup all or part of the grant money from the property owners within the BIA. The BIA initiative is part of the larger Provincial Downtown Revitalization Program. This Program consists mainly of provincial funding for physical improvements to downtown areas, such as capital works loans and facade improvement grants.

Legislation was recently introduced which may provide municipalities with further powers in economic development. Bill 57 (1993) provided comprehensive development zoning, density zoning, zoning for affordable and special needs housing and housing agreements. In addition, Bill 57 gave authority to the Province to empower municipalities. This authority potentially increased regional and municipal empowerment for affordable housing initiatives but it is not necessarily restricted to that purpose. It allows the Province to design local government authority for particular cases and could be used for economic development programs.

## **Alberta**

Alberta has the most permissive legislation governing Municipal economic development powers.

Section 50 of the Municipal Government Act, which came into effect in January 1, 1995, permits municipalities to pass a bylaw creating a business revitalization zone for:

- improving, beautifying and maintaining property in the zone
- developing, improving and maintaining public parking



- promoting the zone as a business or shopping area (Section 50, Municipal Government Act).

The business revitalization zone is governed by a council-appointed board (Section 51(1)). The Minister maintains significant control over the zones through the power to make regulations under section 53 (regarding factors such as the powers and duties of the board, the board's annual budget and restrictions on the municipality providing money to the board). Business revitalization zones currently come under Alberta Regulation 377/94.

Under section 364 of the Act, municipalities may exempt non-profit organizations from property taxation.

As well, municipal councils may assist non-profit organizations involved in the promotion of economic development. Section 264(2) states that municipalities may lend money to non-profit organizations. Councils (and the provincial government) may also provide assistance through the form of professional business advisors.

Municipalities have the power to establish land banks for industrial parks, and this has proven a widespread practice. In addition, surplus floor space in a municipal building may be used for industrial rental. If property acquired by a municipality is no longer needed, the municipality may dispose of it, and until the property is sold, may rent it or lease it. With proper advertising, section 70(1)(a) permits a municipality to transfer ownership of land for less than market value.

Municipalities are allowed under certain conditions to participate in investment funds and many do so. According to section 250(5), a municipal council may acquire, hold and dispose of a membership or shares in:

- a society, credit union or co-operative established under a law of Canada or Alberta
- a corporation that is prohibited from paying dividends to its members and distributing the assets to its members on a winding-up
- any other entity established under a law of Canada or Alberta for a purpose other than to make a profit.

Under section 73, municipalities in Alberta can also be authorized by the Minister to control private companies to accomplish municipal purposes.

The powers of municipal government in Alberta have been significantly changed by the new Municipal Government Act, which came into effect on January 1, 1995. Through this act, municipalities have most of the same rights and powers as a natural person. Moreover, municipalities are permitted to undertake any type of activity not restricted by the Municipal Government Act or other legislation—in the past, municipalities could do only what was prescribed by their governing legislation. There is also a significant reduction in provincial involvement in municipal affairs under the new legislation.

A provincial program announced in February 1995 allows even greater freedom for small municipalities in Alberta to pursue their own development initiatives. Rural communities will be able to raise capital for new or expanding businesses through local opportunity bonds. Initially, there will be three pilot projects. The local business contributes between 25 and 35% of the financing for its project while the community provides the rest through bond issuing (Canadian Press, 1995). Thus, Alberta municipalities—which have had more freedom in the area of economic development than most provinces—will be able to exercise yet more power under the new Municipal Government Act and bond issue program.

### **Saskatchewan**

Urban municipalities in Saskatchewan are not permitted, under the Urban Municipality Act, to “bonus in any manner, subscribe for stock in or guarantee the payment of any bonds or debentures issued by any industrial or commercial undertaking” (Sec.81, 1984). They can, however, provide tax exemptions and grants “or provide goods or services in aid of any person or organization within or outside the urban municipality for any purpose”(Sec.178(2)). Municipalities may provide assistance to non-profit economic development corporations. Cottage tourism, commercial and industrial enterprises tend to benefit from the use of this power. Councils can abate or cancel taxes already levied (section 285(1)); these abatements can include both the municipal and school parts of the tax or just the municipal portion. Overall, municipalities have significant powers to provide tax exemptions and abatements on commercial and industrial properties.

As in BC, Saskatchewan urban municipalities may create business improvement districts. These BID’s are administered by a board made up of at least one council member, as well as local business people (Section 108). The Board of the BID would undertake activities such as improving or beautifying publicly owned buildings, promotional activities, and acquiring land within the district (Section 109). Through Section 118, a local council also has the power to undertake “a project for the purpose of revitalizing the downtown area of the urban municipality.”

Local councils may acquire land for industrial purposes, although they can sell the land only at fair market value (Sec. 168(2)). Through the Saskatchewan Economic Development Corporation, many of the larger cities—as well as some of the smaller centres—have developed their own industrial parks. Section 11 of the Municipal Industrial Development Corporations Act allows municipalities to establish incubator facilities. The purpose of this Act is to “further the economic development of cities and towns by facilitating the providing of accommodation and financial assistance to industries.” The authority to create incubators has not been used extensively in Saskatchewan.

Saskatchewan urban municipalities can participate in investment funds only if they are guaranteed by the Province of Saskatchewan, the federal government or another provincial

government (Sec.234, Urban Act). Section 255 of the Rural Act allows rural municipalities to hold shares in corporations, whether they be business or a non-profit. These powers are used to invest in local economic development initiatives through Community Bond programs and local economic development corporations. A Community Bond corporation can be formed within a municipality and either offer bonds for a specific project, or build an investment fund for the community. To keep that money within the community, only Saskatchewan residents and incorporated Saskatchewan organizations are allowed buy the bonds. These bonds are guaranteed by the Province of Saskatchewan (Saskatchewan Economic Development, 1994).

In terms of joint ventures with private businesses, Saskatchewan municipalities may form associations with any person or association of persons to deliver municipal services (Sec.175 of the Urban Act).

### **Manitoba**

In Manitoba, the City of Winnipeg is subject to legislation separate from all other municipalities in the province. In many cases, Winnipeg is allowed greater freedom to foster economic development.

Under Section 138 of the City of Winnipeg Act, the City can make grants for any purpose that in council's opinion "may be in the interests or to the advantage of the city or the inhabitants of the city". Section 313 discusses the ability of the City of Winnipeg to provide loans for community undertakings. Also, the City of Winnipeg is permitted under Section 242, to cancel any taxes, debt or monies owing to the City. Sections 138 and 242 of the Act, however, are not meant to act as inducements for business. Other municipalities in the province do not have the same degree of power in terms of the potential types of financial incentives to private businesses. Municipalities can help non-profit organizations working to stimulate the economy by grants to regional or community development organizations (allowed by Section 380 of the Municipal Act). The agreement governing the grant to the regional development corporation must not last more than three years. Tax exemptions are available to historic buildings in all Manitoba municipalities while they are being renovated.

Municipalities have the power to establish industrial land banks and they can acquire property for development and resale (Section 203 of the Municipal Act). Under Section 159(3) of the City of Winnipeg Act, the City can assemble land for "commercial or industrial development or redevelopment." Moreover, the City of Winnipeg also has the power to establish an industrial incubator facility. Under Section 159(2), the City can redevelop land, construct and place buildings on the land, lease them as well as operate and manage the buildings. The rest of the municipalities in Manitoba cannot operate, guarantee, build or develop industrial rental properties, or offer specialized management and administration service. Some municipalities rent out office space in municipal buildings. This type of activity is not equivalent to establishing an industrial incubator, for example.

Both the City of Winnipeg and the other municipalities in Manitoba may donate property to private businesses. This power is subject to the approval of the Minister for municipalities other than Winnipeg.

Municipalities in Manitoba, including Winnipeg, cannot participate in investment funds; they can only invest in funds guaranteed by the Province. Municipalities outside of Winnipeg can associate financially with private enterprise or join with it to offer community services, infrastructure and equipment as long as it falls under anything that would be otherwise empowered to do on their own. The City of Winnipeg is empowered to undertake these joint initiatives and has successfully done so in the past through the Core Area Initiative, the Forks Renewal Corporation and the North Portage Development Corporation.

Further powers of Manitoban municipalities include the ability to undertake work projects approved by the appropriate provincial minister for the relief of unemployment in the municipality (Section 14(1) of the Social Allowances Act). Moreover, Section 197 of the City of Winnipeg Act allows the City to establish Business Improvement Zones (BIZs). The Board of the BIZ is authorized to make physical improvements to City land in the zone, and promote the retail and commercial activities within the zone. Section 687 of the Municipal Act permits other municipalities in Manitoba to create business improvement areas which have similar purposes as the BIZs. The City of Winnipeg Act also ensures that economic development factors are taken into consideration in planning decisions.

### **Ontario**

Ontario municipalities are prohibited by Section 111 of the Municipal Act from providing any form of financial assistance to a private company. This section states that council shall not directly or indirectly assist any manufacturing business or other industrial or commercial enterprise through the granting of bonuses in aid. The only exception is providing funds indirectly to small business through the provision of an incubator facility.

Municipalities may make grants to assist non-profit organizations working to stimulate the economy (such as local chambers of commerce) but they may not use such bodies to channel municipal funds to commercial businesses. The 1993 Community Economic Development Act enables municipalities to provide assistance to non-profit community development corporations or commissions, and to corporations managing community loan funds which lend to small business. Bill 40 amends Section 112.3 of the Municipal Act such that municipal council can provide financial or other assistance at less than fair market value or at no cost to a community economic development corporation. This assistance can include:

- giving or lending money and charging interest
- giving, lending or leasing property
- providing the services of employees of the municipality

But the municipality cannot, under this new amendment, “obtain, guarantee or purchase an interest in ... a security of a community economic development corporation or an asset, liability or guarantee of a community economic development corporation” (Section 112.4—amendment to the Municipal Act). Ontario municipalities may sponsor Community Investment Share Corporations and Community Loan Fund Corporations.

Many municipalities in Ontario have the power to and have established industrial parks, but they cannot donate unused real property to private businesses. Incubator facilities for new small businesses can be established under Section 112 of the Municipal Act. Only a few of these facilities remain—those in Toronto, York, and London—because of the levels of subsidy needed to keep them running.

Ontario municipalities are not permitted to invest public funds in preferred or common shares of corporations either directly or indirectly through investment funds. They may invest in a wide variety of fixed income securities either alone, in a pool with other municipalities and/or in a pool with other local agencies (this is allowed through the provisions of Bill 40).

Municipalities in Ontario may not enter joint-venture agreements with private businesses for the purposes of private enterprise. There are some exceptions: a 1992 private bill permitted several neighbouring communities in northern Ontario to form a commission to enter a joint venture with a private company to convert a local plant to new technology. The West Nippissing Economic Development Corporation involved the towns of Sturgeon Falls and Cache Bay, and the Townships of Springer, Caldwell and Field. This was a non-profit economic development corporation, created in order to facilitate attracting economic development to the West Nippissing Area. It allowed for an increased ability to provide financial assistance. Also, the City of Toronto has private legislation enabling it to pursue certain environmental initiatives respecting air pollution, including joint ventures to develop commercial products or services in this area. It is unlikely that future private bills will be enacted as Bill 40 sets out the appropriate structure for a municipality’s relationship with the private/non-profit sector in the area of economic development.

The contents of Bill 40 also affect infrastructure provision in municipalities. Through Section 48, municipalities can provide a prescribed range of public capital facilities in partnership with private business partners. Council may provide financial or other assistance at less than fair market value or at no cost to any person who has entered into an agreement to provide municipal capital facilities. (Section 48.4). This section would remove certain obstacles that currently discourage municipalities from entering into co-venturing and related types of agreements with the private sector to procure and finance public infrastructure facilities. Significant benefits can be realized by forming partnerships with the private sector to procure and finance public infrastructure (Bill 40 Technical Statement).

Since 1970, Ontario municipalities have been able to utilize business improvement areas to improve their commercial areas. The BIA is established through a by-law passed by council at the request of the local business community. The organization is funded by a levy on

municipal business taxes within the area (Ministry of Municipal Affairs, 1987: 4). The levy is collected by the municipality but administered by the members of the BIA for implementation. BIA programs typically involve improvements to the physical environment as well as promotional activities. The council appoints the Board of Management (on recommendation of the business community) to administer the BIA.

Finally, Bill 163, recently implemented, will amend the current Ontario Planning Act and aims to streamline the planning approvals process, improve the clarity of provincial policy, and make local government more open and accessible to the public.

## **Quebec**

Municipalities in Quebec are limited in their ability to provide financial assistance to private businesses. The Municipal Aid Prohibition Act prevents municipalities from purchasing shares in a company, lending money to, or guaranteeing a loan for a company, or giving a tax exemption to a private enterprise. However, they can assist non-profit organizations whose mandate is to promote economic development in the local community. Moreover, Quebec municipalities can loan to, and guarantee loans to these organizations.

Another exception to the prohibition of financial assistance to private enterprise is in the area of downtown revitalization. Within a plan of revitalization program, a municipality may grant a tax credit or grant for renovation work on buildings, to temporarily compensate for the increase in property taxes resulting from this work (Quebec Ministry of Municipal Affairs, 1994a: 6). The exemption cannot exceed 100% of the property tax in the first year and 50% in the second year. In the framework of a downtown revitalization program, a municipality can give a subsidy up to the cost of the work in the program.

Local municipalities cannot participate in investment funds or community loan funds, although recent legislation permits Regional County Municipalities to become involved in this area of economic development. Under recent legislation, RCMs can participate in investment funds that help developing local enterprises as well as help local people starting up their own business. The investment fund is managed by a non-profit organization, independent of the RCM. The 96 RCMs are divided up into three groups for the purposes of administering this fund—less wealthy (40), of medium wealth (24) and relatively rich RCMs (32). Both the Province and the local governments contribute to the investment fund with the local government share increasing from the less wealthy to the wealthy category of RCMs. The maximum amount that an RCM can invest in a local investment fund is \$500, 000. Montreal and Quebec City have special powers in this area.

Quebec municipalities form partnerships with the private sector only for service contracts. There has been no instance of complete privatization of a particular municipal service (Quebec Ministry of Municipal Affairs, 1994a).

Municipalities in Quebec are actively involved in economic development through economic development corporations acting as agents for the municipality. These corporations can cover one or more municipalities. Municipalities can give them grants and delegate management functions to them. Moreover, municipalities can create offices of tourism; manage them or give them over to non-profit bodies.

For the purposes of revitalizing their urban cores, municipalities may acquire, dispose of or rent out buildings (Quebec Ministry of Municipal Affairs, 1994a). Municipalities can occupy these buildings, administer them, execute renewal work, and conduct demolition work.

Municipalities can build up property reserves which can be disposed of in order to build residential areas, or they can sell the property at a lower than market cost to a non-profit organization such as a housing cooperative (Quebec Ministry of Municipal Affairs, 1993). In this way, the municipality can stimulate the construction sector through encouraging the building of housing while at the same time providing more housing units for the municipality.

A specific act governs the creation of industrial parks. Since the law on municipal industrial immovables was passed in 1961, 200 industrial parks in 107 municipalities have been created. Since 1989, the law has permitted municipalities to act more directly in industrial development (Quebec Ministry of Municipal Affairs, 1994b: 40). This law has a number of benefits for local economic development. First of all, it reduces the obstacles for the establishment of industry and allows them to concentrate. Secondly, it limits industrial land speculation and permits the municipality to recoup the added-value of the land. Finally, it assures the best location for industry (1994b: 38). The powers under this law are the most direct tools for economic development that a municipality has at its disposal. Space can be rented for industrial uses in buildings owned by the municipality for a period of three years and the lease can be renewed for another three years. Recent amendments have reduced the controls exercised by the provincial ministries in this area and have given more control over to the municipalities. Services to private enterprises cannot be provided outside the premises of the industrial rental buildings.

### **New Brunswick**

Under the Municipalities Act, New Brunswick municipalities are allowed to undertake basic infrastructure provision, as well as tourism and industrial development and promotion, urban renewal and land assembly. They are not able to grant tax exemptions to private companies, but they can financially assist a non-profit organization involved in economic development. Land reserves can be created by municipalities under certain conditions. Municipalities are not empowered to operate incubator facilities (but they can indirectly operate incubators through Regional Economic Development Commissions), nor can they contribute to investment funds. Also, New Brunswick municipalities are allowed to form partnerships with the private sector to provide services under certain restrictions.

While the cities of Saint John and Moncton have their own economic development departments, most economic development activities are undertaken by the nine Regional Economic Development Commissions. The REDCs have the following mandate:

- assist in the identification, creation and expansion of business
- stimulate economic activity by coordinating manufacturing, processing, selected services and tourism development
- promote existing provincial government programs
- act as a liaison between business and government
- assist in the establishment of infrastructure
- foster an entrepreneurial spirit in the region
- provide access to low-cost business advisory services
- gather information and statistics on the Region
- manage industrial parks (Douglas Smith and Associates, 1994).

### **Nova Scotia**

Municipalities in Nova Scotia cannot provide financial incentives (lend money, subsidize, or grant a tax exemption) to private businesses. They would be able to do so only by special provincial legislation. Moreover, they cannot provide assistance to non-profit organizations involved in economic development except for local development commissions. Municipalities can and do create land reserves for industrial purposes.

The main way Nova Scotian municipalities exercise powers in the area of economic development is through the creation of industrial commissions. These can be created by one municipality or two or more municipalities (an area industrial commission). The objectives of the industrial commissions as set out in Section 12 of the Industrial Commissions Act are as follows:

- solicit and encourage the establishment of and development of new industries
- encourage the development of existing industries
- conduct or sponsor publicity campaigns for the area
- prepare and disseminate statistical data on the area
- make recommendations to any municipal body regarding such matters as zoning, the provision of industrial sites, and municipal taxation
- cooperate with other government agencies involved in the promotion of economic development.

Section 13 of the Act describes the powers of these industrial commissions. The commissions may:

- receive grants of land or money from any government as well as receive gifts of real property



- acquire real property in any way and dispose of it in any way
- borrow on the security of the commission's real and personal property
- conduct alterations to the buildings owned by the commission
- invest and deal in securities
- act as an agent for any person in acquiring land or altering a building for industrial or commercial purposes.

To assist an industrial commission in carrying out its mandate, a municipality may grant or lend money to the commission as well as guarantee a loan by the commission (Section 18).

The municipality appoints members to the industrial commission, making it indirectly accountable to the citizens of the municipality. The members of the industrial commission vote on the election of a chair, vice-chair, secretary and other officers. The length of the terms of office of the members are decided before the election by the industrial commission members.

Until recently, there were about 30 industrial commissions of different sizes in Nova Scotia. Many were kept running only with provincial support. A recent initiative by the provincial government seeks to reduce the number of commissions in Nova Scotia to twelve—another illustration of the trend towards the regionalization of economic development. Some of the industrial commissions in larger cities will remain while the commissions in the rest of the province are being reorganized for greater efficiency.

These new economic development bodies will be called "Economic Renewal Areas" and will help to consolidate and coordinate economic development efforts of the three levels of government as well as the numerous community-based groups across the province (Province of Nova Scotia, 1994). The 12 regions were initially defined by the provincial and federal governments after consultation with municipal leaders and community organizations. The federal, provincial and municipal governments will provide equal shares for the operating funds of the coordinating bodies of the Renewal Areas.

### **Prince Edward Island**

Municipalities in Prince Edward Island are allowed to exercise a relatively wide range of incentives in the area of economic development. Section 30 of the Municipalities Act sets out the powers of municipalities which include the ability to provide:

- community or regional development
- tourist development and promotion
- industrial or commercial development and promotion
- housing development and promotion
- land assembly for municipal purposes
- community development projects.

Municipalities can lend money to, subsidize or grant a tax exemption to a private company. Tax relief, however, must be by rebate as all taxes (including the Municipal tax) are collected by the Province.

Non-profit organizations involved in economic development may be assisted by municipalities in any way within the municipality's legislated ability.

Municipalities may also create an industrial land reserve, become involved in industrial incubators, contribute to investment funds, form partnerships with private firms to provide services as well as donate unused real property to private businesses (Provincial Response). These initiatives are carried out through the establishment of industrial commissions as well as Local Economic Area Development Corporations (Douglas Smith and Associates, 1994). Two regional development corporations have been formed: in Charlottetown (in 1974) and in Summerside (in 1971). These corporations have a general mandate to promote economic development in their respective areas and to coordinate the efforts of the local business community.

One should keep in mind that about half of Prince Edward Island's municipalities are former Community Improvement Committees incorporated under the now defunct Community Improvement Act. These entities have no significant powers pertaining to economic development but they can petition the Minister for more.

### **Newfoundland**

Municipalities in Newfoundland are relatively restricted in their authority in the area of economic development, which is mostly the responsibility of the Rural Development Associations and the Provincial economic development department. Only the largest cities in the province have their own economic development departments.

Municipalities in Newfoundland are permitted to provide tax discounts to private companies. A council may allow a discount in taxes at a rate not exceeding 10% of the tax where the tax is paid within 30 days after it first becomes due (Section 107 of the Municipalities Act, 1990). Moreover, local councils may grant an exemption, remission or deferment of taxes for any period of time. Joint ventures can be formed with private businesses to provide services to the local population. A municipality may use its own surplus staff or equipment to provide a service where this service is not available from the private sector. (For example, snowclearing equipment could be utilized to clear a private road or parking lot.) In all cases, the Council must charge commercial rates. The municipality can also contract to do work, supply goods or provide a service not authorized for the local council (Section 447). Municipalities are not permitted to assist non-profit organizations involved in economic development in any way, nor can they contribute to investment funds or a community loan fund.

They can designate land for any purpose, including industrial, through the municipal planning process. They are not able to create industrial land banks, nor can they become involved in industrial incubators.

Community-based economic development seems to have a more prominent role in Newfoundland than municipal-led strategies. There are 59 Rural Development Associations throughout Newfoundland and Labrador. Each association is composed of a volunteer executive and a board of directors elected from the development committees set up in each region. The Newfoundland Rural Development Council, created in 1969, is an umbrella organization which oversees all of the regional development associations. Its mandate is to promote the social and economic development of the "province's human and natural resources."

Newfoundland has recently adopted a number of new policies to assist business. This new legislation offers significant tax breaks, start-up assistance and nominal-fee Crown land leases to encourage new business investment. Provided certain conditions are met relating to the number of jobs created for local people, both existing and new businesses will be able to take advantage of taxation, productivity and labour relations incentives. They will receive designation as an Economic Diversification and Growth Enterprises (EDGE) corporation. In the case of existing businesses, incentives are only applicable to the expanded portion of the business.

The following are the criteria used:

- minimum capital investment of \$300, 000 or the potential to generate incremental sales of \$500, 000 annually
- potential to create and maintain at least 10 permanent jobs
- new business must be consistent with the government's Strategic Economic Plan
- business must be consistent with the principle of sustainable development
- business must prove that incentives attracted it to Newfoundland
- new business must not compete with or adversely impact upon existing businesses
- new business must have the potential to generate substantial value-added benefit to the economy.

The taxation benefits include:

- a 10 year holiday from provincial corporate income, post-secondary education and health (payroll) tax and retail sales taxes
- 5 year phasing in of these taxes following the 10 year holiday
- municipalities decarling themselves as EDGE participants can grant an EDGE corporation a 10 year tax holiday, followed by a 5 year phase-in of full property taxes or business taxes or both
- the 10 year holidays may be extended for up to five additional years in economic zones where the unemployment rate is greater than the provincial average.

In addition, the company must submit a comprehensive business plan to be able for designation as an EDGE corporation. (Source: Newfoundland Department of Industry, Trade and Technology, 1995)

The productivity aspect proposes to grant \$2000 for each permanent job created for new and expanding businesses for the first five years.

Further provisions under this new strategy include the leasing of unserviced Crown land to EDGE corporations for up to 50 years for the nominal fee of \$1 if serviced land is unavailable or cannot be obtained at reasonable cost. There will also be an option to purchase the land for \$1. In addition, after designation as an EDGE corporation, a business may request the appointment of a facilitator to assist with the approvals process for permits and licences.

Additional initiatives by the provincial government include a proposal to establish a province-wide system of Regional Councils to reduce some of the present inefficiencies in a local government system which has twice as many communities as B.C. but one quarter of the population. The new Regional Councils would coincide with the 17 economic zones proposed under the Province's Economic Strategy.

### **Summary of the Powers of Municipalities in Economic Development**

The table which appears at the end of this chapter, summarizes the powers of municipalities in economic development across Canada. Alberta has the greatest freedom to pursue economic development strategies. The City of Winnipeg also has significant powers to foster growth and development in its area.

