
Local governance and economic development: challenges and approaches



UNIVERSITÉ DE MONCTON
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**Chaire des caisses populaires acadiennes
en gestion des coopératives**

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Management of Cooperatives

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At a glance

- 5 things to remember:
 - People are satisfied living in small communities.
 - The problem is economic performance.
 - There are several structural barriers to development.
 - A regional development strategy should be based on a management model that requires collective effort
 - Municipalities are a key partner in carrying out this effort.

Indicators of well-being

■ Objective indicators

- GDP per capita
- Participation, unemployment and employment rates
- Work productivity
- Entrepreneurship rate

■ Subjective indicators

- Life satisfaction
- New data (Lu, Schellenberg, Hou and Helliwell, 2015)
- Survey over 5 years, CMAs and ERs
 - ❖ General Social Survey - GSS (2009-2013)
 - ❖ Canadian Community Health Survey - CCHS (2009-2012)
 - ❖ Items assessed using a 10-point scale (- to +)

Life satisfaction

	Mean level out of 10	% of very satisfied (9 and 10 scores)
Canada	8.0	37.9
Census metropolitan areas (CMAs)		
Saint John	8.1	43.6
Moncton	8.0	40.4
Economic regions (RÉ)		
Northeast	8.2	46.8
Northwest	8.2	45.9
Southeast (excluding Moncton - CMA)	8.1	42.7
Centre	8.0	40.5
Southwest (excluding Saint John - CMA)	n.d.	n.d.

Explanatory factors

■ Life satisfaction is:

- Slightly higher among women;
- Slightly lower among immigrants;
- Lower among people in their forties or early fifties compared to younger and older age groups (U-shaped);
- Higher among married people;
- Lower among the unemployed;
- Higher among people who say they are healthy;
- Higher among people living in a high-income household;
- Education has a positive impact on subjective well-being through its effect on other outcomes.

So, what's the problem?

- If residents in the northern part of the province and the Kent area are more satisfied, why are we seeing a decline in population?

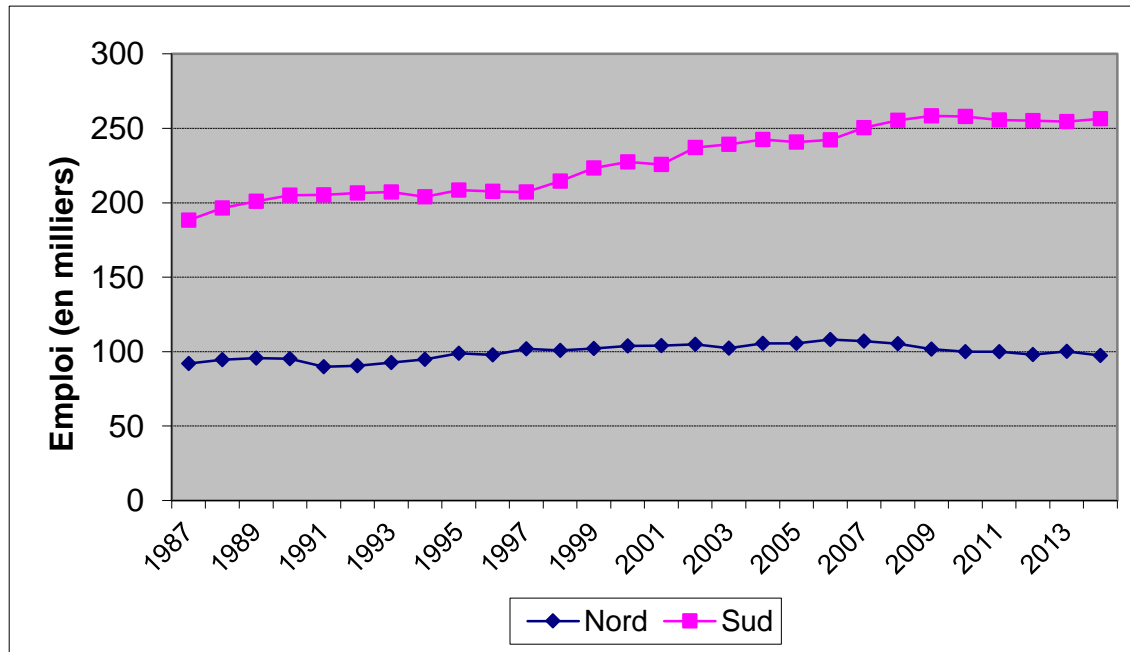
Provincial population distribution, 2006 and 2011

	2006	2011	Difference (%)
North + Kent	274,867	269,936	-1.8%
South	455,030	481,235	5.8%

Source: Statistics Canada, 2006 and 2011 Census.