ICURR Intergovernmental Committee on Urban  
and Regional Research

In both the Yukon and Northwest Territories, the provincial government plays a significant role in local economic development. Individual municipalities are limited in what they can do without provincial approval. BC municipalities are restricted in their ability to provide aid to private companies, although recent legislation allows the Province the authority to give municipalities greater powers in the area of economic development. Alberta municipalities are subject to the most permissive provincial governing legislation, and recent changes to the Municipal Government Act give local governments even more flexibility and freedom to pursue economic development initiatives. Urban municipalities in Saskatchewan are also allowed a relatively wide range of powers, especially in providing assistance to non-profit economic development organizations. They also have the power to create industrial incubators; but this power has not been used extensively.

In Manitoba, the City of Winnipeg has greater freedom to pursue economic development activities than the rest of the province (and also most other provinces), since it is under separate provincial legislation. Ontario municipalities are prohibited from offering any type of financial incentive to private businesses, although under the recently passed Community Economic Development Act, Ontario municipalities can provide assistance to non-profit

community development corporations. Amendments to the Ontario Planning Act will help to streamline the development approvals process. Quebec municipalities can provide financial assistance to non-profit organizations and can also give grants for downtown revitalization. The cities of Montreal and Quebec have special powers to promote economic development.

In the Atlantic provinces, regional economic development organizations are more active players than the municipalities. In New Brunswick, the Regional Economic Development Commissions undertake most economic development functions. In Nova Scotia, municipalities implement economic development functions through helping to fund the industrial commissions, which have a relatively wide range of powers. In Prince Edward Island, municipalities can exercise a wide range of incentives, but few can take advantage due to a lack of resources. Most economic development activities are undertaken by Regional Development Corporations. Similarly in Newfoundland, the Rural Development Associations are the most active players in the rural part of the province. With the new provincial policies, however, more powers are being given to municipalities to provide tax breaks to private businesses. As is the case with all of the Atlantic provinces, the provincial and federal governments play a key role in fostering the growth and expansion of businesses.

Creating land reserves for economic development is the most common power available to and used by Canadian municipalities. The power to create incubators is also available to a number of provinces, although it not as widely used. Finally, financial assistance to non-profit organizations is another common municipal power across most provinces and territories.

**Summary Table: Powers of Municipalities in Economic Development by Province and Territory**

	NFLD	PEI	NS	NB	QUE	ONT	WIN	MAN	SASK	ALTA	BC	NWT	YUK
• Financial Incentives	L	Y	S				Y		Y	Y			Y
• Financially Assist Non-Profit Organ.		Y		Y	Y	Y	Y	Y	Y	Y	Y		
• Land reserves for industry	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
• Incubators			Y		Y	Y	Y		Y	Y			
• Contribute to Investment funds			Y				G	G	G	Y			
• Partner with private sector	Serv	Serv		L		Serv	Y	Serv	Serv	Y	Y		
• Donate or sell property at less than mkt value	Y	Y			Only to Non-Profit		Y	Y		Y			
• Total Number of full powers	2	4	3	2	2	3	6	3	4	7	3	1	2

ICURR Intergovernmental Committee on Urban and Regional Research  
 Comité intergouvernemental de recherches urbaines et régionales CIRU

Y = municipality has the power to undertake this activity  
 L = limited powers  
 S = by special legislation only  
 G = if guaranteed by the province  
 Serv = only for the purposes of providing municipal services



## Chapter 3

# **Economic Development Survey: Summary and Methodology**

### Survey Methodology

The following section describes the sampling methodology for the economic development survey, the questionnaire, and the response rates by province.

Table 1 below shows sample composition for the economic development survey. All cities in Canada over 50, 000 people are part of the survey. The provincial breakdown for these cities is in the second column. A sample of local municipalities was selected amongst all the provinces and territories based on each province's share of Canada's total population. Local municipalities were randomly selected within each population size category. The smaller provinces were over-sampled in order to obtain a sufficient number of cases, based on their share of the country's population. Finally, regional governments and regional economic development organizations were chosen based on information received from each province. Regional governments and RCM's are part of the sample for Ontario and Quebec respectively. The Manitoba sample includes 7 rural municipalities. The Saskatchewan municipalities are all urban municipalities.

**Table 1: Sample for Survey**

<b>Province</b>	<b>Local Municipalities</b>	<b>50000+ Cities</b>	<b>Regional/ Other Grps</b>	<b>Total Sample</b>	<b>Population %</b>	<b>Sample %</b>	
Newfoundland	12	1	0	13	2.10	3.13	*
Prince Edward Is.	6	0	6	12	0.48	2.89	
Nova Scotia	15	2	10	27	3.32	6.51	
New Brunswick	12	2	9	23	2.67	5.54	
Quebec	33	17	31	81	25.43	19.52	
Ontario	55	37	18	110	37.19	26.51	
Manitoba	18	1	8	27	4.03	6.51	
Saskatchewan	18	2	3	23	3.65	5.54	
Alberta	24	4	0	28	8.72	6.75	*
B.C.	30	14	8	52	12.10	12.53	
Yukon	6	0	0	6	0.10	1.45	*
N.W.T.	8	0	6	14	0.21	3.37	
<b>Total</b>	<b>237</b>	<b>80</b>	<b>99</b>	<b>415</b>	<b>100</b>	<b>100.0</b>	

Total Sample Size: 415

\* No regional economic development organizations sampled



There were two different versions of the survey mailed out in two different languages. The questionnaire was changed slightly for the regional economic development organizations. The basic questions regarding the economic development techniques used remained the same in both versions ( please see Appendix 1). Surveys were addressed to economic development officers for the municipality where possible. The Chief Administrative Officer, Clerk or Planning Director were used in other cases.

### **Economic Development Techniques**

The main part of the survey (which asks about economic development practices used), is based on the ICMA economic development survey to American cities, although categories have been modified to reflect the Canadian context. Respondents were asked whether they use a particular economic development technique and how they rate its usefulness on a scale of 1 to 5 (1 being very useful; 5, detrimental). The following is a brief description of the categories used in the survey.

### **Marketing Techniques**

Included here are all the basic information and promotional materials most municipalities supply to businesses wishing to locate or expand in their area. This division includes: taking part in trade show displays, producing information brochures or promotional videos, industrial site inventories and local business directories. It also includes methods of promoting the municipality through journal, newspaper, radio and TV advertising.

### **Tourism Promotion**

The promotion of tourism is another activity undertaken by many municipalities as it is seen as a “clean” industry which can bring significant economic benefits to the local community. Specific activities include undertaking tourism marketing, the organization of local events such as festivals and sporting events, the participation in regional tourism (if the respondent is not a regional body) and the promotion of the municipality or region to countries outside of Canada.

### **Liaison with Local Business**

Since one trend in recent economic development is to concentrate on fostering the growth of existing businesses, the survey asks about a number of practices associated with maintaining a good relationship with the local business community. Such initiatives include a business liaison council committee, small business advisory service, a business ombudsman service, and business visitation programs. One of the most significant problems small businesses encounter when starting up is the difficulty in raising capital. The survey asks whether the

municipality is in contact with new enterprises to advise them on sources of risk capital, as well as making them aware of any senior government programs.

### **Fostering Local Business Connections**

To what extent does a municipality foster the creation and growth of networks within the local business community? This may include techniques such as an import replacement program, as well as policies by the municipality to “buy local.”

### **Export Development**

The development of export markets is the goal of many firms across the whole range of sectors. Do municipalities help local businesses with export markets? Has the municipality developed any international partnerships with other cities which would also help local businesses export?

### **General Improvement of the Local Infrastructure**

Supply-side strategies in economic development aim to improve the general environment under which businesses operate. The improvement of local infrastructure is often undertaken for the purpose of enhancing service to the local population, but it also has a significant effect on economic development. Included in this category are improvements to both hard and soft infrastructure including street improvements, improved sewage collection, improved parking and recreation facilities, social services improvements, public transit improvements and the facilitation of the development of telecommunications infrastructure.

### **Public Amenity Improvements**

The appearance of a community and the amenities that it offers can often have a significant effect on the perceptions of outside business people, and can also affect the attitudes of local residents towards their own community. Respondents were asked whether the municipality operates any museums, galleries or other cultural facilities as well as whether it undertakes any natural aesthetic improvements such as tree planting in the downtown area.

### **Job-Creation Initiatives**

Does the municipality use any programs—such as summer youth employment programs or any temporary work programs for the unemployed—to directly relieve unemployment? These types of programs are usually initiated by the province or the federal government although,

given the current economic recession, it was thought that a number of municipalities would take it upon themselves to come up with their own programs.

### **Location-Specific Business Improvement**

The initiatives in this category aim to improve specific physical areas in the municipality and include business improvement areas or districts, downtown revitalization programs and historic preservation incentives.

### **Governmental Regulations**

Government regulations are viewed from two perspectives by economic development officials. They can hamper development by introducing impediments in the process, although on the other hand, they can foster a quality environment for business. This general category includes industrial zoning, sign control regulations, height and density variances, facade control regulations, historic district regulations, density transfers as well as policies to expedite the development process.

### **Land and Property Management**

Local governments can have a significant impact on local economic development through the management of municipal land. This category asks about the ways in which the municipality disposes of land for the purposes of economic development and includes the sale of industrial/commercial land to developers, lot consolidation, industrial property management and municipal land banks.

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### **Incubation Functions**

Incubators can help offset the high costs of facilities and equipment to new firms and may help reduce the number of new firms going out of business in their first year of operation. Respondents were asked about whether they undertake the rehabilitation of buildings for incubators, whether they rent out industrial buildings or space in a building, whether they donate unused real property and finally, whether they provide any secretarial, management or other services to an incubator facility.

### **Financial Tools**

In the U.S., financial incentives are often used to lure large companies to the municipality. In Canada, many of the financial incentives used by U.S. municipalities are not permitted under provincial law. This set of questions asks about a wide range of financial economic

development techniques; some of which are illegal in most provinces. The practices include: providing security, lending money, subsidizing or granting a tax exemption to a private company, contributing to an investment fund or a community loan fund, financially assisting non-profit organizations, establishing capital pools, attracting international investors for the local community, providing utility discounts for firms and finally, freezing commercial/industrial property taxes in the whole municipality.

### Training and Other Services

Due to the importance of having a skilled work force in the “new economy”, a set of questions relating to training was included in the survey. Activities such as training/retraining funds and programs as well as awards/funding for research are part of this category. Also included are direct professional services and financial services to private businesses.

### General Support of Community Economic Development Initiatives

Community economic development is a “grass-roots” method for fostering economic growth and development and is increasing in popularity in all provinces. Respondents were asked whether they participate in community economic development initiatives in their municipality.

**Table 2: Survey Response Rate by Province**

Province	Response Rate
Newfoundland	38%
Prince Edward Island	33%
Nova Scotia	39%
New Brunswick	41%
Quebec	30%
Ontario	46%
Manitoba	48%
Saskatchewan	43%
Alberta	46%
British Columbia	38%
Northwest Territories	29%
Yukon Territory	83%
<b>Overall Response Rate</b>	<b>41%</b>

For mail-out surveys, a 50% response rate is considered to be desirable. Even though follow-up cards were sent out and phone calls made to increase response rates, the response rate to this survey is lower than expected. This is due to a number of factors. First of all, many small

municipalities have limited involvement in economic development. They are simply trying to survive with the staff that they have and carry out the basic functions of providing services to local residents. Secondly, because of promotional and pro-active duties, economic development officials are frequently away from their offices, and unable to respond. Finally, many who declined to respond claimed that they have been inundated with surveys.

Still, given the fact that it was mailed out to a large number of different municipalities and organizations across the country, a response rate of just over 40% is probably greater than one might expect for a survey of this length (see Appendix 1). Moreover, since this study does not involve any statistical tests involving the survey results, a minimum response rate is not needed in order to proceed with the analysis. This study doesn't attempt to propose that the survey results reflect the opinions of all municipalities in Canada, but rather a sample of local governments who responded to the survey. Overall, this sample represents a total of over 170 responses.

### **Summary—Economic Development Survey Results**

The table on pages 43-46 provides a summary of the economic development practices used by municipalities across Canada. The table applies only to local municipalities and excludes regional governments and regional economic development organizations. The second last row of the table is an estimate of the development activity level of each province/territory. When examining these numbers, one has to keep in mind the differences in sample sizes for each province and territory, as well as the difference in population among the municipalities in each province.

<i>Province</i>	<i>Average Percentage of Municipalities Using Any Practice</i>
<b>Saskatchewan</b>	55
<b>Ontario</b>	42
<b>British Columbia</b>	39
<b>Nova Scotia</b>	39
<b>Newfoundland</b>	37
<b>Quebec</b>	34
<b>New Brunswick</b>	33
<b>Alberta</b>	30
<b>Northwest Territories</b>	30
<b>Prince Edward Island</b>	29
<b>Yukon Territory</b>	29
<b>Manitoba</b>	22

The percentages in the above table represent, on average, how many municipalities within a particular province use one of the economic development practices listed in the survey. The relatively high percentage for Saskatchewan is somewhat surprising, given the movement towards regional economic development in the province. The relatively low percentage for

Quebec is also unexpected since municipalities seem to be quite active in economic development. The lowest percentage is for Manitoba (22%), which is probably due to the presence of a number of community-based initiatives in the province.

Another method of measuring activity is by determining the total number of economic development practices used by at least one municipality in a province or territory. The last row of the summary table shows the number of practices *not* used by at least one municipality. Saskatchewan, Ontario and Quebec utilized all of the practices in the survey. B.C. and Alberta are next with only 8 techniques not used by any of the municipalities in the province. Not surprisingly, Prince Edward Island, the Yukon, and the Northwest Territories have the largest number of techniques not used, obviously due to the small municipal population.

The last column in the summary table displays the average percentage of municipalities using a particular economic development practice for all municipalities (these totals are influenced by the provinces with the largest number of responses, i.e. Ontario, Quebec and B.C.). Six of the seven marketing techniques were used by well over half of all survey respondents. The basic information brochure was the most common overall practice for all municipalities. Tourism promotion is another area in which a significant number of the municipalities are involved. Business Liaison Council Committees, Small Business Advisory services and the practice of making local businesses aware of senior government programs are all used by over half of all the municipal responses, illustrating the recent trend towards the fostering of local businesses. Over half of the municipalities are working to create a better climate for local businesses. A large percentage of the municipalities are involved in two categories of infrastructure development: the improvement or expansion of recreational facilities, and street or road improvements. These are probably not undertaken explicitly for economic development purposes, but rather for providing services to the local population. Governmental regulations are also employed by well over half of all the municipal respondents. The use of industrial zoning is the second most common practice (70% of all municipal respondents). Sign-control regulations and policies to expedite the development process are also used by over half of all respondents. Other economic development practices used by over half of the respondents include natural aesthetic changes (55%) and downtown revitalization programs (56%).

Canadian municipalities engage in some of the “demand-side” practices such as those mentioned under Liaison with Local Business. However, there are a number of demand-side areas where relatively few municipalities make use of the economic development techniques (partially due to the resources needed and provincial legislation). These areas include Fostering Local Business Connections, Export Development and Incubation facilities. The least utilized category is Training and Other Services, probably because the provincial/territorial or federal level of government is already involved here.

It is interesting to note, though, that in the smaller provinces, (PEI, NWT and Newfoundland) and in BC, more of the sample municipalities are involved in job creation initiatives than the larger sample municipalities in other provinces. Municipalities in these provinces (except for

BC) are compelled to generate jobs within the community to offset the lack of diversity within the local economies and to help keep people within their communities.

The relatively low percentage of use in the Land and Property Management category is somewhat surprising, since land is one of the basic tools that the municipality has to work with. Provincial restrictions in certain aspects of this area probably prevent local government from being more active.

The assistance of non-profit organizations is the most frequently used practice in the category of Financial Tools. A large proportion of Saskatchewan municipalities (78%) subsidize or give a tax exemption to private businesses. The attraction of an international investor (undertaken mainly by Quebec municipalities) and the freezing of property taxes for commercial or industrial development are the only other financial tools used by at least 10% of the total respondents, due to legislative restrictions and the resources available to the municipalities for this activity.

Finally, it was also unexpected that fewer than half of the respondents engaged in community economic development initiatives, since CED seems to be gaining popularity as a way of delivering services in many provinces.

### **Summaries—practices municipalities would use if they had the legislative authority, and the role of the municipality in economic development**

#### ***Territories***

In both the Yukon and Northwest Territories, the Provincial and federal governments play a significant role in local economic development. Most of the municipalities have small populations and are limited in what they can do to promote development. Respondents in these two territories thought that municipalities should have more taxation powers and be able to become involved in joint ventures with the private sector. The role of the municipality was identified as being a coordinator, facilitator and a supporter of local business.

#### ***British Columbia***

Municipalities in B.C. did not feel unduly restricted by the governing provincial legislation. They cited a lack of resources to undertake programs as the main constraining factor. Some of the respondents stated that they would use financial incentives if they were available. The municipalities were divided on the question on the appropriate role for local government in economic development, between those who believed that they should take a lead role and those who thought that municipalities should only provide a supportive environment for business.

# SUMMARY TABLE

## PERCENTAGE OF MUNICIPALITIES USING ECONOMIC DEVELOPMENT TECHNIQUES

MARKETING TECHNIQUES	Yuk.	NWT	B.C.	Alt.	Sask.	Man.	Ont.	Que.	NB	NS	PEI	NFLD	AVG
Brochures, information packages	80	100	94	93	100	67	93	63	71	100	75	100	86
Promotional videos	40	20	44	53	67	44	61	31	57	57	50	60	51
Trade show displays	80	80	61	67	89	44	80	50	57	71	75	80	69
Industrial site inventories	20	40	56	67	78	44	88	50	43	86	25	60	64
Journal, newspaper advertising	40	60	78	60	100	33	73	56	43	86	50	40	64
Radio/TV advertising	20	40	22	40	44	11	32	31	14	29	50	40	28
Local business directories	40	60	67	53	67	33	80	56	43	100	50	60	64

### TOURISM PROMOTION

Market municipality as a tourist attraction	80	100	72	60	100	44	46	44	71	57	50	80	59
Organize local festivals, sports events	80	40	78	73	100	67	59	63	100	43	100	80	69
Participate in regional tourism promotion	80	100	72	67	100	67	54	56	86	71	50	80	66
Promote local area to other countries	60	40	50	20	56	0	29	44	29	43	50	60	35

### LIAISON WITH LOCAL BUSINESS

Business Liaison Council Committees	60	80	61	47	67	22	61	25	43	71	75	100	54
Small Business Advisory	20	60	50	47	78	44	63	44	29	43	25	60	50
Business Ombudsman	0	20	33	13	22	11	37	19	0	0	25	40	23
Strengthening contacts—new enterprises & sources of risk capital	0	40	44	20	67	33	41	31	43	0	25	20	34
Awareness of senior gov't programs	20	80	50	40	89	33	68	44	57	71	25	20	53
Business Visitation Program	20	60	33	33	67	33	66	31	43	29	0	40	44

### FOSTERING LOCAL BUSINESS CONNECTIONS

Import Replacement Program	0	60	17	13	56	22	20	19	0	14	0	0	18
Buy local municipal purchasing policies	60	60	44	47	67	56	51	38	43	57	0	40	48
Local sourcing program	40	20	28	27	67	22	34	6	14	14	25	20	27



## EXPORT DEVELOPMENT

	Yuk.	NWT	B.C.	Alt.	Sask.	Man.	Ont.	Que.	NB	NS	PEI	NFLD	AVG
Helping businesses develop export markets	0	40	39	20	67	11	59	38	14	29	25	20	38
International partnerships	40	40	44	7	44	11	54	19	29	29	0	20	34

## GENERAL IMPROVEMENT OF LOCAL INFRASTRUCTURE

Improve/expanded recreation facilities	80	40	72	60	89	56	73	56	86	71	100	80	69
Social services improvements	40	40	44	27	44	33	27	44	0	29	25	40	31
Street/road improvements	60	40	67	60	89	44	76	50	71	86	75	80	68
Public transit improvements	20	0	39	20	44	0	41	44	0	43	25	20	31
Improved municipally-operated parking facilities	20	0	33	20	56	22	44	19	43	43	25	40	34
Improved sewage collection	60	0	39	20	89	44	46	56	57	57	75	20	47
Facilitate telecommun. infrastructure	40	20	22	20	44	33	51	31	14	57	0	20	35

## PUBLIC AMENITY IMPROVEMENTS

Operation of local museums, galleries	20	20	50	40	100	44	49	25	29	29	0	40	43
Operation of other cultural facilities	20	20	33	47	67	11	46	50	43	14	50	20	40
Natural Aesthetic changes	80	20	56	33	89	44	51	75	57	71	50	60	55

## JOB CREATION INITIATIVES

Specific municipal unemployment programs	40	60	61	27	44	33	39	25	43	43	75	60	40
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## LOCATION SPECIFIC BUSINESS IMPROVEMENT

	Yuk.	NWT	B.C.	Alt.	Sask.	Man.	Ont.	Que.	NB	NS	PEI	NFLD	AVG
Business Improvement Areas	0	0	50	20	56	22	66	31	71	100	25	80	48
Downtown revitalization	20	0	61	53	67	33	59	63	86	71	25	60	56
Historic preservation incentives	20	40	44	27	44	22	49	38	43	29	0	80	39

## GOVERNMENTAL REGULATIONS

	Yuk.	NWT	B.C.	Alt.	Sask.	Man.	Ont.	Que.	NB	NS	PEI	NFLD	AVG
Industrial zoning	60	20	78	60	78	22	78	75	57	86	75	100	70
Sign control regulations	80	20	72	53	78	33	68	69	43	71	25	40	63
Height and density variances	40	20	61	40	44	22	39	38	43	57	25	20	42
Facade control regulations	20	0	33	27	22	22	44	50	57	71	25	40	39
Historic district regulations	20	0	28	20	11	0	29	38	14	14	25	40	24
Density transfers	20	0	33	7	11	0	20	19	0	0	0	0	15
Policies to expedite development process	40	20	72	53	56	11	61	63	29	71	0	40	54

## LAND AND PROPERTY MANAGEMENT

Sale of industrial land to developers	20	20	50	33	67	22	59	50	29	29	25	60	46
Sale of commercial land to developers	20	20	56	33	89	22	39	31	43	29	25	60	41
Lot consolidation	20	20	22	27	44	11	17	25	0	29	25	20	21
Industrial property management	0	0	11	13	22	11	39	25	14	43	25	20	23
Municipal land banks	0	20	44	40	44	22	44	38	29	29	0	20	36

## INCUBATION FUNCTIONS

Rental of industrial buildings, space	20	0	11	20	44	0	20	13	14	43	50	20	19
Donations of unused real property	0	0	28	7	22	11	15	13	0	14	50	20	15
Provide secretarial, management, & other services	0	0	11	20	22	0	20	19	14	0	50	20	15

## FINANCIAL TOOLS

Provide security for a private company	0	0	0	0	11	0	10	6	0	0	0	0	4
Lend money to a private company	0	40	0	0	11	0	7	6	14	0	0	0	4
Subsidize or grant a tax exemption	0	40	11	13	78	0	7	31	14	14	0	20	16
Contribute to an investment fund	20	20	0	0	44	0	7	6	14	0	0	0	7
Community loan funds	20	0	0	0	44	0	12	6	0	0	0	0	8
Financially assist non-profit groups	40	60	39	33	33	11	22	56	43	29	25	20	31
Establish capital pools	0	0	0	0	22	0	12	13	0	0	0	0	7

### FINANCIAL TOOLS (continued)

	Yuk.	NWT	B.C.	Alt.	Sask.	Man.	Ont.	Que.	NB.	NS	PEI	NFLD	AVG
Attraction of an international investor	0	0	11	13	33	0	17	44	14	0	0	0	16
Utility discounts for firms	0	20	0	0	11	0	7	6	29	0	0	40	7
Freezing property taxes	0	0	17	0	22	0	12	25	0	0	0	20	11

### TRAINING AND OTHER SERVICES

Training/retraining funds/programs	20	40	17	7	33	0	22	6	29	29	25	0	16
Awards/funding for research	0	0	0	0	11	11	12	13	0	0	0	0	7
Direct professional services	0	20	11	7	11	0	12	13	14	14	25	0	9
Financial services	0	20	0	7	22	0	7	6	14	0	0	0	6

### GENERAL SUPPORT OF CED INITIATIVES

	Yuk.	NWT	B.C.	Alt.	Sask.	Man.	Ont.	Que.	NB.	NS	PEI	NFLD	AVG
Participation in CED initiatives	60	40	67	13	67	22	44	25	43	71	25	60	42

### AVERAGE

	29	30	39	30	55	22	42	34	33	39	29	38	37
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### NUMBER OF TECHNIQUES

	20	19	8	8	0	19	0	0	12	14	21	12	0
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### NOT USED

	0	0	0	0	0	0	0	0	0	0	0	0	0
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### *Alberta*

Alberta municipalities, since they have the most permissive legislation regarding local government involvement in economic development, did not feel constrained by the legislation. The roles for local government in economic development included the facilitation of new business start-ups and the streamlining of development approvals.

### *Saskatchewan*

The Saskatchewan municipal respondents also did not express significant problems with current provincial legislation, with only a few respondents stating that they would like to be able to use more flexible financial incentives. Respondents thought that municipalities should play an active role in economic development, but that it be limited to facilitation and coordination of private business and local community groups.

### *Manitoba*

The legislation governing the City of Winnipeg is already quite flexible; only municipalities outside the city mentioned tax incentives as a practice they might employ if the legislation were in place. The municipal respondents stated that they should be a facilitator and coordinator of local economic development while the regional organizations thought that local government should play a more passive role.

### *Ontario*

General financial incentives and tax abatements, as well as increased control over the land-use planning process were cited by Ontario municipalities as areas where they would like to exercise more power. However, many respondents stated that there should be only limited financial incentives available. Opinions as to the role of local government in economic development include the municipality acting as a facilitator, coordinator, and an expeditor of development approvals.

### *Quebec*

Quebec municipalities have recently been the most active of any province or territory pursuing further powers. They would like to be able to provide financial incentives to businesses such as risk capital subsidies and general taxation incentives similar to those available in the U.S.. All the municipal respondents believed that they should be playing an important lead role and should act as a catalyst by mobilizing local groups involved in economic development.

### ***New Brunswick***

The Regional Economic Development Commissions are the most active players in New Brunswick. All respondents thought that municipalities should play only a passive role in economic development. A small proportion of the respondents would like to be able to offer tax incentives to businesses.

### ***Nova Scotia***

The industrial commissions in Nova Scotia would like to be able to utilize more tax incentives and loans. Respondents were divided on the issue of local government playing either a lead, or a more supportive role (such as infrastructure provision). The reorganization of industrial commissions will result in economic development being carried out on a more regional basis in the future.

### ***Prince Edward Island***

In P.E.I., the Province is extensively involved in the economic development of its two main centres—Charlottetown and Summerside. The regional economic development respondent thought that community organizations should be given more freedom to act in this area.

### ***Newfoundland***

Economic development in rural Newfoundland is implemented mainly through Rural Development Associations. Regionalization of development will increase with the creation of regional councils across the province. Municipalities believe that they should be free to offer tax incentives to business and make decisions without the intervention of the Province. As in Quebec, Newfoundland municipalities thought that they should play a lead role.

## **Issues Resulting From the Analysis**

The majority of local governments in Canada are at the conservative end of the spectrum regarding intervention in the local economy, and this is due mainly to the governing provincial legislation and lack of resources. For example, although some provinces allow municipalities to operate incubator facilities, the resources needed to run them often discourage more municipalities from doing so. Recent economic factors outside the control of local government have acted as catalysts, increasing the number of municipalities actively involved in promoting their own communities. An increasing number of municipalities are adopting strategic plans and starting up new programs to stimulate local economic development.

In municipalities in provinces and territories with relatively small populations (especially in the Atlantic Region and the Territories), economic development functions tend to be carried out by regional bodies transcending municipal boundaries, and are usually at least partially funded by the Province. This is probably the optimal structure: the majority of municipalities in these provinces/territories would not have sufficient resources on their own to undertake many initiatives. These local governments can still contribute to development within their areas through effective infrastructure and service provision.

In the provinces with relatively large populations (especially in Ontario, Quebec and B.C.), it is not always feasible for the Province to coordinate and become involved with the initiatives of its local governments. In this case, it becomes necessary for a regional body—whether it be a level of government or an association of municipalities—to help coordinate economic development. Political boundaries rarely coincide with the edges of the regional economic area, and it can be counterproductive if municipalities within the same region compete for new businesses. The regional level is therefore the most appropriate for coordinating programs. Municipalities within the region can concentrate their efforts on fostering the growth of existing businesses within their own boundaries and working with the regional authority to promote their area. Moreover, municipalities may develop specializations in particular economic sectors. In many provinces, there is a feeling of excessive duplication of activities. Many respondents to the survey called for better cooperation and coordination amongst all levels of government and the private sector. With a regional organization acting as a coordinator, this problem might be better addressed.

In all the provinces and territories, it is important for municipalities to be able to work with senior levels of government and the private sector. The Core Area Initiative in Winnipeg is an example of an effective three-way government partnership for the purpose of downtown revitalization. Partnerships can provide access to funding, different views on economic development issues and access to additional professional personnel.

In terms of the existing level of municipal powers, it is apparent from the review of the legislation that municipalities in most provinces can have an effect on local economic development in a number of different ways, not the least of which is the basic “everyday” duty of providing a high level of services and infrastructure. Substantial legislative changes are not needed for local governments to become effective coordinators and facilitators. The problem for many municipalities is lack of resources rather than legislative restrictions. Moreover, many municipalities in the survey felt that local government in Canada should continue to be at most, a facilitator and coordinator within its boundaries. Municipalities in some provinces requested further powers in this area. Despite this, it is questionable whether, if faced with the actual prospect of the responsibility of taking on these new powers, that these municipalities would actually still want them.

The advantages of giving local government increased powers in economic development include:

- the placing of more power to into an accountable body
- local governments would become better equipped to assist existing businesses to survive, and to attract new businesses to boost the local economy
- local government would not have to rely on outside bodies controlling their economic future.

The disadvantages include:

- potential bidding wars with other municipalities resulting in a reduction of the quality of services offered, and potential need for provincial financial assistance
- some local governments may not have the resources to undertake development initiatives—although they may be compelled to if surrounding municipalities do
- municipalities may move away from trying to encourage an entrepreneurial spirit in their community and fostering the growth of existing businesses, and instead concentrate their efforts on attracting a large employer.

Clearly, the potential disadvantages of giving municipalities significant powers to pursue economic development initiatives could be disastrous. Giving municipalities the ability to provide unlimited tax exemptions or subsidies to private companies would in all likelihood be detrimental to local areas across Canada. Similarly, allowing municipalities to become involved in the operations of a private company could also have undesirable consequences. If there are to be changes to provincial legislation, it would make sense that any new powers that local government acquire be related to its willingness to assist existing small businesses and encourage the creation of new businesses within the community. (The Industrial City-of-the-Year Award in Quebec encourages municipalities to think of innovative ways of encouraging more economic development within the local area.) It will be interesting to see what new tools are utilized by Alberta municipalities, given the recent changes to the Alberta Municipal Government Act.

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Changes to provincial legislation would also allow local government to give greater support to Community Economic Development initiatives, as has already happened in many provinces. CED is a way in which municipalities can become more involved in local development by providing financial or other types of support to non-profit organizations engaging in CED. Community Economic Development is a tool of community self-empowerment whereby the community can often accomplish more on its own than local government, since it has more potential resources and a greater stake in the economic future of the area.

## Chapter 4

# Survey Analysis

This section of the report presents the results of the survey of municipalities and regional organizations on economic development. Only the highlights for each province and territory are presented. The following discussion applies to a sample of Canadian municipalities and regional organizations; it does not necessarily reflect the practices and views of every local government in Canada.

### Yukon Territory

Most economic development activity in the Yukon is carried out by the Territorial government, often in conjunction with the federal government. There are eight incorporated communities in the Yukon, with the City of Whitehorse being the largest. Territorial incentive programs are directed mainly at resource-based industries. For example, the Yukon Energy Alternatives Program provides assistance in establishing the feasibility of indigenous energy resources and energy conservation options for communities, industries or other groups (Huras & Miller, 1993: 437). The Yukon Mining Incentives Program provides assistance for mining. Business-related programs include the Small Business Support Cooperation Agreement which is operated by the Canada/Yukon Development Agreement. This program assists entrepreneurs in adapting to technological change, developing new products and adapting more environmentally friendly operations (Hanan, 1994: 9). The Business Development Fund helps Yukon businesses that diversify the economy, create jobs, help keep local ownership and control as well as exporting firms and firms providing goods and services to replace imports.

The Canada/Yukon Economic Development Agreement is a framework which guides the funding of projects and programs that expand and diversify the Yukon economy. The EDA agreement provides \$37.5 million over five years in six sectors: small business, economic planning, renewable resources, mineral development, and tourism and forestry (Government of the Yukon, 1994). The federal government provides 70% of the funding for the EDA agreement while the Yukon provides the remainder.

Other significant actors identified by the survey respondents include: chambers of commerce, tourism associations, and First Nations Regional Tourism Committees.

Economic development surveys were sent out to six municipalities in the Yukon. (There are no regional organizations undertaking economic development in this Territory.) Table 1 shows the population distribution of the Yukon responses.



**Table 1: Breakdown of Yukon Responses**

Population Category	Number of Responses
10, 000 to 49, 999	1
5, 000 to 9, 999	2
Under 5, 000	2
<b>Total</b>	<b>5</b>

**Table 2: How is economic development carried out at the local municipal level?**

	Part of the Planning Dept.	Committee of Council
10, 000 to 49, 999		1
5, 000 to 9, 999	1	1
Under 5, 000		2

Most of the Yukon sample municipalities use the Committee of Council structure. Four out of the five respondents have economic development policies or plans in place.

**Table 3: Areas to Spend More Resources**

Economic Development Technique Area	Frequency
Preparation of an economic development strategy	1
Planning, promotions & development	1
Historic preservation	1
Tourism	1
Real property promotion	1

Two of the responses are related to the planning stage of economic development, illustrating that Yukon municipalities want to take on a more pro-active role in determining the economic futures of their communities. For example, in the Village of Haines Junction, a community planning process created a vision of tourism development. Ideas included creating signs pointing out natural attractions along the main highway, developing an interpretive trail, building links with two towns in Alaska to allow three communities to jointly promote and expand the "Golden Triangle" as a tourist route.

**Table 4: Is competition between municipalities within the region a problem?**

	Frequency
Significant problem	1
Somewhat of a problem	0
Not a problem	3
Do not know	1

Since the Territorial government takes an active role in economic development, one would hypothesize that competition between municipalities would not be a problem. Table 4 shows this to be largely the case. In fact, two out of the five respondents undertake cooperative initiatives with other municipalities. These are often facilitated through the Association of Yukon Communities and include joint marketing efforts for tourist attractions and events.

### Economic Development Techniques Used by Responding Yukon Municipalities

**Table 5: Usefulness of Marketing Techniques—All Populations**

#### MARKETING TECHNIQUES

	Percent Used	Very Useful	Somewhat Useful	Not Useful	Detri-mental
Brochures, information packages	80	25	25	25	0
Promotional videos	40	0	0	50	0
Trade show displays	80	25	50	0	25
Industrial site inventories	20	0	0	100	0
Journal, newspaper advertising	40	0	50	50	0
Radio/TV advertising	20	0	100	0	0
Local business directories	40	0	50	50	0

Yukon municipalities, like many others in the country, use information brochures as a tool for economic development. That trade show displays are used by four of the five respondents illustrates the importance for more remote, northerly communities of providing a forum for local businesses to display their products. These products could be specialized for particular areas specifically related to the north.

**Table 6: Usefulness of Tourism Promotion—All Populations**

#### TOURISM PROMOTION

	Percent Used	Very Useful	Somewhat Useful	Not Useful	Detri-mental
Market municipality as tourist attraction	80	50	25	0	25
Organize local festivals, sports events	80	50	25	0	25
Participate in regional tourism promotion	80	25	50	25	0
Promote local area to other countries	60	0	33	33	33

Tourism promotion is another activity carried by more than half of the respondents, with half of these respondents rating tourism marketing as being very useful. Somewhat surprising is the number of respondents promoting the area to other countries. This could be related to the Yukon's proximity to Alaska and the existence of joint agreements on tourism.

**Table 7: Usefulness of General Improvement of the Local Infrastructure—All Populations**

**GENERAL IMPROVEMENT OF LOCAL INFRASTRUCTURE**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Improve/expanded recreation facilities	80	50	25	25	0	0
Social services improvements	40	50	0	50	0	0
Street/road improvements	60	67	0	33	0	0
Public transit improvements	20	0	0	100	0	0
Improved municipally-operated parking	20	0	0	100	0	0
Improved sewage collection	60	0	33	33	33	0
Facilitate telecommun. infrastructure	40	0	50	50	0	0

Yukon municipalities undertake infrastructure improvements to foster economic growth. However, the motivations behind these improvements are usually for the service of the local community and not specifically for economic development.

**Economic Development Practices the Municipality Would Use**

**Table 8: Techniques Yukon municipalities would use if they had the legislative authority to use them**

Practices	Frequency
Ability to enter into partnerships with the private sector	1
Provide limited taxation relief	1
Methods of financing to bring residential and business taxes down	1
More Flexibility in utilizing reserve funds	1
Utility ownership at the local level	1

Yukon municipalities would like to become more involved with the private sector in fostering economic development, as well as providing financial incentives to private businesses. (The techniques identified in Table 8 are inconsistent with the roles that respondents thought municipalities should play in economic development.)

**Table 9: Role of the Municipality in economic development**

Type of Role	Frequency
Facilitator	3
Reducing regulation	1
Act as a coordinator	1
An active role	1
Provide access to senior levels of govt	1
Liaison between private and public sectors	1

Yukon municipalities believe that they should be mainly facilitators and coordinators in the economic development process. Many thought that they should have a greater role and that senior levels of government should allow them this power. One respondent stated that the “paternalistic mentality of senior government must end.” Another respondent wanted the power to define the federal and territorial role, claiming that many government actions hinder municipalities attracting business. Yet another respondent thought that *all* government should take a more passive role and let CED foster economic development—“Government should steer the boat, not row it.”

### Other Highlights for Yukon Municipalities

- Four respondents undertake natural aesthetic improvements to their communities.
- Four respondents use sign control regulations and three use industrial zoning.
- Three respondents have business liaison council committees; all them rate this technique as being either Very Useful (33%) or Useful (67%).
- Three respondents maintain “buy local” municipal purchasing policies.
- Yukon municipalities make limited use of other economic development techniques. For the smaller communities, the Territorial government handles the land and property management issues.

### Innovative Economic Development Programs

Community loan funds  
(Haines Junction)

Funds provide a grant back to taxpayers for  
Property improvements.

Historic facade program  
(Faro)

Has improved the aesthetic value of the  
community.

Closure and sale of municipal  
road to facilitate business expansion  
(Whitehorse)

Maintain direct contact with mining/logging companies to promote the area.  
(Watson Lake)

Annual regional tourism workshop  
(Haines Junction)

### **Northwest Territories**

As in the Yukon, Territorial and federal governments play a significant role in local economic development in the Northwest Territories, largely due to the small population. Territorial programs include: business loan programs, financial assistance for business development, market and product development assistance, business skill-development, and a business development fund (Huras & Miller, 1993: 433). The Canadian Executive Services Organization operates a Business Advice Program. They provide volunteer consultants to help businesses with issues such as planning, staff training and setting up accounting systems. An example of a federal program in the Northwest Territories is the Canadian Aboriginal Economic Development Strategy, which provides financial and development assistance to Aboriginal communities.

**Table 1: Breakdown of Northwest Territories Responses**

Population Category	Number of Responses
10, 000 to 49, 999	2
5, 000 to 9, 999	3
Under 5, 000	0
<b>Total</b>	<b>5</b>

Surveys were sent to both municipalities and economic development regions in the Northwest Territories. Two of the five responses are from economic development officers from two of the six economic development regions in the Northwest Territories (the six regions being: North Slave Region, South Slave Region, Inuvik Region, Baffin Region, Keewatin Region and the Kitikmeot Region).

**Table 2: How is economic development carried out at the local municipal level ?**

	Economic Dev. Dept.	Committee of Council
10, 000 to 49, 999	1	
5, 000 to 9, 999	1	1
Under 5, 000		

Two of the three municipal respondents have economic development plans or policies in place. Other important organizations in local economic development in the Northwest Territories include: chambers of commerce, Community Futures Groups, Development Circles (groups open to all interested individuals to “provide leadership in promoting, facilitating, and supporting the economic development of Yellowknife and area”), Visitors Associations, land claims organizations, and native development corporations.

**Table 3: Areas to Spend More Resources**

Economic Development Technique Area	Frequency
Visitations	2
Trade shows	1
Training	1
Tourism	1

Table 3 displays the results of the question asking Northwest Territories respondents what practices they would spend additional resources on. Business visitations was an area cited by two of the respondents, illustrating their desire to establish better relations with existing businesses in the community.

**Table 4: Is competition between municipalities within the region a problem?**

	Frequency
Significant problem	1
Somewhat of a problem	1
Not a problem	3

Competition between municipalities is perceived by three of the respondents as not being a problem. Competition is probably more significant between Yellowknife and the rest of the Territories than between other municipalities and regions. Cooperative initiatives usually take the form of a regional economic development committee.

## Economic Development Techniques Used by the Responding Northwest Territories Municipalities

In examining practices in the Northwest Territories, responses from the three regional organizations are included with the two municipalities.

**Table 5: Usefulness of Marketing Techniques—All Populations, Municipalities and Regional Organizations**

### MARKETING TECHNIQUES

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Brochures, information packages	100	40	20	20	20	0
Promotional videos	20	100	0	0	0	0
Trade show displays	80	50	0	50	0	0
Industrial site inventories	40	50	50	0	0	0
Journal, newspaper advertising	60	0	0	100	0	0
Radio/TV advertising	40	50	0	50	0	0
Local business directories	60	33	0	33	33	0

Table 5 shows that the responding Northwest Territories economic development organizations and municipalities provide information brochures for their community and also tend to participate in trade show displays. Other techniques used by over half of the respondents include newspaper advertising and local business directories.

**Table 6: Usefulness of Tourism Promotion—All Populations, Municipalities and Regional Organizations**

### TOURISM PROMOTION

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Market municipality as tourist attraction	100	0	40	40	20	0
Organize local festivals, sports events	40	0	50	50	0	0
Participate in regional tourism promotion	100	20	20	40	20	0
Promote local area to other countries	40	50	0	0	50	0

Tourism is an important industry in the Northwest Territories. In the City of Yellowknife's most recent economic development strategy, tourism is identified as an important area of focus. The strategy aims, among other recommendations, to provide more activities and experiences for tourists visiting the City, to emphasize and develop Yellowknife as a "conduit" to other communities in the Northwest Territories and to provide logistical and technical support to regional tourist businesses (Inukshuk Management Consultants, 1993: 6).

**Table 7: Usefulness of Liaison with Local Business—All Populations, Municipalities and Regional Organizations****LIAISON WITH LOCAL BUSINESS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
<b>Business Liaison Council Committees</b>	80	50	50	0	0	0
<b>Small Business Advisory</b>	60	67	0	0	33	0
<b>Business Ombudsman</b>	20	100	0	0	0	0
<b>Strengthening contacts—new enterprises and sources of risk capital</b>	40	0	0	100	0	0
<b>Awareness of senior govt programs</b>	80	25	25	25	25	0
<b>Business Visitation Program</b>	60	0	0	67	33	0

Tables 7 and 8 illustrate that maintaining good relations with existing businesses (four of the five respondents have business liaison council committees and three have business visitation programs) and promoting networks among local enterprises are important economic development practices among the Northwest Territories respondents. Given the importance of senior levels of government in promoting economic development, it is not surprising that four of the respondents try to make local businesses aware of senior government programs. In such remote areas of the country, there are fewer opportunities for businesses to “buy local” to satisfy their needs. The fostering of these local connections, however, can result in the retention of local businesses and may even create spin-off benefits through the inception of new businesses designed to satisfy the supply needs of local firms. Three of the respondents have import replacement programs. One of the policies of the Yellowknife Strategic Plan is to encourage import substitution among manufacturing firms.

**Table 8: Usefulness of Fostering Local Business Connections—All Populations, Municipalities and Regional Organizations****FOSTERING LOCAL BUSINESS CONNECTIONS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
<b>Import Replacement Program</b>	60	0	0	67	33	0
<b>Buy local municipal purchasing policies</b>	60	33	0	33	33	0
<b>Local sourcing program</b>	20	0	0	0	100	0

**Table 9: Techniques NWT municipalities would use if they had the legislative authority to use them**

Practices	Frequency
Should be allowed to initiate incentives that would assist in attracting investment	1
Power to grant concessions or breaks on land prices	1



Both of the responses in table 9 relate to financial incentives to attract investment or development. The first respondent stated as a preface, that there should be bounds on any incentive programs given to communities.

**Table 10: Role of the Municipality in economic development**

Type of Role	Frequency
Support and finance an independent committee of Council composed of workers from the business community	1
Coordinate promotional activities	1
Research and statistics	1
Provide good by-laws	1

All of the suggested roles are conservative in nature—coordination and support roles.

### **Innovative Economic Development Practices**

Joint promotion with other countries	A number of communities have undertaken promotional campaigns directed at circumpolar nations.
Creating a niche based on climate	Yellowknife's strategic plan includes a section Research and Development. The plan calls for development of Yellowknife as a research centre for cold weather technology and the encouraging of local businesses to participate in cold weather research and technology.

### **British Columbia**

Of all the provinces, BC was best able to deal with the recent recession. People continue to flock to Canada's west coast for both job opportunities and natural amenities. Almost half of the province's population live in the Vancouver Census Metropolitan Area (O'Brien, 1993: 52). BC's economy has historically been dependant on traditional resource-based sectors such as forestry, fishing and mining. Although these activities are still important to the provincial economy, the service sector has grown dramatically within the last 30 years. For example, in the Greater Vancouver Regional District (GVRD), the service sector in 1961 constituted about one third of all jobs; by 1991, it had quadrupled in size, comprising almost half of all jobs in the area (GVRD, 1993a: 23). In the City of Vancouver, 65-70% of total employment is in personal, financial, and business services (Kentral, 1994). The largest employers are the

federal, provincial, and city governments, BC Tel and BC Hydro. Other important employers are in medical and legal services, and services to business. BC is part of the Pacific Rim economy and in many respects, has more in common with the north-west of the U.S. than other parts of Canada, as illustrated by the initiatives of the Cascadia Institute.

Vancouver (both the City and the GVRD), according to William Coffey, is Canada's leading proponent of service-oriented development policies. Initiatives designed to encourage service-sector growth include land development policies designed to encourage office construction, and financial incentives aimed at specific—especially business and financial—services (Coffey, 1994: 102). The City of Vancouver has not had an economic development plan itself since 1983 (Kentral, 1994). A document entitled *A Strategy for the 1990s* was never adopted by Council, so the economic development department has been able to implement the ideas of this report only in an *ad hoc* manner. In the City's case at least, it seems that much of the service-sector growth would have occurred anyway.

Economic development programs are implemented by both municipalities and regional districts in BC. Regional districts vary greatly in size, from the GVRD, with a population of about 1.5 million, to the Central Coast Regional District with a population of only 3000 people. Regional districts are governed by a board comprising municipal directors and electoral area directors. A municipal director is appointed as a representative for a particular municipal council. Electoral area directors are directly elected to the regional district board by the electors of that area. The GVRD has been cited as an effective form of regional government, since it takes into account most of the urbanized land in the Vancouver area. The GVRD attempts to take on the role of a coordinator in economic development matters. It seeks to achieve the goals of attaining a closer balance of employment, housing and population growth in all areas of the region through partnerships with member municipalities.

BC municipalities are, on average, more concerned with growth management than their counterparts in other parts of Canada. To maintain a particular environment and lifestyle, many municipalities prefer to manage and control growth, as opposed to pursuing new growth opportunities. The GVRD, for example, wants to become "the first urban region in the world to combine economic vitality with the highest standards of livability and environmental quality" (GVRD, 1993b: 5).

In smaller regions, the regional district is the main agency undertaking economic initiatives. For example, the Alberni-Clayoquot Regional District has an economic development commission which is the primary agency responsible for the co-ordination and promotion of development within the District.

Economic development surveys were sent to municipalities as well as regional districts. Table 1 shows the distribution of survey responses by population category.

**Table 1: Breakdown of BC Responses**

Population Category	Number of Responses
100, 000+	3
50, 000 to 99, 999	6
10, 000 to 49, 999	7
5, 000 to 9, 999	1
Under 5, 000	2
<b>Total</b>	<b>19</b>

Total Responses = 19 municipalities + 2 regional districts

Besides municipalities and regional districts, other relevant players in local economic development in BC include tourism agencies, boards of trade, chambers of commerce, harbour commissions, airport corporations, business improvement area commissions, business associations, community futures committees, local colleges and universities, and the Province.

The Village Square program, part of the larger Downtown Revitalization Program, has proved to be very successful in helping to revitalize BC's smaller communities. Its purpose is to help towns and villages improve their shopping and tourist areas. The local community is able to substitute "sweat equity" (services volunteered by local residents or businesses and deemed to be charged to the project at currently accepted trade rates) in place of funding for the projects (BC Ministry of Municipal Affairs, 1991: 1). The province also provides significant financial assistance, with grants of up to \$20, 000 per project. To date, projects have included revitalized village squares, waterfront parks and new walking paths (BC Ministry of Municipal Affairs, 1994).

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**Table 2: Percentage of Municipalities with economic development plans or policies**

Population Category	Percent
100, 000+	100%
50, 000 to 99, 999	100%
10, 000 to 49, 999	71%
5, 000 to 9, 999	100%
Under 5, 000	100%

Responding BC municipalities are quite active in adopting economic development policies or strategic plans. Only two of the respondents did not have any official policies or plans in place.

**Table 3: How is economic development carried out at the local municipal level?**

	Economic Dev. Dept.	Part of the Planning Dept.	Eco. Dev. Corporation	Committee of Council
100, 000+	1	2		
50, 000 to 99, 999	2	2	1	1
10, 000 to 49, 999	2	2		4
5, 000 to 9, 999	1			1
Under 5, 000				2

\* more than one structure per response is possible

The smaller municipalities in the sample tend to house at least part of the economic development function in a committee of council while the larger cities have their own economic development departments or have devoted a part of their planning departments to economic development.

**Table 4: Areas to Spend More Resources**

(All Responses)

**Economic Development**

Technique Area	Frequency
Promotion of municipality	3
Assistance to small entrepreneurs	2
Establish a business directory	1
More time on business liaison	1
Industrial land development	1
Downtown redevelopment	1
Heritage projects	1
Information highway infrastructure	1

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Most of the practices listed in Table 4 are related to information provision and improving relations with existing businesses in the local community.

**Table 5: Municipalities involved in cooperative initiatives with other municipalities in the region**

	Percent
100, 000+	100%
50, 000 to 99, 999	83%
10, 000 to 49, 999	71%
5, 000 to 9, 999	0%
Under 5, 000	100%

Table 5 shows the percentage of responding BC municipalities involved in cooperative initiatives with other municipalities within the regional district. In the GVRD, for example, there is a regional economic development sub-committee which is involved in joint promotional efforts in the region. Other coordinating bodies are Tourism Vancouver, the BC Tourism Association and the regional districts themselves. Other cooperative initiatives include meetings with area municipalities and joint trade shows within the region. Competition between sample municipalities in BC does not appear to be a significant problem, perhaps due to efforts of regional districts.

**Table 6: Is competition between municipalities within the region a problem?**

	Frequency
Significant problem	2
Somewhat of a problem	3
Not a problem	16

### Economic Development Techniques Used by Responding B. C. Municipalities

**Table 7: Usefulness of Marketing Techniques—All Populations, Municipalities**

#### MARKETING TECHNIQUES

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Brochures, information packages	94	47	18	24	6	6
Promotional videos	44	38	0	13	38	13
Trade show displays	61	27	27	27	9	9
Industrial site inventories	56	20	60	20	0	0
Journal, newspaper advertising	78	29	14	50	7	0
Radio/TV advertising	22	25	0	0	75	0
Local business directories	67	25	17	33	17	8

The provision of information brochures is a highly used technique in economic development. Smaller municipalities were more likely to rate it as only somewhat useful, while larger municipalities tended to rate it as very useful. A number of the respondents who have made promotional videos for their municipalities felt that they were unhelpful, largely due to the expense involved in updating them. Other highly used economic development practices include trade show displays, journal & newspaper advertising, and local business directories.

**Table 8: Usefulness of Tourism Promotion—All Populations, Municipalities****TOURISM PROMOTION**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
<b>Market municipality as tourist attraction</b>	72	38	54	8	0	0
<b>Organize local festivals, sports events</b>	78	21	64	14	0	0
<b>Participate in regional tourism promotion</b>	72	38	23	15	15	8
<b>Promote local area to other countries</b>	50	22	44	33	0	0

Tourism promotion is another area where responding BC municipalities are active. As with other provinces, the organization of local festivals and sports events tend to be undertaken more by smaller municipalities. Also, smaller places (under 30, 000 in this case) tend not to rate regional tourism promotion as being useful. Similarly, under public amenity improvements, the operation of local museums and galleries tends to be more commonly undertaken by smaller municipalities.

**Table 9: Usefulness of Location Specific Business Improvements—All Populations, Municipalities****LOCATION SPECIFIC BUSINESS IMPROVEMENT**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
<b>Business Improvement Areas</b>	50	67	33	0	0	0
<b>Downtown revitalization</b>	61	45	55	0	0	0
<b>Historic preservation incentives</b>	44	50	38	13	0	0

Business improvement areas, utilized mainly by municipalities with a population between 20 and 50, 000 in BC, were highly rated. Also, downtown revitalization programs were rated as being either very useful (45%) or useful (55%).

**Table 10: Usefulness of Financial Tools—All Populations, Municipalities****FINANCIAL TOOLS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Provide security for a private company	0	0	0	0	0	0
Lend money to a private company	0	0	0	0	0	0
Subsidize or grant a tax exemption	11	0	0	50	50	0
Contribute to an investment fund	0	0	0	0	0	0
Community loan funds	0	0	0	0	0	0
Financially assist non-profit organizations	39	43	57	0	0	0
Establish capital pools	0	0	0	0	0	0
Attraction of an international investor	11	0	100	0	0	0
Utility discounts for firms	0	0	0	0	0	0
Freezing property taxes	17	0	33	33	33	0

The most frequently used financial tool among municipal respondents in BC was financial assistance to non-profit organizations. A small percentage of the responding municipalities claim to have given a subsidy or tax exemption to a private company, despite the fact that this type of action is not permitted by provincial legislation. It is not known whether this was done out of ignorance or in full awareness of the provincial regulations in this matter. They may have received special permission.

**Economic Development Practices the Municipality Would Use****Table 11: Techniques BC municipalities would use if they had the legislative authority**

Practices	Frequency
Not restricted by legislation	5
Tax reductions for private business	4
Financial benefits	2
Tax increment financing	1
Sale of City land	1
Limit government regulation	1

Many respondents find that current provincial legislation governing municipal development is not restrictive: their main restriction is lack of resources. At the same time, a similar number of respondents stated that they would use financial incentives if legislation permitted.

## Role of the Municipality in Economic Development

**Table 12: Role of the Municipality in economic development**

Type of Role	Frequency
<b>General Roles</b>	
Lead role	4
Catalyst in attracting industry and business	2
Provide the framework	1
Supportive role	1
<b>More Specific Roles</b>	
Provide infrastructure	3
Assist entrepreneurs obtain information/contacts	3
Encourage a favourable business climate	2
Work in partnership with other govts & businesses	1
Provide site specific assistance	1
Have a role to play within a regional strategy	1
Provide information on the local community	1
Develop a community vision	1

Responses here are divided into two categories. The first category lists more general answers, such as playing a lead role, the most popular response. The second category lists specific responses, such as providing information on the local economy. There is also an apparent dichotomy between those who believed that municipalities should play an active, lead role and those who thought that municipalities should play a more passive role, only providing the framework and infrastructure for economic development. One of the first group states “...economic development requires coordination from the centre and consensus-building, for which local government is better positioned than any other private or public agency.”

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### Other Points of Interest for BC Municipalities

- Export development practices are not used extensively by the responding BC municipalities. This is somewhat surprising given province’s position in the Pacific Rim economy and the trade opportunities that this presents. Those who do operate such programs, however, find them to be either Very Useful (14%) or Useful (86%).
- The undertaking of general infrastructure improvements such as expanded recreational facilities (used by 72% of the respondents) and street or road improvements (used by 67% of the respondents) for the purposes of economic development tend to be carried out mainly by medium and small-sized cities.
- Under Governmental Regulations, Industrial zoning (78%), Sign control regulations (72%), height and density variances (61%) are used by more than half of the respondents.
- 72% of the respondents in BC have policies in place to attempt to expedite the development process. Of the respondents utilizing this economic development practice, it was rated as being either Very Useful (54%) or Useful (46%). This technique tends to be used more by larger cities in the sample (50, 000+).



- Incubation functions as well as training and other services are used by a relatively low percentage of the respondents and not rated as being significantly useful.

### **Innovative Economic Development Initiatives in British Columbia**

Immigrant entrepreneur Program  
(Federal program)

A visa is provided given that the immigrant creates or becomes a partner in a BC company. This has resulted in the immigration to Vancouver alone of 915 people with assets of over a billion dollars.

Information in other languages  
(Vancouver)

Municipality provides briefings for immigrant entrepreneurs in Chinese and Korean. This has resulted in a closer working relationship with ethnic business organizations in the area.

Adjustment Committee  
(Port Alberni)

Municipality jointly funded a committee which helped over 1000 displaced forestry workers to retrain. Most of the workers have become re-employed within the community.

“Green Buck Program”  
(Chilliwack)

“Buy local” program targeted to Christmas shopping.

Export Development  
(Surrey)

Municipality has developed an export training program for local business.

Private Club Assistance  
(White Rock)

Municipality financially assists private clubs to build or operate services/facilities which add to the quality of life in the local community.

Business Associations  
(Matsqui)

Participation in specific business associations (i.e. Aerospace Industries Association of B.C.) for the purpose of developing contacts. Results to date are better understanding of the industries and good network development.

## **Alberta**

On April 1, 1994, the Alberta provincial government initiated a comprehensive financial management program. Municipalities have had to cope with significant (77.9%) cuts in transfer payments (Walmsley, 1994: 50). While provincial assistance is being cut back, Alberta municipalities are about to be given greater freedom through the new Municipal Act. Many municipalities are concerned about the provision of services and do not have the resources to deal with economic development issues. There are still advantages to being in Alberta, like no provincial sales tax, and an abundance of natural resources including oil. In addition to a new Municipal Act, Alberta is also currently undertaking a review of its planning legislation. The Planning Review exercise is taking into account the need to facilitate economic development, as well as the need for self-initiated community development (Alberta Department of Municipal Affairs, 1994).

Recent provincial development policy gives greater freedom to municipalities. The Department of Economic Development and Tourism has stated that it will move away from providing direct financial assistance and instead focus on providing services and building strategic partnerships with business and communities. The Province wants to remove itself from a direct role in economic development and is empowering the local governments to undertake their own initiatives. The Province states in another document that municipalities can “provide leadership, can take advantage of provincial policies, coordinate economic development activities and have access to professional staff resources” (Alberta Economic Development and Trade, 1990: 4).

The urban hierarchy in Alberta is composed of the two largest cities (Calgary and Edmonton), six medium sized cities (30, 000 to 60, 000) and a large number of smaller municipalities. Economic development functions are carried out mainly at the municipal level. Regional Planning Commissions are not directly involved. There are two regional organizations involved in economic development in Alberta. The Northern Alberta Development Council, a provincially appointed body, advises the Government of Alberta on northern development issues. Prosperity South is a network of municipalities in the southern part of Alberta who discuss opportunities for cooperative initiatives in the region. The City of Calgary is a member but does not lead; rather, every municipality and organization involved has an equal level of authority.

A 1988 survey examined the role of Alberta municipalities in economic development. The following is a summary of the perceived roles of the municipality (a sample of 28 Alberta municipalities—Perks, 1988).

**1988 Study Results Examining the Role of Municipalities in Economic Development**

<i>Role</i>	<i>Percentage</i>
Formally approve and adopt an economic development plan or strategy	86%
Leave planning mainly to the business community and business leaders, but provide public leadership and advice	46%
Form a venture capital corporation in partnership with local and other business corporations	36%
Become a financial partner in private sector projects & business enterprises	32%
Contribute to economic development projects only by providing the normal range of services and infrastructure that a municipality is charged with	32%
Finance planning studies, consultants and organizational costs only	18%
Keep at "arm's length" from any business or industrial venture project	18%
Leave the financing of economic development projects entirely to the province	18%

(Source: Perks, 1988)

It is evident from the information above, that in 1988, a significant number of Alberta municipalities in the sample believed that they should have an active role in economic development. Some of the roles above would even fall towards the more radical end of the spectrum of initiatives (such as becoming a financial partner in private sector projects and business enterprises as well as forming venture capital corporations). At the same time, it is also apparent that a number of municipalities thought that they should play a passive role, leaving development mainly to the private sector.

The 1994 survey sample for Alberta consists of municipalities only. The following table shows the population breakdown.

**Table 1: Breakdown of Alberta Responses**

<b>Population Category</b>	<b>Number of Responses</b>
<b>100, 000+</b>	1
<b>50, 000 to 99, 999</b>	2
<b>10, 000 to 49, 999</b>	4
<b>5, 000 to 9, 999</b>	3
<b>Under 5, 000</b>	5
<b>Total</b>	15

In addition to the municipalities, the Province, and the two regional organizations mentioned earlier, other relevant actors in the economic development process in Alberta include chambers of commerce, regional tourism associations, community futures committees and downtown improvement organizations. The following is a summary of how municipalities carry out economic development functions.

**Table 2: How is economic development carried out at the local municipal level?**

	Economic Dev. Dept	Part of the Planning Dept.	Committee of Council	Independent Organization	Other
<b>100, 000+</b>				1	
<b>50, 000 to 99, 999</b>	1		1		
<b>10, 000 to 49, 999</b>		2	1		1
<b>5, 000 to 9, 999</b>	2	1			
<b>Under 5, 000</b>			3		2

\* Other includes City Manager's Office, an economic development board and a municipal administrator's office

As with many other provinces, the smaller municipalities in the Alberta sample tend to carry out economic development through a Committee of Council. The City of Edmonton recently adopted a strategy which created an organization called Economic Development Edmonton, an independent organization that reports to a board of directors. The mayor of Edmonton is the only city representative on the board, despite the fact that the organization receives a portion of its funding from the City. With the formation of this new agency, the City consolidated a number of key development groups. Economic Development Edmonton has become the leader in development in the city. The "arm's length" relationship between the local government and the EDE allows the organization to function effectively and efficiently since its activities are governed by a private-sector board of directors.

In Alberta's other large city, economic development functions are divided between two agencies. The City of Calgary government is involved in industrial land development, public transit, hard infrastructure provision and the preservation of the local natural environments. The Calgary Economic Development Authority, a joint venture of the Chamber of Commerce and the City, is involved in programs such as export development, programs to assist local entrepreneurs and trade shows.

**Table 3: Percentage of Municipalities with economic development plans or policies**

Population Category	Percent	Frequency
<b>100, 000+</b>	100%	1
<b>50, 000 to 99, 999</b>	50%	1
<b>10, 000 to 49, 999</b>	100%	4
<b>5, 000 to 9, 999</b>	67%	2
<b>Under 5, 000</b>	40%	2

As would be expected, the smaller municipalities are less likely to have policies or plans in place. The other city in the 50, 000 to 99, 999 is in the process of drawing up economic development policies and a strategic plan.

<b>Economic Development</b>	
<b>Technique Area</b>	<b>Frequency</b>
Marketing	4
Helping local firms with exporting	1
Prospecting	1
Downtown revitalization	1
Infrastructure provision	1

Half of the respondents who answered this question pointed toward the need to spend more on marketing initiatives, once again illustrating the trend towards remaining at the conservative end of the development spectrum.

	<b>Frequency</b>
<b>Significant problem</b>	1
<b>Somewhat of a problem</b>	6
<b>Not a problem</b>	5

Given the new Alberta Municipal Government Act, under which communities will be able to use significant financial incentives to attract a large employer, together with the fact that there are relatively few regional organizations involved in economic development in Alberta, one would think that competition between municipalities would be a problem in many areas of the province. But table 5 shows that competition is generally not perceived as a significant problem.

	<b>Percent</b>
<b>100, 000+</b>	100%
<b>50, 000 to 99, 999</b>	50%
<b>10, 000 to 49, 999</b>	100%
<b>5, 000 to 9, 999</b>	67%
<b>Under 5, 000</b>	20%

The ratios here are very similar to those in the table showing the percentage of municipalities with economic development policies or plans in place. Cooperative initiatives between municipalities in Alberta include joint economic advisory committees, regional tourism promotion and membership in organizations like Metro Edmonton Economic Development

(which covers 18 municipalities). Both Calgary and Edmonton have limited the extent to which suburban municipalities compete through annexation. Significant annexation activities by the City of Calgary has kept 94% of Calgary's CMA within the City boundaries (O'Brien, 1993: 60).

### Economic Development Techniques Used by the Responding Alberta Municipalities

**Table 7: Usefulness of Marketing Techniques—All Populations**

#### MARKETING TECHNIQUES

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Brochures, information packages	93	64	29	0	7	0
Promotional videos	53	25	13	38	25	0
Trade show displays	67	40	30	10	20	0
Industrial site inventories	67	40	50	10	0	0
Journal, newspaper advertising	60	11	22	44	22	0
Radio/TV advertising	40	17	50	33	0	0
Local business directories	53	38	25	38	0	0

The provision of brochures and information packages is by far the most popular economic development practice amongst Alberta respondents. Industrial site inventories and trade-show displays are also used by a relatively high number. These methods tend to be used across all population size categories. Promotional videos tend only to be used by the larger municipalities.

**Table 8: Usefulness of Tourism Promotion—All Populations**

#### TOURISM PROMOTION

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Market municipality as tourist attraction	60	33	22	44	0	0
Organize local festivals, sports events	73	45	27	27	0	0
Participate in regional tourism promotion	67	30	30	40	0	0
Promote local area to other countries	20	0	33	0	67	0

The responding municipalities involved in marketing their area as a tourist attraction tend to cover the whole spectrum of population-size. The organization and promotion of local festivals tends to be the domain of smaller municipalities, while larger municipalities are more involved in regional tourism.

**Table 9: Usefulness of General Improvement of Local Infrastructure—All Populations****GENERAL IMPROVEMENT OF LOCAL INFRASTRUCTURE**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Improve/expanded recreation facilities	60	44	22	33	0	0
Social services improvements	27	75	0	25	0	0
Street/road improvements	60	56	22	22	0	0
Public transit improvements	20	0	33	67	0	0
Improved municipally-operated parking	20	0	67	0	33	0
Improved sewage collection	20	0	0	67	33	0
Facilitate telecommun. infrastructure	20	33	0	67	0	0

Infrastructure improvements are not generally viewed by respondents as an economic development tool. The most popular techniques—improved/expanded recreation facilities and street/road improvements—tend to be used by the smaller municipalities.

**Table 10: Usefulness of Financial Tools—All Populations****FINANCIAL TOOLS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Provide security for a private company	0	0	0	0	0	0
Lend money to a private company	0	0	0	0	0	0
Subsidize or grant a tax exemption	13	50	0	0	0	50
Contribute to an investment fund	0	0	0	0	0	0
Community loan funds	0	0	0	0	0	0
Financially assist non-profit organizations	33	40	20	40	0	0
Establish capital pools	0	0	0	0	0	0
Attraction of an international investor	13	50	50	0	0	0
Utility discounts for firms	0	0	0	0	0	0
Freezing property taxes	0	0	0	0	0	0

Probably due more to lack of resources than to legislation, financial tools are not used frequently by the sample Alberta municipalities. This will likely change significantly when the new Municipal Act comes into effect. At the present time, financial assistance to non-profit organizations is the most common practice. Strikingly, half of the municipalities who provided tax exemptions to private companies, found it very useful, while the other half found it to be detrimental to economic development in the community.

## Economic Development Practices the Municipality Would Use

**Table 11: Techniques Alberta municipalities would use if the legislation permitted**

Practices	Frequency
Not limited by legislative authority	2
Support for equity & small business loans	1
Provide capital for business start-ups	1
More ability to participate in low risk deal-making	1

From the those who responded to above question, it is apparent that some respondents felt that the legislation is not the problem, but rather the lack of resources. Also, other respondents would like to be able to offer more to new businesses starting-up in the community.

## Role of the Municipality in Economic Development

**Table 12: Role of the municipality in economic development**

Type of Role	Frequency
Assist new businesses	2
Major role in facilitation and promotion	1
A lead role, create a positive business environment	1
Streamline development approvals	1
Provide more start-up opportunities	1
Assist in obtaining land/facilities when required	1
Encourage expansion of existing businesses	1
Contribute to promote economic growth	1

The types of roles mentioned in Table 12 suggest that Alberta municipalities want to play a pro-active role in economic development, which is consistent with the findings of the 1988 survey mentioned earlier. None of the responses urged a passive approach. This reflects both their permissive legislation—and the new legislation to come—and that Alberta municipalities are recognizing the need to initiate economic growth themselves, since no one else is going to do it. In many cases however, the success of a local area is beyond the control of the local government.

Lethbridge, rated as one of the top cities to do business in Canada by the Report on Business magazine in 1994, does not have an economic development department. Most characteristics that make the city attractive to investors are outside the control of the local government. The presence of a skilled and adaptable labour force with a low unionization rate as well as a



university and community college have helped Lethbridge attract such companies as Pratt & Whitney, who built a \$145 million aircraft engine plant (Walmsely, 1994: 50).

### Other Notes of Interest for Alberta Municipalities

- Use of business liaison is rather low (the highest percentage use is 47%—these municipalities have business liaison council committees or a small business advisory service).
- Downtown revitalization initiatives, used by 53% of the respondents, tend to be utilized by larger municipalities in the province.
- Other practices used by over half of the respondents include industrial zoning (60%) and sign control regulations (53%). One of the respondents has successfully used sign control regulations to improve the attractiveness of the community.
- The responding Alberta municipalities in general do not seem to be very active in economic development initiatives.

### Innovative Economic Development Practices in Alberta

Local Trade Show  
(Okotoks)

A trade show showcasing goods and services available to the community from local businesses has resulted in increased awareness of local businesses and the need to support them.

Telecommunications infrastructure  
(Beaumont)

Local government liaises with Alberta Government Telephone to ensure that the municipality is kept up to-date to handle extra lines for computers at home, for example.

Research Park and Incubator  
(Edmonton)

Economic Development Edmonton operates the Edmonton Research Park, a land bank for specialized industries, as well as the Edmonton Advanced Technology Centre, a high technology incubator facility.

### Saskatchewan

The urban structure in Saskatchewan is somewhat dichotomous. There are two fairly large urban centres—Saskatoon and Regina—but no cities between 40, 000 and 125, 000 in population. Much of the remainder of the province is rural in nature and the extensive use of the regional economic development structure reflects this. While the province has traditionally relied on agriculture and mining as its economic base, the larger urban centres are pursuing

specialization in such non-primary industries as telecommunications and information technology (Regina Economic Development Authority, 1991).

Regional Economic Development Authorities are a recent co-operative, grass-roots Provincial initiative to bring communities together to address economic development in a coordinated fashion. It aims to provide a structure for municipal governments, business and other community organizations to come together to form one economic vision for a particular region (Saskatchewan Economic Development, 1993: 1). The provincial government hopes that in the near future most of the province will be covered by REDAs established on a voluntary basis. To date, seven REDAs in Saskatchewan have been formed, owned and operated by region stakeholders. While the Province initially provides some funding to REDAs, it is hoped that eventually they will all become self-sustaining. It is expected that REDAs will be able to gain funds from such sources as local government, business contributions, shares in businesses, sale of products, fund-raising, and the rental of equipment and facilities (Saskatchewan Economic Development, 1993: 17).

In Saskatchewan, economic development is carried out at the local level through economic development departments of municipalities, economic development authorities, regional economic development authorities and rural development corporations.

The following is a breakdown of the distribution of survey responses from Saskatchewan.

**Table 1: Breakdown of Saskatchewan Responses**

Population Category	Number of Responses
100, 000+	2
10, 000 to 49, 999	4
5, 000 to 9, 999	1
Under 5, 000	1
<b>Total</b>	<b>8</b>

Total Responses = 8 municipalities + 1 REDA + 1 RDC

Almost all (88%) of the respondents have either economic development policies or economic development plans in place.

**Table 2: How is Economic Development carried out at the local municipal level ?**

	Economic Dev. Dept.	Economic Dev. Auth.	Part of Planning Dept.
100, 000+		2	
10, 000 to 49, 999	3		1
5, 000 to 9, 999	1		
Under 5, 000	1		

Both large cities in Saskatchewan utilize arm's-length economic development authorities. The Regina Economic Development Authority, created in 1989, is fully funded by the City and has proven a better structure for local initiatives. Prior to 1989, when economic development was managed directly by the City, relations between City and business community were strained (Regina Economic Development Authority, 1991: 2). With the creation of the economic development authority, the City has gained the knowledge and experience of local business people and community members, while at the same time maintaining some control over its operations by having a number of local government representatives on its board of directors. The City now concentrates its efforts on land-use, such as ensuring that the existing and future land supply is adequate to the requirements of industrial and commercial development (City of Regina, 1994: 69).

Other relevant actors in the economic development process in Saskatchewan include chambers of commerce, the Province, universities, industry organizations, commercial realtors, tourism authorities, community futures committees, and business improvement districts.

ICURR Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
sur l'urbanisme et le développement régional

**Table 3: Areas to Spend More Resources****(All responses)****Economic Development**

Technique Area	Frequency
Business Visitation	2
Business retention	2
Infrastructure development	1
Liaison with small business	1
Market study on retail	1
Developing a strategic plan	1
Longer tax breaks	1
Financing business start-ups and expansions	1

Almost all of the above practices help local businesses and new businesses and improve the environment in which they operate, illustrating that the responding Saskatchewan

municipalities realize the importance of fostering economic growth by development of indigenous enterprises.

**Table 4: Is competition between municipalities within the area a problem? (all categories)**

	Frequency
Significant problem	0
Somewhat of a problem	5
Not a problem	5
Do not know	0

The absence of any response citing competition as a significant problem suggests that the efforts at regional cooperation are working. Over 75% of the local municipalities surveyed are involved in some type of cooperative initiative with other municipalities in the area, such as joint tourism ventures, regional economic development committees, and through the rural development corporations and district planning commissions.

### Economic Development Techniques Used by the Responding Saskatchewan Municipalities

Included in this discussion are the 8 municipalities and the rural development corporation.

**Table 5: Usefulness of Marketing Techniques—All Populations**

#### MARKETING TECHNIQUES

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri-mental
Brochures, information packages	100	44	44	11	0	0
Promotional videos	67	0	33	33	33	0
Trade show displays	89	0	25	63	0	13
Industrial site inventories	78	29	29	43	0	0
Journal, newspaper advertising	100	0	33	33	33	0
Radio/TV advertising	44	0	50	50	0	0
Local business directories	67	33	33	33	0	0

As with many provinces, marketing techniques are extensively used by Saskatchewan municipalities, especially the provision of information brochures, trade-show displays and journal and newspaper advertising. Of these practices, information brochures are seen as being the most useful, with 88% of the respondents using this technique rate as being either very useful (44%) or useful (44%). The high usage of newspaper advertising (100%) as well as promotional videos (67%) is somewhat surprising due to the expense involved.

**Table 6: Usefulness of Tourism Promotion—All Populations****TOURISM PROMOTION**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Market municipality as tourist attraction	100	44	44	11	0	0
Organize local festivals, sports events	100	44	33	22	0	0
Participate in regional tourism promotion	100	56	0	44	0	0
Promote local area to other countries	56	20	40	40	0	0

Tourism promotion is an area where all responding Saskatchewan municipalities are active, and all give it a fairly high rating. Cities between 10, 000 and 30, 000 rate tourism promotion especially highly.

**Table 7: Usefulness of Local Business Liaison Practices—All Populations****LIAISON WITH LOCAL BUSINESS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Business Liaison Council Committees	67	17	17	67	0	0
Small Business Advisory	78	0	71	29	0	0
Business Ombudsman	22	100	0	0	0	0
Strengthening contacts—new enterprises and sources of risk capital	67	50	17	33	0	0
Awareness of senior govt programs	89	50	25	25	0	0
Business Visitation Program	67	50	17	33	0	0

Saskatchewan municipalities that responded to the survey are also involved in working with and promoting local businesses.

**Table 8: Usefulness of Fostering Local Business Connections—All Populations****FOSTERING LOCAL BUSINESS CONNECTIONS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Import Replacement Program	56	20	60	0	20	0
Buy local municipal purchasing policies	67	17	50	17	17	0
Local sourcing program	67	33	50	17	0	0

Estevan (population just over 10, 000 in 1991) has had an import replacement program in place since 1989. Import replacement is essentially a “matchmaking” activity—it attempts to match a buyer’s need with a supplier in the local marketplace. The “Buy Estevan” program consists of three activities: 1) the Buy Estevan Business Directory, 2) the Reverse Trade Show

and 3), concentrated matchmaking activity. In the reverse trade show, local businesses are invited to meet with purchasing agents of large corporations and government institutions to discuss the procedures involved in selling their goods to these larger corporations (Estevan Economic Development Board, 1992 ).

While import replacement programs are used by just over half of the municipalities, 20% rate this technique as being not useful. The other two practices in this category are also used by a relatively high percentage of respondents; usefulness ratings are distributed across the scale.

**Table 9: Usefulness of Public Amenity Improvements—All Populations**

**PUBLIC AMENITY IMPROVEMENTS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Operation of local museums, galleries	100	22	67	11	0	0
Operation of other cultural facilities	67	33	50	17	0	0
Natural Aesthetic changes	89	0	88	12	0	0

Since responding Saskatchewan municipalities are extensively involved in tourism promotion, it is not surprising that they are also extensively involved in public amenity improvements.

**Table 10: Usefulness of Financial Tools—All Populations**

**FINANCIAL TOOLS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Provide security for a private company	11	0	100	0	0	0
Lend money to a private company	11	0	100	0	0	0
Subsidize or grant a tax exemption	78	57	29	14	0	0
Contribute to an investment fund	44	50	25	25	0	0
Community loan funds	44	50	25	0	25	0
Financially assist non-profit organizations	33	33	33	33	0	0
Establish capital pools	22	0	100	0	0	0
Attraction of an international investor	33	33	67	0	0	0
Utility discounts for firms	11	100	0	0	0	0
Freezing property taxes	22	100	0	0	0	0

Saskatchewan respondents offer financial incentives more actively than municipalities in other provinces. 78% of respondents subsidized or granted a tax exemption to a private company; over half of these respondents rate this technique as very useful.

**Economic Development Techniques the Municipalities Would Use****Table 11: Techniques Saskatchewan municipalities would use if they had authority**

<b>Technique</b>	<b>Frequency</b>
More flexible incentives	1
Funding capital pools for business start-up	1
Legislation is not an impediment	1
Let municipalities join what economic group they want to join	1
Cottage industry program	1

Not all of the respondents answered the question, and there is no real common trend throughout the answers. One respondent thought legislative restrictions not to be a problem. Another thought municipalities should be able to choose which economic development organization to belong to, and that the Province's REDA was really an imposed, top-down initiative.

**Table 12: Role of Municipalities in Economic Development**

<b>Type of Role</b>	<b>Frequency</b>
Facilitator	3
Coordinator	2
Expediter	2
Create a positive business climate	1
Provide quality infrastructure	1
Resolve high business tax levy	1
Assist existing businesses	1
Promote the community	1
Recruiting/assisting new businesses	1
Partner with other groups	1
Mobilize grass roots/local investment	1

\* more than one role per response is possible

More than one response was often given for one survey. All of the responses to this question imply that the municipality should take an active role in economic development, but it should be limited to facilitation and coordination of private business and local community groups.

### Other Highlights for Saskatchewan Municipalities in the Survey

- 89% undertake recreation-facility, street and sewage collection improvements to assist economic development efforts.
- Business Improvement Districts and Downtown revitalization programs are utilized by just over half and are rated as being quite useful.
- Industrial zoning and sign control regulations are both used by 78%, but are not rated as being highly useful. Many of the larger cities in the province have adopted policies to expedite the development process (and rate them quite highly).
- 89% sell commercial land (67% sell industrial land) to developers. Incubation activities are not carried out by many respondents.
- Training and other services is the most under-utilized category of development practices.

### Innovative Economic Development Practices by Saskatchewan Municipalities

Ambassador Program  
(Yorkton)

Enlists key business people to promote the municipality during their normal travel activities and officially recognizes them as ambassadors with a special pin, business cards and a proclamation.

Community-based treescape  
initiative  
(North Battleford)

The economic development office enlisted the services of local contractors to participate in a major clean-up and landscaping of the main street into downtown. This provided an example of how the private sector can be involved in important economic development projects.

Aboriginal Employment and Training  
Program  
(Lloydminster)

Places aboriginal people in jobs in the community. For those who require it, a life skills course is provided. Over the last 3 years, almost 1000 people have been able to find jobs through this program. Moreover, it has fostered pride in the native community and reduced social problems on the reserve.



**Manitoba**

The urban hierarchy in Manitoba can be divided into the City of Winnipeg (population over 615, 000) and the rest of the province, which is more rural in character. (The next largest municipality after Winnipeg is Brandon with a population of about 40, 000.) This is reflected in the structure of the provincial government, which has a separate department for Winnipeg (Manitoba Urban Affairs). The remainder of the province is administered by the Department of Rural Development. The main advantage of this type of system for the City of Winnipeg is that it does not have to be subject to all regulations applicable to the other municipalities in the province (Sancton, 1994: 21). As one can see from the review of the provincial legislation, the City of Winnipeg Act permits more than the Act governing the rest of the province. Moreover, the existence of a separate department for Winnipeg allows the province to focus more effort on revitalizing Manitoba's largest city. The Winnipeg Core Area Initiative, the North Portage Development Corporation and the Forks Renewal Corporation are examples of effective agreements among all three levels of government. The Winnipeg Development Agreement will eventually take over from the Core Area Initiative Agreements. The WDA is a proposed 5 year agreement with each level of government contributing \$25 million (Manitoba Urban Affairs, 1994). Economic sector development, labour force development and community development would be the areas of focus for the agreement.

Manitoba Rural Development operates a number of programs to facilitate economic growth and development in rural communities. The Community Choices Program encourages members of different communities to work together to form a common vision and a strategic plan for the future area development (at this time 58 Community Round Tables operate in rural areas involving 101 municipalities—Manitoba Rural Development, 1994). The Rural Economic Development Initiative is a program which invests video lottery terminal (VLT) money back into the local economy. Included within this initiative is a feasibility study program, a infrastructure development program, a development support program, a MBA Student Consulting Program and a Partner with Youth program (Manitoba Rural Development, 1993). The province also provides VLT funding to the City of Winnipeg for economic development. Three City-mandated agencies—Winnipeg 2000 economic development corporation, Tourism Winnipeg and the Winnipeg Convention Centre—are partially funded with provincial VLT revenue. Finally, GROW Bonds, guaranteed by the Province, are a method of stimulating local investment. Local communities in Manitoba can form Rural Development Bond Corporations, which select potential investment projects. Upon approval, GROW Bonds are offered for sale. The rate of return is determined by the success of the project (Manitoba Rural Development, 1991).

The Department of Rural Development is currently reviewing the local economic delivery system in Manitoba in order to determine if there are more efficient ways in which local and regional organizations can work to promote economic development within their respective regions.

Surveys were sent to municipalities as well as a number of regional development corporations. These regional organizations are funded by the Province (75%) as well as member municipalities. The board of directors is made up of appointed representatives from these municipalities. Table 1 shows the breakdown of the responses from Manitoba by population category.

Population Category	Number of Responses	
	Municipalities	Regional Organizations
100, 000+	1	
10, 000 to 49, 999	3	4
5, 000 to 9, 999	2	
Under 5, 000	4	
<b>Total</b>	<b>9</b>	<b>4</b>

**Total Number of Responses = 14**

Other relevant actors in the economic development process include the Province, Chambers of Commerce, community futures committees and Tribal Councils and the Northern Manitoba Business Institute (First Nations Groups). Manitoba in general seems to be moving more towards a Community-based approach to economic development. One of the larger municipalities in the sample recently transferred its economic development functions from a single-entity economic development department to a community development model. This has resulted in a more participatory process and it has proven to be quite successful.

	Economic Dev. Dept.	Part of the Planning Dept.	Committee of Council	Independent Organization
100, 000+		1		1
10, 000 to 49, 999	3		2	
5, 000 to 9, 999				1
Under 5, 000				2

The larger municipalities in the sample implement initiatives through both economic development departments and committees of council, while development in smaller municipalities tends to be undertaken by regional development corporations. In addition to its planning department, the City of Winnipeg recently created an organization called Winnipeg 2000—a committee of business, government, labour, education and other sector-and-community leaders.

**Table 3: Percentage of Municipalities with economic development plans or policies**

Population Category	Percent
100, 000+	100%
10, 000 to 49, 999	100%
5, 000 to 9, 999	0%
Under 5, 000	25%

The relatively low number of municipalities with economic development policies reflects the relative size of municipalities in Manitoba and the presence of a number of regional rural economic development initiatives by the Province.

**Table 4: Areas to Spend More Resources (All Responses)**

Economic Development Technique Area	Frequency
Marketing	3
Small business development	2
Direct contact with senior govt officials	1
Cash incentives to new business	1
Assistance to existing businesses	1
Development of regional tourism	1

Responding Manitoba municipalities and regional economic development organizations would spend more money and time on marketing and small business development.

**Table 5: Is competition between municipalities within the region a problem? (All responses)**

Response	Frequency
Significant problem	1
Somewhat of a problem	7
Not a problem	5

In contrast to Alberta, Manitoba has an extensive system of regional economic development organizations. One would therefore think that competition between municipalities would be somewhat alleviated through such a system. From Table 5, one can conclude that competition is not viewed by many in the sample as a significant problem, although it remains an important issue. One respondent felt that the Regional Development Corporations were somewhat ineffective, since its membership is made up of community leaders from centres within the region whose first priority is to promote their own community.

**Table 6: Municipalities involved in cooperative initiatives with other municipalities in the region**

	Percent
100, 000+	0%
10, 000 to 49, 999	33%
5, 000 to 9, 999	50%
Under 5, 000	75%

These cooperative activities include participation in regional development corporations, shared municipal facilities (such as a regional waste disposal site), and Community Futures Groups. Smaller municipalities are more likely to be members of regional development organizations, since they can pool resources to work for a common goal.

### Economic Development Techniques Used by the Responding Manitoba Municipalities

Given the activities of the regional development organizations and the trend of moving towards a more community-based approach, the responding Manitoba municipalities are not extensively involved in economic development.

**Table 7: Usefulness of Marketing Techniques—All Populations, Municipalities**

#### MARKETING TECHNIQUES

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Brochures, information packages	67	33	17	33	17	0
Promotional videos	44	25	25	25	25	0
Trade show displays	44	25	25	50	0	0
Industrial site inventories	44	50	25	0	25	0
Journal, newspaper advertising	33	0	0	33	67	0
Radio/TV advertising	11	0	0	0	100	0
Local business directories	33	33	33	33	0	0

Two thirds of respondents use information brochures, a lower percentage than most other provinces. Other practices in this category are used by a relatively small percentage of the respondents, and not rated as highly as they usually are in other provinces.

**Table 8: Usefulness of Tourism Promotion—All Populations, Municipalities****TOURISM PROMOTION**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Market municipality as tourist attraction	44	25	50	0	25	0
Organize local festivals, sports events	67	17	50	33	0	0
Participate in regional tourism promotion	67	17	17	67	0	0
Promote local area to other countries	0	0	0	0	0	0

Tourism promotion is an area in which municipalities are active in promoting economic development. Tourism Winnipeg is an important agency in economic development in the City of Winnipeg. Once again, though, these practices are not highly rated.

Other practices used by over half of the municipal respondents include “buy local” municipal purchasing policies (56%) and improvement or expansion of local recreational facilities (56%). Most municipalities in the sample do not use any financial tools for the purposes of economic development. The only method used in this category is the financial assistance of non-profit organizations (11%).

**Economic Development Practices of Responding Manitoba Regional Development Organizations****Table 9: Usefulness of Marketing Techniques—Regional Organizations****MARKETING TECHNIQUES**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Brochures, information packages	75	33	0	33	33	0
Promotional videos	50	0	0	0	100	0
Trade show displays	75	0	0	100	0	0
Industrial site inventories	50	50	50	0	0	0
Journal, newspaper advertising	50	0	50	50	0	0
Radio/TV advertising	25	0	0	0	100	0
Local business directories	75	0	33	33	33	0

Of the four regional development organization respondents, three use three marketing techniques—brochures, trade show displays and local business directories. None of these three practices are highly rated.

**Table 10: Usefulness of Liaison with Local Business—Regional Organizations****LIAISON WITH LOCAL BUSINESS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
<b>Business Liaison Council Committees</b>	25	0	0	100	0	0
<b>Small Business Advisory</b>	75	33	33	0	33	0
<b>Business Ombudsman</b>	25	0	0	100	0	0
<b>Strengthening contacts—new enterprises and sources of risk capital</b>	75	33	0	33	33	0
<b>Awareness of senior govt programs</b>	75	0	33	67	0	0
<b>Business Visitation Program</b>	50	50	50	0	0	0

The regional economic development organization respondents are also quite active in working with local businesses. Three of the regional development organizations are also involved in import replace programs.

**What Economic Development Practices the Municipality Would Use****Table 11: Techniques Manitoba municipalities would use if the legislation permitted**

Practices	Frequency
Delivery of senior govt programs	1
Tax/utility relief for businesses	1
Tax incentives for industry	1
Issuing of municipal bonds	1
Increased levels of financial support	1

Four of the five answers are related to financial incentives, while the other expresses a desire for greater control over the allocation of senior-government level funding.

**Table 12: Role of the municipality in economic development**

Type of Role	Frequency
<b>Municipalities</b>	
Facilitate development	2
Organizing the consolidation of public and private resources	1
Coordinating efforts of community organizations	1
Where reasonable, should assume some risk	1
A leading Role	1
<b>Regional Organizations</b>	
Provide the necessary infrastructure	1
Partnering with CED groups	1
Lead role in providing a receptive environment	1
Assistance in funding arm's length agencies	1

As might be expected, the regional organizations generally suggest a more passive role for municipalities in economic development—providing infrastructure and funding for other bodies. One regional respondent believed that the general population, including municipalities, does not understand the usefulness of Community Economic Development initiatives. The municipalities believe that they should be facilitators and coordinators. One respondent thought that municipalities should have a greater say in the formulation of economic development programs.

### Innovative Economic Development Practices

Specialized niche trade show (Thompson)      Winter products testing trade show

Land management (Thompson)      Industrial land sales for one dollar.

Residential housing start program (Steinbach)

High tech industrial directory (Pembina Valley Development Corporation, Altona)

Information conferences and seminars related to business development and import replacement (Eastman Regional Development Corporation, Beausejour)

## **Ontario**

With nearly one third of Canada's population, Ontario is the economic driving force for the entire country. It has the strongest manufacturing base (especially the automobile industry in Southern Ontario), a significant tertiary sector, as well as a number of primary industries such as mining and forestry in Northern Ontario, and agriculture in the Niagara Region. Ontario alone is the U.S.'s third largest trading partner, and attracts more foreign investment than any other Canadian province (EDCO, 1994: 9). Significant research and development activities also contribute to the strength of Ontario's economy. For example, Ontario conducts more than 66% of Canada's computer-product R&D (EDCO, 1994: 15).

Almost half of all municipalities 50, 000 and over in population in Canada are located in Ontario with over half of these municipalities being in the Greater Toronto Area.

Due to the significant number of large cities in the province, many municipalities have their own economic development departments. Many regional governments also have economic development departments. A recent study by the Economic Developers Council of Ontario examined the division of responsibilities between local and regional governments. It found that most economic development functions are performed by both local and regional governments where they coexist, especially in the areas of business retention, tourism, and marketing (Britten, 1994: ii). This brings into question the degree of overlap occurring in Ontario. Economic development is also facilitated through intermunicipal organizations such as the Diamond Triangle Economic Development Corporation which promotes an area encompassing three municipalities, but does not comprise an entire political region. "Supra-regional" level agencies also carry out development in Ontario, and include the Ontario East group, the GTA and the North-Western Ontario Development Network (Britten, 1994: 29). These groups help to foster cooperation and coordination of efforts within their area and are comprised of the local and regional municipalities and other interested groups. They are involved in such activities as trade show participation, seminars, the production of general information brochures and hosting conferences.

The survey sample for Ontario consists of local municipalities, regional municipalities, counties and regional economic development organizations. The list of contact names was derived from the EDCO directory of economic development contacts as well as the municipal directory of Ontario. The following table shows the number of responses received according to population category and municipality.



**Table 1: Breakdown of Ontario Responses**

Population Category	Lower Tier Municipalities	Regional Municipalities Counties, and Regional Organizations
	Number of Responses	Number of Responses
100, 000 +	15	8
50, 000 to 99, 999	6	2
10, 000 to 49, 999	11	2
5, 000 to 9, 999	4	1
Under 5, 000	4	
<b>Total</b>	<b>40</b>	<b>13</b>

**Total Responses = 53**

In addition to local and regional governments, other relevant actors include boards of trade, chambers of commerce, tourism authorities and councils, business improvement area boards, local colleges and universities, downtown business associations, community development corporations, community futures committees and business development centres. Conspicuous by its absence in the responses, the Province is also a key player in economic development through a number of incentive and training programs for business.

**Table 2: Percentage of Municipalities/Organizations with Economic Development Plans or Policies**

Population Category	Local Mun.	Upper Tier
	100, 000 +	93%
50, 000 to 99, 999	100%	100%
10, 000 to 49, 999	73%	100%
5, 000 to 9, 999	75%	100%
Under 5, 000	50%	

Larger and especially regional municipalities and counties are more likely to have economic development strategies or policies in their official plans. Many medium-to-large municipalities not having a plan in place were in the process of developing one when the survey was mailed out.

	<b>Economic Dev. Dept.</b>	<b>Committee of Council</b>	<b>Part of the Planning Dept.</b>	<b>Other</b>
<b>100, 000 +</b>	87%	13%	20%	
<b>50, 000 to 99, 999</b>	83%		17%	17%
<b>10, 000 to 49, 999</b>	37%	18%	18%	37%
<b>5, 000 to 9, 999</b>	50%	25%		25%
<b>Under 5, 000</b>		75%	25%	

\* some municipalities have economic development functions in more than one department

\*\* Other category includes separate economic development corporations as well as carrying out economic development functions through the CAO's office

Larger municipalities are more likely to have the resources to start up their own economic development departments while smaller municipalities tend to house economic development functions for the municipality in a committee of the local council. Medium-sized cities tend to utilize separate economic development corporations more than municipalities in other populations size categories.

**Table 4: Areas to Spend More Resources**  
(All responses)

**Economic Development**

<b>Technique Area</b>	<b>Frequency</b>
Marketing	10
Business Visits	10
Strategic Alliances	3
Research & data collection	3
Export Development	3
Providing more industrial land	2
Assessment and tax issues	1
Financing for new mfgers	1
Technology Transfer	1
Develop local venture capital	1
Incubator	1
CED Projects	1

The high frequency of marketing and business visits (to existing businesses in the community) reflects both the tendency for Canadian municipalities to pursue strategies at the conservative end of the spectrum of economic development intervention, and the legislative restrictions placed upon their actions in this area.

**Table 5: Percentage of Local Municipalities Involved in cooperative initiatives with other municipalities**

Population Category	Percentage
100, 000 +	82%
50, 000 to 99, 999	100%
10, 000 to 49, 999	91%
5, 000 to 9, 999	50%
Under 5, 000	25%

It is interesting to note that the smaller municipalities tend not to participate in these projects. Cooperative initiatives undertaken are activities like joint trade show participation, monthly meetings with other economic development officials, joint marketing activities, joint data collection and joint lobbying efforts to provincial and federal governments. These cooperative functions often take the form of mayoralty task forces with representatives of all relevant municipalities. Survey respondents also commented on the need for better cooperation and coordination of efforts in economic development between local government, the province and the federal government in order to reduce duplication of services and more efficiently promote local areas.

**Table 6: Is Competition between municipalities within the region a problem? (All categories)**

	Frequency
Significant problem	8
Somewhat of a problem	12
Not a problem	31
Do not know	2

Most municipalities stating that competition was a significant problem are located in the GTA. Competition between municipalities within a region can be detrimental to all municipalities involved, since outside businesses are likely to perceive a negative business environment in an area in which municipalities don't work together for a common cause. Networking opportunities are lost and the entire region could suffer due to municipal inability to work together. Be that as it may, some survey respondents stated that competition amongst municipalities is an unavoidable reality and even healthy in some respects.

Municipalities within Metro complained of an unfair tax system which sees them paying educational costs, while the Province subsidizes education in the surrounding municipalities, allowing them to lower their business property taxes. The regional governments can help to alleviate these problems through promoting cooperation within their constituency. Unfortunately, the GTA is not a level of local government, and therefore competition between

Metro municipalities and municipalities in the surrounding regions is likely to continue until more proactive initiatives are taken to deal with the situation. Outside the GTA, the non-profit Tri-Town Economic Development Group was actually created in order to reduce competition amongst area municipalities. A number of municipalities in the area were in the process of creating their own economic development corporations when it was decided that more would be accomplished by pooling resources and working together to promote the region.

### Economic Development Techniques Used by the Responding Ontario Municipalities

A general trend apparent in most categories of economic development practices is that the larger municipalities tend to engage in more of them, mainly due to the greater resources they have at their disposal. For example, in the field of export development, international partnerships are usually only undertaken by medium- to large-sized cities.

**Table 7: Usefulness of Marketing Techniques—All Populations (Lower Tier Municipalities)**

#### MARKETING TECHNIQUES

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri-mental
Brochures, information packages	93	54	38	5	3	0
Promotional videos	60	4	33	50	13	0
Trade show displays	80	19	31	44	6	0
Industrial site inventories	88	60	29	6	3	3
Journal, newspaper advertising	73	14	28	45	14	0
Radio/TV advertising	33	31	0	31	38	0
Local business directories	80	38	38	19	6	0

Marketing techniques are the most widely used economic development practice across all population size categories for Ontario respondents. The brochure describing a municipality in terms of available industrial land, transportation infrastructure, and quality-of-life amenities seems ubiquitous. This technique is used by 93% of the respondents and is seen as being very useful or useful by the majority of respondents. Local business directories were also heavily used. Radio and TV advertising was the only technique within the marketing category not highly used—probably due to the expense involved. It is also interesting to note that a relatively high proportion of those employing this type of advertising did not think that it was particularly useful. A small proportion of the respondents believe that industrial site inventories were detrimental to economic development, mainly due to the difficulty in keeping such an inventory up to date.

Regional municipalities, counties, and organizations also utilize many of the practices under Marketing Techniques. All of the regional respondents use information brochures and the majority also use industrial site inventories (92%) and local business directories (85%). 85% of the regional respondents have the resources to undertake radio or TV advertising.

**Table 9: Tourism Promotion: Percentage Used by Population Category (Local Municipalities)****TOURISM PROMOTION**

	100, 000+	50, 000 to 99, 999	10, 000 to 49, 999	5, 000 to 9, 999	Under 5000
<b>Market municipality as tourist attraction</b>	27	83	58	50	33
<b>Organize local festivals, sports events</b>	47	83	50	100	67
<b>Participate in regional tourism promotion</b>	40	83	42	25	0
<b>Promote local area to other countries</b>	27	83	25	0	0

The relatively low percentages in the first column can be explained by the fact that many of the larger municipalities (over 100, 000) have their own separate and distinct tourism authorities. Of the regional governments, counties, and organizations, 85% are involved in tourism promotion, all of them rating it as being either very useful (73%) or useful (27%). Also, 85% of the regional respondents market their area to other countries (but only 18% see this activity as being very useful). Organizing local festivals and sporting events is more common in smaller municipalities since, in the absence of other organizing bodies, the municipality has to take a lead role.

**Table 10: Usefulness of Liaison with Local Business—All Populations****LIAISON WITH LOCAL BUSINESS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
<b>Business Liaison Council Committees</b>	63	44	48	4	0	4
<b>Small Business Advisory</b>	65	54	31	8	4	0
<b>Business Ombudsman</b>	38	53	33	7	7	0
<b>Strengthening contacts—new enterprises and sources of risk capital</b>	43	53	41	0	0	6
<b>Awareness of senior govt programs</b>	70	39	29	25	4	0
<b>Business Visitation Program</b>	96	85	7	4	0	0

Business visitation programs are the most popular economic development technique overall, and they are also rated very highly. This illustrates that Ontario municipalities realize the importance of fostering the growth of existing businesses and ensuring that they are satisfied with the current municipal government environment. Business liaison council committees and small business advisory services are also highly used and highly rated. Small business advisory services are highly used by regional governments and municipalities (85%) with all respondents rating this practice as being very useful. A few identified these functions as detrimental because they simply provided a forum for local businesses to complain about municipal taxes.

**Table 11: Usefulness of Infrastructure Improvements—All Populations****GENERAL IMPROVEMENT OF LOCAL INFRASTRUCTURE**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Improve/expand recreation facilities	75	20	57	20	3	0
Social services improvements	30	17	50	25	8	0
Street/road improvements	80	28	53	13	6	0
Public transit improvements	43	24	35	41	0	0
Improved municipally-operated parking	45	17	56	22	6	0
Improved sewage collection	48	53	42	0	5	0
Facilitate telecommun. infrastructure	53	57	19	19	0	0

While most municipalities undertake improvements to their local infrastructure in order to improve services to the local population, they can also have a significant effect on economic development as they provide the basic physical foundation for future business growth in the community. Among Ontario municipal respondents, street and road improvements as well as expansion or improvement of recreational facilities are highly used. The facilitation of telecommunications infrastructure is rated as being very useful or useful by a relatively high proportion of respondents, especially those with populations of 50, 000 to 99, 999.

**Table 12: Usefulness of Location Specific Business Improvement—All Populations****LOCATION SPECIFIC BUSINESS IMPROVEMENT**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Business Improvement Areas	68	41	30	30	0	0
Downtown revitalization	60	63	17	13	8	0
Historic preservation incentives	50	30	30	30	5	5

Techniques associated with business improvement in a specific area in the municipality—particularly downtown—are also highly used and highly rated by Ontario municipalities. Downtown revitalization is seen as being especially useful, although five percent of respondents believed historic preservation incentives to be detrimental to economic development due to the constraints and restrictions it places upon developers.

**Table 13: Usefulness of Financial Tools—All Populations****FINANCIAL TOOLS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Provide security for a private company	10	25	0	25	50	0
Lend money to a private company	8	33	33	0	33	0
Subsidize or grant a tax exemption	8	0	33	33	0	33
Contribute to an investment fund	8	33	0	67	0	0
Community loan funds	13	20	20	60	0	0
Financially assist non-profit organizations	23	22	44	33	0	0
Establish capital pools	13	20	40	40	0	0
Attraction of an international investor	18	43	14	43	0	0
Utility discounts for firms	8	0	33	33	0	0
Freezing property taxes	13	40	40	20	0	0

Since most of the financial tools in Table 13 are prohibited under the Ontario Municipal Act, one would rightly expect only a small proportion of respondents to use them. The most widely used technique is financial assistance to non-profit organizations. Some respondents did claim to use some of the illegal practices, perhaps with special exemptions. Of the 8% which gave tax exemptions or subsidies, 33% believed it to be detrimental to economic development in the municipality. A 1992 survey of Ontario municipalities found that 57% would like to have limited bonusing, 34% would prefer the current level of prohibition and only 9% desired bonusing without limits (Ministry of Municipal Affairs, 1992).

**Economic Development Practices the Municipality Would Use****Table 14: Techniques Ontario municipalities would use if they had the legislative authority to use them**

Techniques	Frequency
Financial incentives	11
Tax abatements	4
Venture capital	3
Flexibility in area of taxation	3
Incentives comparable to U.S.	1
Reduction of planning impediments	5
More control over land-use planning matters	4
More power over senior govt programs	2
Reduce involvement of province	2

\* could be more than one technique per respondent

Table 14 describes three general responses: first, financial tools; second, streamlining and control over the planning process; and third, senior government control over economic development. Although financial incentives in general are by far the most popular response, it is uncertain that Ontario municipalities would actually support a change in the legislation to permit municipalities to give tax breaks to businesses. Respondents stated that they would like to use financial incentives but also said that there should be tight controls on the extent to which one could use this power.

### Role of the Municipality in Economic Development

**Table 15: Role of Municipalities in Economic Development**

Type of Role	Frequency
<b>General Roles</b>	
Facilitator	8
Coordinator	5
Proactive role	4
Promoter (marketing)	4
<b>More Specific Roles</b>	
Expedite approvals	6
Provide a good business climate	4
Maintain infrastructure	4
Network development	3
Liaison and work with local business	3
Contact for senior govt programs	2
Be fiscally responsible	1
Involved in ownership of industrial land	1

The answers are divided according to whether the role stated is general, such as “Leader” or more specific, such as “Network Development.” Many respondents believe that municipalities should facilitate economic development in their constituency, through expediting the development process, improving the business environment and maintaining high quality local infrastructure.

### Other trends of note for local municipalities in Ontario

- In the section on public amenity improvements, natural aesthetic changes are used by relatively few responding municipalities across all size categories in Ontario. This is somewhat surprising, since much of the literature on development strategies consistently stresses the importance of community appearance.
- Among the techniques under governmental regulations, industrial zoning (80%), sign control regulations (70%) and policies to expedite the development process (63%) are all



used by a significant proportion of the survey respondents. The latter technique is also seen as being very useful as 64% of municipalities using this practice rate it as being very useful and 28% rate it as being useful.

- In the area of land and property management, the sale of industrial land to developers is used frequently (60%) and is also very highly rated (71%—very useful).
- In terms of incubation functions, over half of the respondents rent out industrial buildings or space in a building and over three quarters of these respondents state that this practice is either very useful (56%) or useful (22%).
- Training and other services are among the least used economic development techniques (the highest percentage of use was 23% for training/retraining funds/programs).
- A surprising percentage of respondents believed that the Community Economic Development initiatives that they participate in are not useful (11%) or detrimental (11%) to economic development in the municipality.

### List of Innovative Economic Development Initiatives in Ontario

Design Exchange Project (City of Toronto)	An exhibition facility for advanced Canadian industrial design, which is unique in North America
Business Action Team (Scarborough)	Staff from several city departments meet and assist businesses proceeding with development plans; “going to BAT for business”.
Life Sciences Technology Park (City of Ottawa)	Municipality worked with the local universities and health community to found this park, which is presently under construction.
Canada’s Technology Triangle (Cambridge, Guelph, Kitchener, Waterloo)	Cooperative marketing and networking amongst the cities of Cambridge, Guelph, Kitchener and Waterloo, and their universities and colleges.
Business Alliance Program (Markham)	A business-to-business exchange between the municipality and the international partner communities. The program has increased the awareness of international markets among local firms.
Development Facilitation (Vaughan)	Established a development guide for the development industry, and also established a development review team.

Building permit innovation (Borough of East York)	Eliminated all municipal fees for processing building permits and construction permits for all business expansions.
Technology Development (Greater Kingston)	Creation of a Technology Council and a Biotech Incubator in conjunction with local university.
Joint marketing beyond the Region (Woodstock)	Development of Canada's "Automotive Corridor" to jointly promote the area, allowing a pooling of resources.
Weekend Drive Program (Cumberland)	Program initiated for local residents in order to stimulate awareness of the local community and encourage people to shop locally.
Business Ambassador Program (Brockville)	Members of the local business community are officially recognized as "ambassadors" and promote the local area to outside businesses.
Development of a community theme (St. Thomas)	Initiation of an organization called the "On Track Group" which generates ideas for local businesses and municipal property to foster a railway theme in the community.
Fostering the local entrepreneurial spirit (Rainy River)	Economic Development department spends about 90% of their time and resources in helping existing business and developing youth programs.


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## **Quebec**

With about one quarter of Canada's population, the province of Quebec has a number of significant urban centres over 50, 000 population. As mentioned in the review of provincial legislation, Montreal and Quebec City have their own charters and thus have special powers in economic development. The local government structure in Quebec is essentially a two-tier system with local municipalities and Regional County Municipalities (RCM). Quebec has the largest number of municipalities of any province in Canada with 1477 (O'Brien, 1993: 34). The 96 RCMs are limited to acting in areas of regional planning and infrastructure provision. There are also three urban communities taking in the three largest urban areas—Montreal, Quebec City and the Outaouais area.

Municipalities in Quebec have recently requested further powers to act in the area of economic development. The Ministry of Municipal Affairs in Quebec has undertaken a number of studies in recent years examining this idea. The reports generally conclude that municipalities can play a significant role with the tools they already possess, and should

concentrate on the delivery of local services and leave to the province the task of stabilizing the economy (Quebec Ministry of Municipal Affairs, 1993). Despite this conclusion, the provincial government recently authorized local municipalities to participate in investment funds through their respective RCMs. One of the conditions of participation in this program is that the fund has to be managed by a non-profit organization. With an amendment to the Act Respecting Municipal Industrial Immovables, the Province has recently given more power in land management to municipalities. The Province is also examining the potential for joint-ventures for municipal service delivery.

Quebec municipalities are active in the development of industrial parks. Since 1990, the Manufacturer's Association of Quebec has sponsored the Industrial City of the Year award, to publicly recognize the efforts of Quebec municipalities in the promotion of economic development. The number of submissions for this award has steadily increased since its inception and it has been a successful incentive for an increasing number of Quebec municipalities to enhance their development strategies.

Economic development functions are carried out by a number of different organizations in Quebec. First of all, municipalities themselves can have their own economic development departments. Secondly, there are organizations which cover one municipality or region, such as the Société de Développement Économique de la Région Sherbrookoise, funded by the member municipalities. Thirdly, the RCM's have a limited role through regional planning—some Quebec respondents believe that there is significant potential for the RCMs to act as regional development organizations as well. Finally, the provincial government recently passed two private bills which enabled the creation of two Sociétés d'économie mixtes (SEM): public/private organizations in which the municipality maintains the majority of shares. Both public and private sector share the risks, investments and profits. The municipality benefits since it can draw upon private sector resources and expertise. The Quebec government authorized three pilot SEM projects: the SEM of the RCM of Haut-Richelieu was created with the goal of managing the waste of the member municipalities; the Ville de Laval partners with private enterprise for the management of domestic waste; and the SEM of the Ville de Saint-Romuald has a mandate to develop an industrial park (Gagné, 1994).

Besides local government and municipal agencies, there are a number of other important actors in local economic development. For example, in the City of Montreal, others include the Metropolitan Chamber of Commerce, the Economic Expansion Office of the communauté urbaine de Montréal, the Montreal Regional Development Council (mandated to foster dialogue between local government, private business and community organizations), Economic Development Corporations, the Montreal Tourism Office, the Airport Authority, the East Island of Montreal Development Group, CFI (Centres Financiers Internationaux) Montreal, and the International Conferences Organization. Other players in Quebec municipalities include les Maisons Régionale de l'Industrie, industrial incubators, Fonds de Relance Économique (for business start-ups), Centres d'aides au developpement des collectivites (CADC) and Centres d'aide aux entreprises (CAE—which is funded by the

federal government). Educational institutions such as universities and CEGEP are also important in local economic development. For example, the Ville de Gatineau regularly networks with the CEGEP and universities to ensure that the local labour force training meets the needs of local employers.

Collective actions of the local business community can also have a significant impact on local development. In 1988, in the single industry town of Témiscaming, the major employer (a paper company) shut down operations. The managers of local businesses and the local banks bought the company and diversified its product line (Gaudet, 1994). In 1990, through an agreement with the government of Quebec, the town received aid to develop an economic development strategy. The strategic plan was completed in 1993 and focuses on three main areas: to retain the new transformation industry, to create a viable commercial sector and to enhance the tourism potential of the area. This is an example of how a community helped itself avoid the consequences of the town's major employer shutting down.

**Table 1: Breakdown of Quebec Responses**

Population Category	Number of Responses		
	Municipalities	Regional Organizations	RCM's
100, 000+	1	1	4
50, 000 to 99, 999	5	2	
10, 000 to 49, 999	4	1	1
5, 000 to 9, 999	2		
Under 5, 000	4		
<b>Total</b>	16	4	5
Total Number of Responses = 25			

RCMs are not discussed since they identified themselves as not mandated to carry out economic development activities.

**Table 2: How is economic development carried out at the local municipal level?**

	Economic Dev. Dept.	Part of the Planning Dept.	Committee of Council	Intermunicipal Corporation
100, 000+	1			
50, 000 to 99, 999	4	1	2	
10, 000 to 49, 999	2		1	1
5, 000 to 9, 999			2	
Under 5, 000	1	2	3	

\* each municipality can have more than one agency carrying out economic development functions

Having a committee of council for economic development is a common structure for across most population size categories. Separate economic development departments are more prevalent in the larger municipalities in the sample.

**Table 3: Percentage of Municipalities with economic development plans or policies**

Population Category	Percent
100, 000+	100%
50, 000 to 99, 999	80%
10, 000 to 49, 999	50%
5, 000 to 9, 999	100%
Under 5, 000	100%
<b>Total</b>	<b>81%</b>

Quebec municipalities are quite active in planning for economic development as 81% of all municipal respondents have economic development plans or policies in place.

**Table 4: Areas to Spend More Resources (All Responses)**

Economic Development Technique Area	Frequency
Tourism	2
Networking	1
Technology Development	1
Local and external solicitation	1
Prospecting outside Canada	1
Industrial incubator	1
Forecasting	1
Infrastructure Development	1
Research and Development	1
Fostering collaboration	1

The responses are diverse, covering a number of discernible general areas including tourism, fostering local networks, promotion outside Canada, strategic planning and infrastructure provision.

**Table 5: Is competition between municipalities within the region a problem?**

	Frequency
Significant problem	2
Somewhat of a problem	10
Not a problem	9
Do not know	4

With so many municipalities having their own economic development organizations, one would hypothesize that competition between municipalities within a RCM would be a frequent problem. Table 5 shows that competition is at worst only somewhat of a problem for most respondents.

**Table 6: Municipalities involved in cooperative initiatives with other municipalities in the region**

	Percent
100, 000+	100%
50, 000 to 99, 999	50%
10, 000 to 49, 999	100%
5, 000 to 9, 999	67%
Under 5, 000	20%

The percentage generally decreases with population size. In the case of large cities like Montreal, these cooperative initiatives include the Economic Expansion Office of the CUM and the Tourism Authority of Greater Montreal. In the Communauté urbaine de l'Outaouais, an economic diversification society was created. In the Quebec City area, there is the Société de Promotion du Québec Metro. The RCMs also act as regional coordinators for service provision amongst municipalities. Other cooperative initiatives include regional development councils, intermunicipal committees (e.g. transportation), tourism corporations and the sharing of basic services such as fire and police.

### Economic Development Techniques Used by the Responding Quebec Municipalities

**Table 7: Usefulness of Marketing Techniques—All Populations, Municipalities**

#### MARKETING TECHNIQUES

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri-mental
Brochures, information packages	63	20	50	30	0	0
Promotional videos	31	20	40	40	0	0
Trade show displays	50	13	38	25	25	0
Industrial site inventories	50	50	38	0	13	0
Journal, newspaper advertising	56	11	67	22	0	0
Radio/TV advertising	31	40	40	0	20	0
Local business directories	56	33	67	0	0	0

Most basic marketing practices are utilized by over half of the respondents, with the most highly used being the information brochure. The other practices used by over half of the respondents in this category—trade show displays, industrial site inventories, journal and newspaper advertising and local business directories—tend all to be used by the larger municipalities. All of the regional organizations surveyed use information brochures and

industrial site inventories. Three of the four are involved in trade show displays and journal & newspaper advertising.

**Table 8: Usefulness of Tourism Promotion—All Populations, Municipalities**

### TOURISM PROMOTION

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Market municipality as tourist attraction	44	14	43	43	0	0
Organize local festivals, sports events	63	10	80	10	0	0
Participate in regional tourism promotion	56	11	44	33	11	0
Promote local area to other countries	44	14	57	14	14	0

Tourism promotion is another area in which Quebec municipalities are active. The organization of local festivals and sporting events is used by the entire range of municipalities and is very highly rated with 90% stating that it is useful or very useful. Half of the regional organizations are involved in tourism promotion initiatives.

**Table 9: Usefulness of Liaison with Local Business—All Populations, Regional Organizations**

### LIAISON WITH LOCAL BUSINESS

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Business Liaison Council Committees	75	67	0	33	0	0
Small Business Advisory	75	67	0	33	0	0
Business Ombudsman	25	0	100	0	0	0
Strengthening contacts—new enterprises and sources of risk capital	100	0	75	25	0	0
Awareness of senior govt programs	100	50	50	0	0	0
Business Visitation Program	0	0	0	0	0	0

The responding regional organizations are more involved than the municipalities in fostering relations with local business; especially with respect to strengthening contacts between new businesses and sources of risk capital as well as making businesses aware of senior government programs.

**Table 10: Usefulness of Public Amenity Improvements—All Populations, Municipalities**

### PUBLIC AMENITY IMPROVEMENTS

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Operation of local museums, galleries	25	0	75	25	0	0

<b>Operation of other cultural facilities</b>	50	13	88	0	0	0
<b>Natural Aesthetic changes</b>	75	17	67	17	0	0

Public amenity improvements are more frequently used by Quebec respondents than by those in other provinces. These practices are also rated highly. The first two methods are used mainly by large and medium sized cities while natural aesthetic changes are undertaken by all sizes.

**Table 11: Usefulness of Governmental Regulations—All Populations, Municipalities**

### GOVERNMENTAL REGULATIONS

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
<b>Industrial zoning</b>	75	17	67	17	0	0
<b>Sign control regulations</b>	69	0	64	27	0	9
<b>Height and density variances</b>	38	0	83	0	0	17
<b>Facade control regulations</b>	50	0	75	13	0	13
<b>Historic district regulations</b>	38	17	33	50	0	0
<b>Density transfers</b>	19	0	67	0	0	33
<b>Policies to expedite development process</b>	63	10	80	0	10	0

Since importance is placed on the development of industrial parks in municipalities in Quebec through awards like Industrial City of the Year, it is not surprising that industrial zoning is used by three quarters of the municipal respondents. Sign-control regulations are also popular amongst all size categories. Facade control regulations are used only by cities over 40, 000. Policies to expedite the development process are utilized by the whole size range of respondents.

ICURR Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines

**Table 12: Usefulness of Financial Tools—All Populations, Municipalities**

### FINANCIAL TOOLS

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
<b>Provide security for a private company</b>	6	0	0	100	0	0
<b>Lend money to a private company</b>	6	100	0	0	0	0
<b>Subsidize or grant a tax exemption</b>	31	40	20	40	0	0
<b>Contribute to an investment fund</b>	6	0	0	0	0	0
<b>Community loan funds</b>	6	100	0	0	0	0
<b>Financially assist non-profit organizations</b>	56	22	33	44	0	0
<b>Establish capital pools</b>	13	0	100	0	0	0
<b>Attraction of an international investor</b>	44	29	29	43	0	0
<b>Utility discounts for firms</b>	6	0	100	0	0	0
<b>Freezing property taxes</b>	25	75	25	0	0	0



As is the case with most provinces, financial assistance to non-profit organizations is the most extensively used financial tool. Almost one third of the municipal respondents have given a subsidy or tax exemption to a private company. These tax exemptions may have been related to a program of downtown revitalization, as is allowed under Quebec legislation. Also, the percentage (44%) of respondents involved in the attraction of an international investor—mainly medium to large-size municipalities—is higher than in other provinces.

### Practices the Municipality Would Use

<b>Practices</b>	<b>Frequency</b>
Provide risk capital	4
Give subsidies	2
More freedom in taxation	2
Financially support industrial development	2
Designate industrial land without the permission of the Province	1
More freedom in land sales	1
Financial tools similar to U.S.	1
Be a real partner to the private sector	1
Economic development taxes	1

The majority of the practices listed in Table 13 relate to financial incentives to business. Municipalities in Quebec want to become much more involved in local economic development. Four of the respondents wanted to be able to provide risk capital while another wanted to partner with the private sector.

<b>Type of Role</b>	<b>Frequency</b>
Leadership role to mobilize local groups for economic development	3
Leadership, management	3
An important role	3
As a catalyst	3
Provide good services	3
Work in the municipality's own field of responsibility—fiscal budget, regulations, infrastructure and public purchasing	1
In partnership with other agencies, manage particular problems	1
Create a spirit of cooperation in the community	1
Support existing and developing firms	1
Administration of commercial and industrial vacant lots	1
Provide a good business climate	1

Similarly, the responses in Table 14 reflect the fact that Quebec municipalities, regional organizations and the RCMs in the sample believe that local government should take a proactive role in economic development.

### Other Notes of Interest for Quebec Municipalities and Regional Organizations

- Neither municipalities nor regional organizations are extensively involved in import replacement programs or local sourcing/purchasing programs.
- Regional organizations are more involved in export development than municipalities.
- Over half of the municipal respondents are involved in local infrastructure improvements such as improved/expanded recreation facilities (56%), street/road improvements (50%) and improved sewage collection (56%). These practices are used by the whole population size range of municipalities. Only the larger cities undertake the facilitation of telecommunications infrastructure and all of these cities rated this practice as being useful.
- Downtown revitalization programs are used by 63% of the respondents with 90% of these municipalities rating it either very useful (40%) or useful (50%).
- All of the regional organization respondents sell industrial land to developers as an economic development tool.
- Few of either category (municipal/regional organizations) of respondents are involved in incubation functions, training, or CED initiatives.

### List of Innovative Economic Development Practices for Quebec

Sociétés d'économie mixtes (RCM Haut-Richelieu, Ville de Saint Romuald, Ville de Laval)	Use of private/public structured corporation to carry out municipal functions (see earlier discussion).
Meetings (Ville de Montréal)	Arranges meetings between mayor and the heads of large businesses
Tax freezing (Ville de Gatineau)	Policy stabilizing municipal taxes at level lower than the Consumer Price Index.
Tax credit (Ville de Châteauguay)	Tax credit on added value of construction work, enlargement or renovation in industrial parks for three years. The credit is 100% for the first two years and 50% for the third.
Tourism initiative	Municipality developed 28 historical sites

(Village de Saint-Georges-Cacouna)

with the theme: the Tour of the Past. This involved a collaborative effort amongst a large number of different agencies in a small town. The initiative has increased tourism, and business for the local tourism industry, created 12 jobs, and resulted in more people making inquiries about land in the area.

### **New Brunswick**

The cities of Saint John and Moncton have recently been cited as two of the best cities for business in the *Globe and Mail's Report on Business Magazine*. The province's strengths include a skilled bilingual workforce, low business costs and province-wide telecommunications. Moncton has been recognized as a leader in communications, ranging from courier service to telemarketing. Much of the credit for this success of the cities of New Brunswick, however, must also be attributed to the Province—and more particularly the Premier—who is very involved in local economic development issues in the province's major cities (Walmsley, 1994).

While New Brunswick does not have regional government, much of the economic development in the province is carried out by the 9 Regional Economic Development Commissions. Funding for the Commissions is provided by the member municipalities and the Province, and for special projects, the federal government. Surveys were sent both to municipalities and Regional Economic Development Commissions. The functions of the economic development commissions include strategic planning, business development, general promotion and special events coordination.

**Table 1: Breakdown of New Brunswick Responses**

Population Category	Municipalities	Regional Commissions
100, 000+		1
50, 000 to 99, 999		
10, 000 to 49, 999	2	1
5, 000 to 9, 999	2	
Under 5, 000	3	
<b>Total</b>	<b>7</b>	<b>2</b>

The cities of Saint John and Fredericton have their own economic development departments, while the rest of the municipalities rely on the regional commissions.

**Table 2: Percentage of Municipalities with economic development plans or policies**

Population Category	Percent
10, 000 to 49, 999	100%
5, 000 to 9, 999	50%
Under 5, 000	33%

Not surprisingly, the adoption of economic development policies or plans decreases with size of municipality.

**Table 3: How is economic development carried out at the local municipal level?**

	Economic Dev. Dept.	Part of the Planning Dept.	Committee of Council	Incorporated Company
10, 000 to 49, 999	1			1
5, 000 to 9, 999			2	
Under 5, 000		1	2	

\* more than one structure per response is possible

Within responding municipalities, Council committees are the most frequently used structure to carry out economic development. There are a number of other important local players in New Brunswick. For example, in the Moncton area, Moncton Industrial Development and Dieppe Industrial Park are both responsible for administering the industrial parks in their respective municipalities. The Resurgo group is responsible for acquiring and developing land as sites for revitalization. The chambers of commerce, the Moncton Central Business Development Commission, the Moncton Airport Economic Development Board and the Riverview Business Improvement Corporation also play significant roles in the area (Applied Management Consultants, 1991: 27). Other key organizations in the province include: the Atlantic Canada Opportunities Agency (ACOA), the Province, business improvement associations, and community futures committees. ACOA is a feouncilderal government agency aiding the start-up and expansion of small and medium-sized businesses in Atlantic Canada.

<b>Table 4: Areas to Spend More Resources</b>	
<b>(All Responses)</b>	
<b>Economic Development</b>	
<b>Technique Area</b>	<b>Frequency</b>
Client visits	1
Fostering local business connections	1
General promotional activities	1
Data Collection	1
Job creation and financial assistance	1
Work with province on diversification	1
Tourism promotion	1

The responses relate to improving relations with existing businesses, marketing activities and tourism, and partnering with the provincial government.

<b>Table 5: Is competition between municipalities within the region a problem?</b>	
	<b>Frequency</b>
<b>Significant problem</b>	1
<b>Somewhat of a problem</b>	4
<b>Not a problem</b>	2
<b>Do not know</b>	2

With the extensive system of regional commissions, one would think that competition between municipalities would be minimal, but more than half of the respondents call it at least somewhat of a problem. One respondent was in the process of amalgamation and stated that this would effectively eliminate the competition problem. Only one of the seven municipal respondents is not involved in some type of cooperative activity with other surrounding municipalities. These initiatives include shared advertising, common trade booths at conferences, and shared facilities such as regional civic centres and land fill sites, as well as the work done through the regional economic development commissions.

### **Economic Development Techniques Used by New Brunswick Municipalities**

The following covers economic development techniques used by New Brunswick municipalities only, and does not include the two regional commissions.

**Table 6: Usefulness of Marketing Techniques—All Population Sizes, Municipalities****MARKETING TECHNIQUES**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Brochures, information packages	71	60	40	0	0	0
Promotional videos	57	25	25	25	25	0
Trade show displays	57	0	50	50	0	0
Industrial site inventories	43	0	67	33	0	0
Journal, newspaper advertising	43	0	67	33	0	0
Radio/TV advertising	14	100	0	0	0	0
Local business directories	43	33	67	0	0	0

Over half the responding municipalities produce information brochures or promotional videos or are involved in trade show displays. Of these techniques, information brochures were rated as being either very useful (60%) or useful (40%).

**Table 7: Usefulness of Tourism Promotion—All Populations, Municipalities****TOURISM PROMOTION**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Market municipality as tourist attraction	71	40	60	0	0	0
Organize local festivals, sports events	100	29	71	0	0	0
Participate in regional tourism promotion	86	50	33	17	0	0
Promote local area to other countries	29	50	0	0	50	0

All respondents undertake the organization of local festivals and/or sporting events for tourism promotion and well over half undertake general tourism promotion activities and participate in regional tourism promotion. All of these were rated as quite useful.

A number of municipalities in New Brunswick have downtown areas designated as business improvement areas. Of the techniques practiced by over half of the respondents, this method showed the highest percentage of respondents rating it very useful.

**Table 8: Usefulness of Location Specific Business Improvement—All Populations, Municipalities****LOCATION SPECIFIC BUSINESS IMPROVEMENT**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Business Improvement Areas	71	80	20	0	0	0
Downtown revitalization	86	67	33	0	0	0
Historic preservation incentives	43	33	67	0	0	0

### Economic Development Practices the Municipality Would Use

**Table 9: Techniques New Brunswick municipalities would use if they had the legislative authority**

Practices	Frequency
Collect our own municipal taxes	1
Tax relief for new start-ups	1
Tax rebates	1

If the provincial legislation permitted, three of the New Brunswick respondents would employ tax incentives for the purposes of promoting economic development.

**Table 10: Role of the Municipality in economic development**

Type of Role	Frequency
Coordinating role with other agencies	2
Budgets must be maintained or enhanced	1
Foster regional initiatives	1
Limit involvement to funding	1
Facilitators & work with the Province	1

Both the responding Regional Economic Development Commissions and local governments believe that municipalities should play a more passive role in promoting economic development. Table 11 shows that the respondents thought that municipalities should be coordinators and facilitators as well as taking care of the local budget.

A couple of respondents believed that the local government should have minimal involvement in economic development. One of these stated that “the economic development function should be housed outside City Hall but benefit from City staff expertise on demand.” Another says that “... it is imperative that communities have a strategic plan that is community-driven. It is also important that the business community take a lead role in this strategy.”

### Other Highlights for New Brunswick Municipalities

- Recreation facility improvements and street/road improvements are undertaken by 86% and 71% respectively of municipal respondents.
- Just over half (57%) of use industrial zoning and facade control regulations. 75% using industrial zoning found it to be very useful.
- The most popular financial tool is the provision of financial assistance to non-profit organizations (43%) with all respondents finding this method very useful.

## Innovative Economic Development Practices in New Brunswick

One-stop shopping for entrepreneurs  
(Greater Moncton Economic Commission Inc.)

Action Centre combining all agencies under one roof  
(Bathurst)

Creation of a training alliance  
(Carleton Regional Development Commission Inc., Woodstock)

### Nova Scotia

As mentioned in the review of provincial legislation, most economic development activities in Nova Scotia are carried out by industrial commissions. These commissions range in size from covering one municipality to regional industrial commissions. Currently, the system is being restructured into one of economic renewal areas. Questionnaires were sent to both local and regional industrial commissions. Local government in Nova Scotia seems to play only an infrastructure- and service-provision role in economic development. The industrial commissions are essentially agents of the municipalities. There is only one tier of local government in Nova Scotia. The provincial government is amalgamating the eight municipal units in Cape Breton County and the four municipal units in Halifax County into single-tier regional governments, effective August 1995 and April 1996 respectively. The creation of these regional governments will likely have a significant effect on economic development initiatives in the local communities.

Since the whole system is in a state of flux, some industrial commissions that received surveys no longer exist. The following is a population distribution of the responses received from Nova Scotia.

**Table 1: Breakdown of Nova Scotia Responses**

Population Category	Local Commissions	Regional Commissions
100, 000+		1
50, 000 to 99, 999	1	
10, 000 to 49, 999	3	4
5, 000 to 9, 999	1	
Under 5, 000	2	
<b>Total</b>	<b>7</b>	<b>5</b>

Total Responses = 7 local industrial commission +  
5 regional industrial commissions



**Table 2: How is economic development carried out at the local municipal level?**

	Economic Dev. Dept.	Part of the Planning Dept.	Committee of Council
50, 000 to 99, 999		1	
10, 000 to 49, 999	1		1
5, 000 to 9, 999			1
Under 5, 000			2

\* more than one structure per response is possible

Committees of council are used in four of the municipalities in which the respondent industrial commissions have jurisdiction. Most local governments would not bother having a separate economic development department if there is already an industrial commission for the municipality. Only two of the local industrial respondents did not have an economic development strategic plan or policy in place.

Respondents indicated that Federal agencies such as ACOA undertake most of the financial incentives, as well as training and training services. Other significant actors in the province include: local chambers of commerce, tourism authorities, port authorities, the Province, community futures committees, business improvement district committees, and business development centres.

**Table 3: Areas to Spend More Resources**

(All Responses)

**Economic Development**

Technique Area	Frequency
Business Visitation Program	1
Increased personal contact through travel	1
Business counselling	1
Infrastructure upgrading	1
Property services	1
Tourism	1
Education regarding CED	1
Image building	1
Incubation program	1
Loan and grant fund	1

A wide spectrum of techniques are used, ranging from improving relations with local business through business visitation programs and business counselling, to tourism promotion and providing loans or grants.

**Table 4: Is competition between municipalities within the region a problem?**

	Frequency
Significant problem	3
Somewhat of a problem	5
Not a problem	4

Competition between municipalities has been a significant problem in the Halifax area. The four municipalities that make up the Greater Halifax area recently created a Greater Halifax Marketing Alliance which provides a common brochure and telephone number for individuals making inquiries about the metropolitan area (Sancton, 1994: 51). Prior to this, there had been little progress in attempting to coordinate efforts of the member municipalities. Other recent initiatives include: Province's announced amalgamation of the four municipal units; the formation of the Greater Halifax Economic Development Association, which receives support from local councils and business communities; and the Metropolitan Economic Summit which focused on the need for greater coordination in the area. Moreover, the CAOs of each municipality have regular discussions about opportunities for coordination. Finally, the four local boards of trade and chambers of commerce have all been merged into the Metropolitan Halifax Chamber of Commerce.

Some respondents also remarked on the fact that there is a problem with competition between agencies carrying out economic development. "There is too much turf-protecting and competition among existing government and private agencies." Another talked of the "need to simplify access to services. It would be a good idea to amalgamate all important [federal, provincial and municipal] development agencies".

Responding Nova Scotia industrial commissions are somewhat divided on the question of competition between municipalities in the province. Only one of the municipal industrial commissions does not undertake any cooperative initiatives with other municipalities in the area. These cooperative activities include joint promotion and cooperative advertising, joint infrastructure development and the sharing of services.

### **Economic Development Techniques Used by Nova Scotia Industrial Commissions**

Both local and regional industrial commissions use marketing practices to promote economic development. The provision of brochures and local business directories are activities carried out by all the industrial commissions in the sample.

**Table 5: Usefulness of Marketing Techniques—Local Industrial Commissions, All Populations****MARKETING TECHNIQUES**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Brochures, information packages	100	43	14	43	0	0
Promotional videos	57	0	0	100	0	0
Trade show displays	71	0	20	60	20	0
Industrial site inventories	86	33	0	33	33	0
Journal, newspaper advertising	86	0	0	33	67	0
Radio/TV advertising	29	0	0	50	50	0
Local business directories	100	14	29	29	29	0

Industrial site inventories, newspaper advertising (both used by all the regional industrial commission respondents) and trade show displays are also popular marketing techniques among Nova Scotia industrial commissions. Local commissions give newspaper advertising a much lower rating than regional commissions.

**Table 6: Usefulness of Tourism Promotion—Regional Industrial Commissions, All Populations****TOURISM PROMOTION**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Market municipality as tourist attraction	100	20	60	20	0	0
Organize local festivals, sports events	40	50	0	50	0	0
Participate in regional tourism promotion	60	33	33	33	0	0
Promote local area to other countries	20	100	0	0	0	0

The regional industrial commissions are more active than the local commissions in the area of tourism promotion. Only just over half of the local industrial commissions market the municipality as a tourist attraction (57%).

**Table 7: Usefulness of Liaison with Local Business—Local Industrial Commissions, All Populations****LIAISON WITH LOCAL BUSINESS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
<b>Business Liaison Council Committees</b>	71	0	40	40	20	0
<b>Small Business Advisory</b>	43	0	100	0	0	0
<b>Business Ombudsman</b>	0	0	0	0	0	0
<b>Strengthening contacts—new enterprises and sources of risk capital</b>	0	0	0	0	0	0
<b>Awareness of senior govt programs</b>	71	0	40	60	0	0
<b>Business Visitation Program</b>	29	0	100	0	0	0

Both local and industrial commissions are active in particular aspects of local business relations. Four of the five regional commissions operate small business advisory services (three respondents found this activity to be very useful) and business visitation programs, while all try to make local businesses aware of senior government programs.

**Table 8: Usefulness of Location-Specific Business Improvement—Local Industrial Commissions, All Populations****LOCATION SPECIFIC BUSINESS IMPROVEMENT**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
<b>Business Improvement Areas</b>	100	29	43	14	14	0
<b>Downtown revitalization</b>	71	0	20	80	0	0
<b>Historic preservation incentives</b>	29	0	50	50	0	0

Responding local industrial commissions are involved with business improvement districts and downtown revitalization. Only two Regional Commissions are involved.

Local industrial commissions are also involved extensively in the area of local government regulations. Industrial zoning is the only area in which regional commissions are active.

**Table 9: Usefulness of Governmental Regulations—Local Industrial Commissions, All Populations****GOVERNMENTAL REGULATIONS**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Industrial zoning	86	17	67	0	17	0
Sign control regulations	71	0	40	40	0	20
Height and density variances	57	0	25	50	25	0
Facade control regulations	71	20	20	20	40	0
Historic district regulations	14	0	100	0	0	0
Density transfers	0	0	0	0	0	0
Policies to expedite development process	71	20	40	20	20	0

**Economic Development Practices the Municipality Would Use****Table 10: Techniques Nova Scotia industrial commissions would use if they had the legislative authority**

Practices	Frequency
Municipal tax incentives	1
System of tax relief	1
Tax concessions	1
Municipal incentive bonds	1
Loans, incentives	1
Loans, venture capital	1
Loan and grant fund	1
Seed capital pools to assist small business start-ups	1

Nova Scotia industrial commissions would like to be able to offer tax incentives as well as provide loans to private businesses. The councils of the municipalities in which the industrial commissions are located do not necessarily share the same opinion. The supply of risk capital in Atlantic Canada is a significant problem, as only 5% of the venture capital companies in Canada are located there (ACOA, 1992: 67). It is vitally important for the Atlantic provinces to be able to foster the growth of their small businesses since those have been the major source of growth in recent years. For example, between 1980 and 1988, 90% of the jobs created in the Atlantic region were in small businesses (under 100 employees) with over half of these from firms with less than 5 employees.

**Table 11: Role of the Municipality in economic development**

Type of Role	Frequency
Leading role	3
Partner with the private sector	1
Play an active and key role	1
Provide Infrastructure	1
Efficient development approval	1
Provide equitable taxation	1
Establish the policy framework	1
Should concentrate on infrastructure and advertising only; should be giving any grants or special rates	1
Support efforts to encourage local entrepreneurship	1
Facilitative role, provide expertise, assistance	1
Counseling, organize and coordinate CED	1
Provide incentives—venture capital, community loan fund, then get out of the way of the process	1

Responding commissions show two distinct opinions on the appropriate role of local government. Some believe that municipalities should take an active, lead role while others think that they should just concentrate on providing quality services and facilitating development: “The role of the municipality ought to be focused on those matters over which it has direct control—municipal taxes, the development approval process, and promotion and marketing of the community.”

### **Other Highlights: Economic Development Practices of Nova Scotia Industrial Commissions**

- Four of five regional commissions are active in helping local businesses develop export markets while only 29% of the local industrial commissions are involved in this practice.
- Local industrial commissions are more involved in the general improvement of infrastructure than the regional commissions with 86% of the local commissions engaging in street/road improvements and 71% in expanding or improving recreational facilities. The commission works in conjunction with the local government.
- Local industrial commissions are also more active in the area of natural aesthetic changes (71% of the local respondents; none of the regional respondents).
- Four of the regional commissions are involved in industrial property management and all five are involved in business incubation. This latter practice is used by less than half of the local industrial commissions.
- 71% of the local industrial commissions and four of the five regional industrial commissions are involved with Community Economic Development Initiatives.

### **Innovative Economic Development Practices by Nova Scotia Industrial Commissions**

Use of municipal office space  
(Dartmouth)

Administrative Office space used to attract multi-use retail office complex as an anchor project for Downtown development.

Selling incentive  
(Dartmouth)

Payment of commission of 5% of price of land to brokers on sale of land in municipally and provincially owned business and industrial parks.

Public participation in economic development  
(Bedford)

Annual opinion survey of residents regarding economic development strategies, goals.

Attempts to commercialize technology from R & D community  
(Halifax County Industrial Commission)

Promoting entrepreneurship to education facilities  
(Pictou Regional Development Commission)

Investor's Club  
(Annapolis County)

Club brings together local investors and entrepreneurs.



### **Prince Edward Island**

As is the case with other provinces with a small population, the Province plays a significant role in economic development in Prince Edward Island. For example, the PEI Business Development Agency identifies and develops economic strategies as well as programs to stimulate economic development in the Province (Huras & Miller, 1993: 387). The PEI Lending Authority is a Crown corporation empowered to provide loans for capital expenditures and operating credit in the major industries of the province: agriculture, fisheries, tourism, aquaculture, small business, and manufacturing and processing. The Province is the major shareholder in the two development agencies in Charlottetown and Summerside. The Charlottetown Area Development Corporation is funded by the Province (85%) and the City of Charlottetown (15%). Its present activities include a Main Street Program, a Beautification Program and an Incubator Mall Study (Douglas Smith and Associates, 1994). Similarly, the Summerside Regional Development Corporation (SRDC) is funded by the Province (75%), the Town (15%) and the local Chamber of Commerce (10%).

Its mandate is to enhance the town as a growing service and tourism centre. The SRDC works in partnership with the private sector and other levels of government to achieve this goal.

The Charlottetown and Summerside areas are each currently undergoing a process of amalgamation. This policy is designed to make these urban centres more cohesive units (Prince Edward Island Department of Provincial Affairs and the Attorney General, 1994) and allow a more efficient delivery of services and hence, a more efficient means of implementing economic development plans and strategies. The bridge from PEI to New Brunswick, currently under construction, will also have a significant positive effect on economic development in the province.

Surveys were sent to 6 municipalities (1 City and 5 Towns) as well as the two development corporations and 4 area industrial commissions. A federal/provincial agreement provides 50% of the funding for the Area Industrial Commissions while the other half is raised by the organizations themselves. Other significant players in the promotion of economic development in the province, as identified by the survey respondents, include area business commissions, community futures committees and chambers of commerce.

<b>Population Category</b>	<b>Municipalities</b>	<b>Regional Organizations</b>
10, 000 to 49, 999	1	1
5, 000 to 9, 999		
Under 5, 000	2	
<b>Total</b>	3	1

	<b>Economic Dev. Dept.</b>	<b>Part of the Planning Dept.</b>	<b>Committee of Council</b>
10, 000 to 49, 999			1
5, 000 to 9, 999			
Under 5, 000			2

\* more than one structure per response is possible

All municipalities responding to the survey house their economic development functions in a committee of council. At the time of the survey, none of the respondents had any economic development plans or policies in place, although one was in the process of developing policies for their Official Plan. One answered the question of what area they would spend more resources with "hiring a full-time economic development officer".



**Table 3: Is competition between municipalities within the region a problem?**

	Frequency
Significant problem	0
Somewhat of a problem	4
Not a problem	0

One of the municipal respondents stated that they are involved in a cooperative initiative with other area municipalities. This initiative is carried out through the area development corporation. All of the PEI respondents thought that competition between municipalities was “somewhat of a problem” in the province.

### Economic Development Practices of Responding Prince Edward Island Municipalities and Area Industrial Commission

**Table 4: Usefulness of Marketing Techniques—All Populations**

#### MARKETING TECHNIQUES

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri-mental
Brochures, information packages	75	0	33	67	0	0
Promotional videos	50	0	50	50	0	0
Trade show displays	75	0	67	0	33	0
Industrial site inventories	25	0	0	100	0	0
Journal, newspaper advertising	50	50	50	0	0	0
Radio/TV advertising	50	0	100	0	0	0
Local business directories	50	0	100	0	0	0

Three of the four respondents utilize the basic community information brochure and are also involved in trade show displays. (Neither of these practices were rated as being very useful.)

**Table 5: Usefulness of Tourism Promotion—All Populations**

#### TOURISM PROMOTION

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri-mental
Market municipality as tourist attraction	50	0	100	0	0	0
Organize local festivals, sports events	100	75	25	0	0	0
Participate in regional tourism promotion	50	0	50	50	0	0
Promote local area to other countries	50	50	50	0	0	0

Since tourism is quickly becoming one of PEI's most important industries and all of the respondents are small towns, it is not surprising that all are involved in the organization of local festivals and sporting events.

**Table 6: Usefulness of General Improvement of Local Infrastructure—All Populations****GENERAL IMPROVEMENT OF LOCAL INFRASTRUCTURE**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Improve/expanded recreation facilities	100	50	50	0	0	0
Social services improvements	25	0	100	0	0	0
Street/road improvements	75	33	67	0	0	0
Public transit improvements	25	0	0	100	0	0
Improved municipally-operated parking	25	100	0	0	0	0
Improved sewage collection	75	67	33	0	0	0
Facilitate telecommun. infrastructure	0	0	0	0	0	0

Many of the respondents are also involved in infrastructure improvement, which can have a direct effect on economic development in an area. All are involved in improving or expanding recreational facilities with this method being rated either very useful (2) or useful (2).

The regional industrial commission was the only respondent to answer the question asking what economic development practices they would employ if they had the legislative authority, as well as the question asking about the role of municipalities in economic development. For the former question, they stated that they would be more involved in youth entrepreneurship training and training for volunteers involved in community economic development. It was also mentioned that more regional planning should be done in rural regions. For the second question, they stated that more economic development functions should be left up to community organizations such as their own.

**Other Highlights for Prince Edward Island Respondents**

- Three of the four respondents have business liaison council committees. This practice was rated as either useful (2) or somewhat useful (1).
- Three have municipal unemployment programs. All rated this technique very useful. Most of these programs are youth employment initiatives.
- Three have industrial zoning in place, rated very useful (1) or useful (2).
- The only financial tool used was financial assistance to non-profit organizations (used by one respondent and rated very useful).

**Innovative economic development practices in Prince Edward Island**

(all programs created by the East Prince Area Industrial Commission)

Youth Entrepreneurship

“I Want to be a Millionaire Program”—  
this program teaches youth the  
importance of business in a community.

It offers entrepreneurship as a career alternative which will help to keep the youth in the community. Moreover, it creates job opportunities for the future.

Training program on regional economic development

This is a way to help alleviate competition among communities.

Consultant Advisory Services Program to small businesses

Entrepreneurship Training to Youth

Program provides SEED capital to youth to start their own businesses.

### **Newfoundland**

In Newfoundland, local economic development activities are carried out by the Province, municipalities, and rural development associations. Rural development associations act as community-led economic development agents for rural Newfoundland. There are 59 rural development associations throughout Newfoundland and Labrador. Each is made up of a volunteer executive and a board of directors elected from the individual development committees set up in each community in the region (Newfoundland & Labrador Rural Development Council, 1994). These associations have been very successful in generating projects to help revitalize rural economies. For example, from 1984-88, 1652 projects were funded through development associations. Over 13,369 short-term and 250 permanent jobs were created. Funding for individual projects comes from provincial and federal agencies such as ACOA.

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Surveys were sent out just to municipalities, since development associations are not even partially municipally funded, and are more focused on community economic development goals. Although there are only a few responses for Newfoundland, these five municipalities represent over a quarter of the province's population and moreover, the majority of the smaller municipalities (those under 5000 in population) are not involved in local economic development initiatives.

**Table 1: Breakdown of Newfoundland Responses**

Population Category	Municipalities
50, 000 to 99, 999	1
10, 000 to 49, 999	2
5, 000 to 9, 999	1
Under 5, 000	1
<b>Total</b>	<b>5</b>

Other important players in economic development in Newfoundland municipalities include local Boards of Trade, downtown development corporations, Enterprise Newfoundland and Labrador (a crown corporation), chambers of commerce and ACOA.

**Table 2: How is economic development carried out at the local municipal level?**

	Economic Dev. Dept.	Part of the Planning Dept.	Committee of Council
50, 000 to 99, 999	1		
10, 000 to 49, 999	2		1
5, 000 to 9, 999	1		
Under 5, 000			1

\* more than one structure per response is possible

Most of the municipalities have an economic development department. The City of St. John's—the only municipality with a population of over 30, 000 in the province—has recently created a new economic development department and is in the process of creating a new strategic plan. The other four respondents have economic development policies or plans in place—which is a bit surprising given the population size of some of these communities and the presence of other bodies, like the rural development councils.

One respondent stated that they would spend more resources on marketing if possible.

**Table 3: Is competition between municipalities within the region a problem?**

	Frequency
Significant problem	0
Somewhat of a problem	2
Not a problem	3

Competition between municipalities in Newfoundland is not considered to be a significant problem. All participate in some type of cooperative initiatives such as trade shows and business seminars.

## Economic Development Practices of Responding Newfoundland Municipalities

**Table 4: Usefulness of Marketing Techniques—All Populations**

### MARKETING TECHNIQUES

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Brochures, information packages	100	40	20	40	0	0
Promotional videos	60	33	67	0	0	0
Trade show displays	80	25	25	25	25	0
Industrial site inventories	60	67	33	0	0	0
Journal, newspaper advertising	40	0	0	100	0	0
Radio/TV advertising	40	0	50	0	50	0
Local business directories	60	33	33	0	33	0

All of the Newfoundland respondents produce an information brochure for their respective municipalities. Four of them participate in trade show displays.

**Table 5: Usefulness of Tourism Promotion—All Populations**

### TOURISM PROMOTION

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Market municipality as tourist attraction	80	50	25	25	0	0
Organize local festivals, sports events	80	67	33	0	0	0
Participate in regional tourism promotion	80	0	75	25	0	0
Promote local area to other countries	60	0	67	33	0	0

In order to wean their economic bases from such resource-dependent industries as fisheries and mining, many Newfoundland communities have turned to tourism as an alternative. The organization of local events is carried out by four of the respondents and is also rated as being very useful.

**Table 6: Usefulness of Liaison with Local Business—All Populations**

### LIAISON WITH LOCAL BUSINESS

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
Business Liaison Council Committees	100	40	20	20	20	0
Small Business Advisory	60	0	0	100	0	0
Business Ombudsman	40	0	0	50	50	0
Strengthening contacts—new enterprises and sources of risk capital	20	0	0	100	0	0
Awareness of senior govt programs	20	0	100	0	0	0
Business Visitation Program	40	50	0	50	0	0

**Table 7: Usefulness of Location Specific Business Improvement—All Populations****LOCATION SPECIFIC BUSINESS IMPROVEMENT**

	Percent Used	Very Useful	Useful	Somewhat Useful	Not Useful	Detri- mental
<b>Business Improvement Areas</b>	80	50	25	25	0	0
<b>Downtown revitalization</b>	60	67	33	0	0	0
<b>Historic preservation incentives</b>	80	50	50	0	0	0

Finally, two of the practices within the general category of location specific business improvement are used by three respondents and they are also highly rated.

**Economic Development Practices the Municipality Would Use****Table 8: Techniques municipalities would use if they had the legislative authority**

Practices	Frequency
Tax incentives	1
Make decisions without provincial interference	1
Tax on the basis of profit instead of property values	1

Some respondents would like more freedom to offer financial incentives and would also like more freedom from Provincial involvement in economic development. One respondent stated that a more co-ordinated approach in economic development is needed.

**Table 9: Role of the Municipality in economic development**

Type of Role	Frequency
Community should have the lead role	1
Active role	1
Should have the lead role while working with other levels of government to ensure that there is no duplication	1
Promote the municipality as having good infrastructure	1

In its new economic strategy, the Province directly recognizes the importance of municipalities in promoting economic development in Newfoundland by giving them the power to grant full property and business tax exemptions. A report produced in connection with the creation of the new economic development department at the City of St. John's states that "the most important contribution that the City of St. John's can make to economic

development in this Province is to create an environment conducive to business formation and growth” (City of St. John’s Economic Development Review Committee, 1994: 2). The report goes on to state that excessive taxation and regulation are the two most significant problems facing small business in the city and the province. The respondents’ opinion on the issue of the role of local government reflects the power recently bestowed upon them by the Province.

### **Other Highlights for Newfoundland Municipalities**

- Four of the respondents are involved in improving/expanding recreational facilities and carrying out street/road improvements.
- All have industrial zoning in place.
- None have training or other related services.
- Three participate in community economic development initiatives.

### **Innovative Economic Development Practices by Newfoundland Municipalities**

Streamlined home-lease business application process.  
(Gander)

Industrial incubator  
(Pasadena)

The Town of Pasadena, population 3500, created an industrial incubator in 1986 called the Venture Centre. The Province provided the land for the incubator while the federal government serviced the site and developed the Centre. The incubator provides space at reduced rental rates as well as central photocopying, fax, typing and computer facilities. This assists the fledgling company to offset some of its initial capital expenses. A manufacturing wing and a service wing totaling 60, 000 square feet make up the incubator.

## **Conclusion**

Emerging from the survey analysis are a number of different challenges for public policy makers with respect to the role of municipalities in economic development.

### ***Increased coordination in economic development***

In order to avoid excess duplication of services, there is a need to improve the coordination of all organizations—both public and private—pursuing economic development goals. So many activities either directly or indirectly impact on economic development within a local area that it may be impossible to coordinate all concerned organizations. The challenge remains to coordinate as much activity as possible among the major players explicitly concerned with economic development at different levels of government and in the local business sector.

### ***Maintaining the accountability of non-public, “arm’s length” development bodies***

Among the larger municipalities in the country, the economic development authority is becoming a preferred structure for carrying out economic development activities. This form has the advantage of appearing to be separate from the local government while being indirectly accountable to the municipality through public sector representation on its board of directors.

### ***Changing the local government structure to reflect the boundaries of the economic region***

The future world economy will be a landscape of economic regions rather than one of nations. In large urban areas, the challenge will be to encourage municipalities to work together towards a common goal. This might be facilitated through a government structure which takes into account all the constituent local governments of the urban area.

### ***Increasing participation in community economic development***

In smaller municipalities, local government often does not have the resources to undertake its own economic development programs. For these smaller communities, the challenge will be to encourage participation in community economic development initiatives, in order to take advantage of the resources of the local businesses and residents. Local government should support such community-based initiatives.

### ***Determining which, if any, additional development powers municipalities should take on***

As discussed earlier, municipalities have within their grasp significant ways in which to influence economic development within their own boundaries. Within the survey of economic development methods, the only major categories beyond the control of local government were some of the techniques under land and property management, incubation functions and financial tools. Depending on the circumstances, it might make sense to give municipalities more power in the creation of incubation facilities since it is related to the start-up of new companies in the community.



It is expected that in the future local government will continue to play a significant role in economic development in all parts of Canada; especially through its infrastructure and service provision as well as through more direct involvement through supporting community economic development. The most critical issue to resolve is that of the issue of coordination of all the actors involved. Any legislative changes to allow greater freedom in the area of promoting economic development should encourage local government to work with CED organizations and where possible encourage growth from within the community,.



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Dennis Friesen, Department of Provincial Affairs and the Attorney General, Prince Edward Island

Stan Clinton, Director, Urban and Rural Planning, Department of Provincial and Municipal Affairs, Newfoundland



## Appendix I

# Survey Sample

### Newfoundland

St. John's  
Mount Pearl  
Corner Brook  
Conception Bay South  
Gander  
Happy Valley-Goose Bay  
Marystown  
Whitbourne  
Placentia  
Dover  
Englee  
Brigus  
Terra Nova

### Prince Edward Island

Charlottetown  
Summerside  
Sherwood  
Parkdale  
Alberton  
Georgetown  
Charlottetown Area Development Corporation  
Summerside Regional Development Corporation  
Greater Summerside Area Industrial Commission  
Souris Area Industrial Commission  
East Prince Area Industrial Commission  
Three Rivers Industrial Commission

### New Brunswick

Saint John  
Moncton

Fredericton  
Bathurst  
Edmunston  
Campellton  
Chatham  
Newcastle  
Dalhousie  
Salisbury  
Westfield  
Dorchester  
Verret  
Alma

### *N.B. Regional Commissions*

Capital Region Development Commission Inc. (Fredericton)  
Carleton Regional Development Commission Inc. (Woodstock)  
Chaleur Regional Development Commission Inc. (Bathurst)  
Fundy Region Development Commission Inc. (Saint John)  
Commission Industrielle de la Region Grand-Sault (Grand-Sault)  
Greater Moncton Economic Commission Inc. (Moncton)  
Commission Économique de Kent Inc. (Boutouche)  
Miramichi Region Development Corporation Inc. (Newcastle)  
Commission Industrielle du nord-ouest Inc. (Edmunston)

### Nova Scotia

Halifax  
Dartmouth

Sydney  
Glance Bay  
Truro  
Bedford  
New Glasgow  
Amherst  
Yarmouth  
Sydney Mines  
Bridgewater  
Antigonish  
North Sydney  
Lunenburg  
Hantsport  
Louisbourg  
Bridgetown  
Mulgrave  
Lockeport  
Annapolis Royal  
Halifax County  
Cape Breton County  
Pictou Regional Development Corp.  
Yarmouth County  
East Hants Development Commission  
Annapolis County  
Lunenburg Industrial Commission

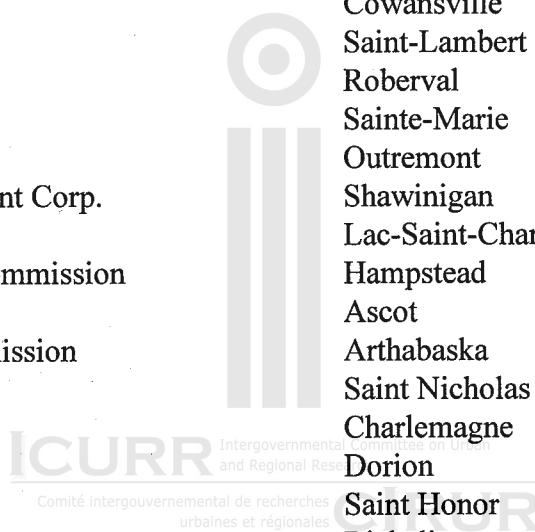
**Quebec**

Montreal  
Laval  
Quebec  
Longueuil  
Gatineau  
Montreal-Nord  
Sherbrooke  
Saint-Hubert  
Lasalle  
Saint-Leonard  
Saint-Laurent  
Sainte-Foy  
Charlesbourg  
Beauport  
Brossard  
Chicoutimi

Verdun  
Hull  
Jonquiere  
Lachine  
Chateauguay  
Saint-Hyacinthe  
Anjou  
Terrebonne  
Granby  
Boucherville  
Rimouski  
Drummondville  
Juliette  
Rock-Forest  
Mount-Royal  
Cowansville  
Saint-Lambert  
Roberval  
Sainte-Marie  
Outremont  
Shawinigan  
Lac-Saint-Charles  
Hampstead  
Ascot  
Arthabaska  
Saint Nicholas  
Charlemagne  
Dorion  
Saint Honor  
Richelieu  
Shefford  
Sainte-Croix  
Chapais  
Saint Jovite  
Petit-Saguenay  
Saint Charles  
Saint-Isidore  
Bellecombe  
Orford  
Clermont

**Quebec Regional Governments**

Communauté urbaine de Montréal



Communauté urbaine de Québec  
Communauté urbaine de l'Outaouais

***Quebec RCM's***

Champlain  
Sherbrooke  
Drummond  
Francheville  
Le Fjord-du-Saguenay  
Roussillon  
Les Maskoutains  
Les Laurentides  
Lac-Saint-Jean-Est  
Manicouagan  
Pontiac  
Rouville

***Quebec Regional Associations***

Association Régionale Des Commissaires  
Industriels De La Région des  
Laurentides - Région 15  
Région de l'abitiibi et du Témaicamingue -  
Région 8  
Côte-Nord - Région 9  
De La Montérégie inc. - Région 16  
Région Caudière/Appalaches - Région 12  
Association Régionale de Développement  
Économique Du Centre Du Québec -  
Région 4  
Ile de Montréal - Région 6  
L'Est Du Québec- Région 1  
Région de l'estrie - Région 5  
Québec Métro - Région 3

**Ontario**

Toronto  
North York  
Scarborough  
Mississauga  
Hamilton

Ottawa  
Etobicoke  
London  
Brampton  
Windsor  
Kitchener  
Markham  
York  
Burlington  
Oshawa  
St. Catharines  
Oakville  
Thunder Bay  
Vaughan  
Nepean  
East York  
Gloucester  
Sudbury  
Cambridge  
Guelph  
Brantford  
Sault Ste. Marie  
Richmond Hill  
Niagara Falls  
Sarnia-Clearwater  
Waterloo  
Pickering  
Peterborough  
Barrie  
Whitby  
Ajax  
Kingston  
North Bay  
Welland  
Cornwall  
Newmarket  
Chatham  
Woodstock  
Kingston Township  
Kanata  
Belleville  
Timmins  
Milton  
Stoney Creek  
Cumberland

Brockville  
Port Hope  
Tillsonburg  
Cobourg  
Fort Erie  
Grimsby  
Innisfil  
Kirkland Lake  
Nanticoke  
Norfolk  
Strathroy  
Stratford  
St. Thomas  
Clarence  
North Dorchester  
Gravenhurst  
Oro-Medonte  
Muskoka Lakes  
Napanee  
Ingersoll  
Goderich  
Parry Sound  
Manvers  
Tiny Township  
St. Clair Beach  
Somerville  
Teeswater  
Blind River  
Blenheim  
Williamsburgh  
East Garafraxa  
Rockcliffe Park  
Pembroke  
Cobalt  
Chalk River  
Bayfield  
Westport  
Rainy River  
Lanark  
Bedford  
Springfield  
Newburgh  
Lancaster  
Cardiff

***Ontario Upper Tier Governments***

Metropolitan Toronto  
Ottawa-Carleton  
York  
Hamilton-Wentworth  
Durham  
Niagara  
Simcoe County  
Windsor-Essex  
Halton  
Renfrew County  
Huron County  
Sudbury  
United Counties of Stormont, Dundas and  
Glengarry  
Wellington County  
Haldimand-Norfolk Regional  
Municipality  
Haliburton

**Manitoba**

Winnipeg  
Brandon  
Thompson  
Portage la Prairie  
Springfield  
The Pas  
Dauphin  
Winkler  
Steinbach  
Flin Flon  
Swan River  
Killarney  
Cornwallis  
Dufferin  
Montcalm  
Oakland  
Riverside  
Russell  
Silver Creek



**Manitoba Regional Development Corporations**

Eastman Regional Development -  
Beausejour  
Interlake Development Corporation -  
Arborg  
Norman Regional Development  
Corporation - Thompson  
Parkland West Economic Development -  
Roblin  
Central Plains Economic Development -  
Portage la Prairie  
Parkland East Economic Development -  
Dauphin  
Pembine Valley Development  
Corporation - Altona  
Westman Economic Development  
Association - Killarney

**Saskatchewan**

Saskatoon  
Regina  
Prince Albert  
Moose Jaw  
Yorkton  
Swift Current  
North Battleford  
Estevan  
Weyburn  
Lloydminster  
Melfort  
Kindersley  
Melville  
Macklin  
Creighton  
Nipawin  
Porcupine Plain  
Coronach  
Cudworth  
Alsask  
Prince Albert Regional Economic  
Development Authority

Rosetown Regional Economic  
Development Authority  
Gull Lake Regional Economic  
Development Authority

**Alberta**

Calgary  
Edmonton  
Lethbridge  
Red Deer  
Medicine Hat  
St. Albert  
Fort McMurray  
Grande Prairie  
Camrose  
Spruce Grove  
Fort Saskatchewan  
Wetaskiwin  
Vulcan  
Hinton  
Beaumont  
Okotoks  
Lacombe  
Coaldale  
Black Diamond  
Manning  
Rimbey  
Vermillion  
St. Paul  
Eckville  
Hardisty  
Mundare  
Daysland  
Granum

**British Columbia**

Vancouver  
Surrey  
Burnaby  
Richmond  
Saanich





Delta  
Coquitlam  
Kelowna  
Victoria  
Prince George  
Matsqui  
Kamloops  
Langley  
Nanaimo  
Chilliwack  
Maple Ridge  
New Westminster  
North Vancouver  
Port Coquitlam  
Squamish  
Powell River  
Port Alberni  
Kitimat  
White Rock  
Sidney  
Penticton  
Duncan  
Port McNeil  
Summerland  
Mackenzie  
Trail  
Nelson  
Port Hardy  
Castlegar  
Montrose  
Grand Forks  
Hope  
Princeton  
Hazelton  
Sayward  
Port Edward  
Clinton  
Granisle  
Anmore

***B.C. Regions***

Central Coast Regional District

Fraser-Cheam Economic Development  
Commission  
Greater Vancouver Regional District  
Sunshine Coast Economic Development  
Commission  
Thompson-Nicola Economic  
Development Commission  
Kootenay Boundary Economic  
Development Commission  
Regional District of Kitimat-Stikine  
Dawson Creek Economic Development  
Commission

**Northwest Territories**

Yellowknife  
Hay River  
Fort Smith  
Inuvik  
Iqualuit  
Aklavik  
Coral Harbour  
Fort Norman

***NWT Regions***

Baffin  
North Slave  
Keewatin  
Inuvik  
South Slave  
Kitikmeot

**Yukon**

Whitehorse  
Faro  
Dawson City  
Watson Lake  
Haines Junction  
Teslin



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**Appendix II**  
**Economic Development Survey**



**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales **CIRUR**



## ICURR ECONOMIC DEVELOPMENT SURVEY

Do not hesitate to call Michael Skelly at ICURR at (416) 973-3264 if you have any questions.  
**Si vous préférez recevoir ce questionnaire en français, veuillez téléphoner à Claude Marchand au 416 - 973-1374.**

Please provide any relevant additional economic development documentation under separate cover.

### I. GENERAL INFORMATION

1. Province \_\_\_\_\_

2. Please check off the appropriate population category for your municipality .
- |                          |                  |                          |                    |
|--------------------------|------------------|--------------------------|--------------------|
| <input type="checkbox"/> | Under 1,000      | <input type="checkbox"/> | 50,000 to 99,999   |
| <input type="checkbox"/> | 1,000 to 4,999   | <input type="checkbox"/> | 100,000 to 249,999 |
| <input type="checkbox"/> | 5,000 to 9,999   | <input type="checkbox"/> | 250,000+           |
| <input type="checkbox"/> | 10,000 to 29,999 |                          |                    |
| <input type="checkbox"/> | 30,000 to 49,999 |                          |                    |

3. Has your municipality adopted any policies or objectives on economic development? If yes, please identify and describe. In what type of document do they appear (e.g. official plan)?

\_\_\_\_\_

4. Has your municipality adopted an economic development plan? If yes, how long has the plan been in place? Are there any specific sectors of the local economy that are targeted in the plan? If yes, please identify.

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**CIRUR**

5. How are most economic development activities carried out by your local government? (Please remember only to consider those activities initiated, developed and implemented by your municipality.)

- Economic development department  
 Committee of council  
 Section of the municipal planning department  
 Other (please specify) \_\_\_\_\_







Use?	Governmental Regulations	Usefulness					Additional Comments
		1	2	3	4	5	
<input type="checkbox"/>	Industrial zoning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Sign control regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Height and density variances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Facade control regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Historic district regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Density transfers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Policies to expedite the development process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Other (please specify) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Use?	Land and Property Management	Usefulness					Additional Comments
		1	2	3	4	5	
<input type="checkbox"/>	Sale of industrial land to developers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Sale of commercial land to developers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Lot consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Industrial property management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Municipal Land Banks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Other (please specify) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Use?	Incubation Functions	Usefulness					Additional Comments
		1	2	3	4	5	
<input type="checkbox"/>	Rehabilitation of buildings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Rental of industrial buildings, space	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Donations of unused real property (e.g. donation of a vacant building)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Provide secretarial, management, and other services for an incubation facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	Other (please specify) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

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Use?	Financial Tools	Usefulness	Additional Comments
		1 2 3 4 5	
<input type="checkbox"/>	Provide security for a private company	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Lend money to a private company.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Subsidize or grant a tax exemption to a private company	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Contribute to an investment fund (risk capital)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Community loan funds	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Financially assisting non-profit organizations involved in economic development	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Establish capital pools to support developing firms	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Attraction of an international investor as an equity partner	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Utility discounts for firms	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Freezing property taxes for commercial and industrial property	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Other (please specify) _____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____

Use?	Training and other services	Usefulness	Additional Comments
		1 2 3 4 5	
<input type="checkbox"/>	Training/retraining funds/programs	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Awards/funding for research	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Direct professional services (e.g. direct business management services)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Financial services (does not include financial assistance)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Other (please specify) _____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____

Use?	General Support of Community Economic Development Initiatives	Usefulness	Additional Comments
		1 2 3 4 5	
<input type="checkbox"/>	Participation in CED initiatives	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____
<input type="checkbox"/>	Other (please specify) _____	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	_____

### **III. OTHER METHODS**

10. Please identify and briefly describe any methods that the municipality employs, but are not listed above and also describe their usefulness to date.

---

11. Please identify one area (in terms of economic development techniques) in particular where you would place more resources (money, time, human resources) if you had them.

---

12. Please identify and describe any economic development techniques which the municipality has employed within the last three years that would be considered innovative.

---

13. Please describe, if possible, the impact of these innovative techniques in terms of the promotion and fostering of economic development in the municipality.

---

### **IV. ROLE OF MUNICIPALITIES IN ECONOMIC DEVELOPMENT**

14. What role do you feel that local government should play in promoting and fostering economic development?

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urbaines et régionales

**CIRUR**

---

15. How does this (your answer to Question 14) compare with the role your municipality currently plays? If there is a difference between the preferred and the actual role, please explain why.

---

16. What economic development methods would your municipality have employed had you had the legislative authority to do so?

---

17. What additional powers, if any, do you think that municipalities should have in terms of promoting economic development?

---

## V. COMPETITION BETWEEN MUNICIPALITIES

18. Is competition between local municipalities within the region :
- A significant problem
  - Somewhat of a problem
  - Not a problem
  - Do not know
  - Other (please specify)
- 

19. If there is a problem with competition, have there been any measures taken to try and alleviate this problem? Please identify and describe these measures.

---

20. Please provide any additional comments you feel are necessary regarding the role of municipalities in economic development or any other general comments.

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**CIRUR** Comité intergouvernemental de recherches urbaines et régionales

**THANK YOU FOR TAKING THE TIME TO COMPLETE THIS SURVEY.  
PLEASE RETURN THE SURVEY IN THE ENCLOSED BUSINESS REPLY  
ENVELOPE BY SEPTEMBER 19, 1994.  
THANK YOU FOR SENDING ADDITIONAL ECONOMIC DEVELOPMENT  
MATERIAL. PLEASE ADDRESS IT TO:**

Michael Skelly  
Research Assistant  
ICURR  
150 Eglinton Avenue East, Suite 301  
Toronto, Ontario  
M4P 1E8  
Phone (416) 973-3264  
Fax (416) 973-1375

The Intergovernmental Committee on Urban and Regional Research (ICURR) was set up in 1967 following a Federal-Provincial Conference on Housing and Urban Development. The Committee comprises senior officials from the Federal, provincial and territorial governments of Canada who meet regularly to oversee ICURR's activities – the operation of an information exchange service and research program. ICURR's major objective is to foster communication between policy-makers across Canada working in the fields of urban, rural and regional planning, economic development, public administration and finance, housing, recreation and tourism, transportation and the environment. It also seeks to increase the level of understanding of urban and regional issues through research and consultation.

ICURR's core funding is provided by the Canada Mortgage and Housing Corporation and by the ministries of municipal affairs of the provinces and territories. Canada's municipal governments also participate in ICURR through annual membership as do consultants and universities.

Intergovernmental Committee on  
Urban and Regional Research  
150 Eglinton Avenue East, Suite 301  
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Tel: (416) 973-5629  
Fax: (416) 973-1375



Créé en 1967 à la suite d'une conférence fédérale-provinciale sur l'habitation et l'aménagement urbain, le Comité intergouvernemental de recherches urbaines et régionales (CIRUR) regroupe des représentants des administrations fédérale, provinciales et territoriales du Canada qui se réunissent régulièrement pour orienter le champ d'activités du CIRUR : la gestion d'un service d'échange de renseignements et d'un programme de recherche. Le CIRUR a pour objectif principal de favoriser les communications entre les décideurs d'un bout à l'autre du Canada travaillant dans les domaines de l'urbanisme, de l'aménagement rural et régional, du développement économique, des finances et de l'administration publiques, du logement, des loisirs et du tourisme, des transports et de l'environnement. Il a également pour but d'élargir le champ de connaissance des questions urbaines et régionales par le biais d'activités de recherche et de consultation.

Le financement de base du CIRUR provient de la Société canadienne d'hypothèques et de logement ainsi que des ministères des affaires municipales des dix provinces et des deux territoires. Les municipalités canadiennes, de même que les experts-conseils et les universités, peuvent participer aux activités du CIRUR moyennant une cotisation annuelle.

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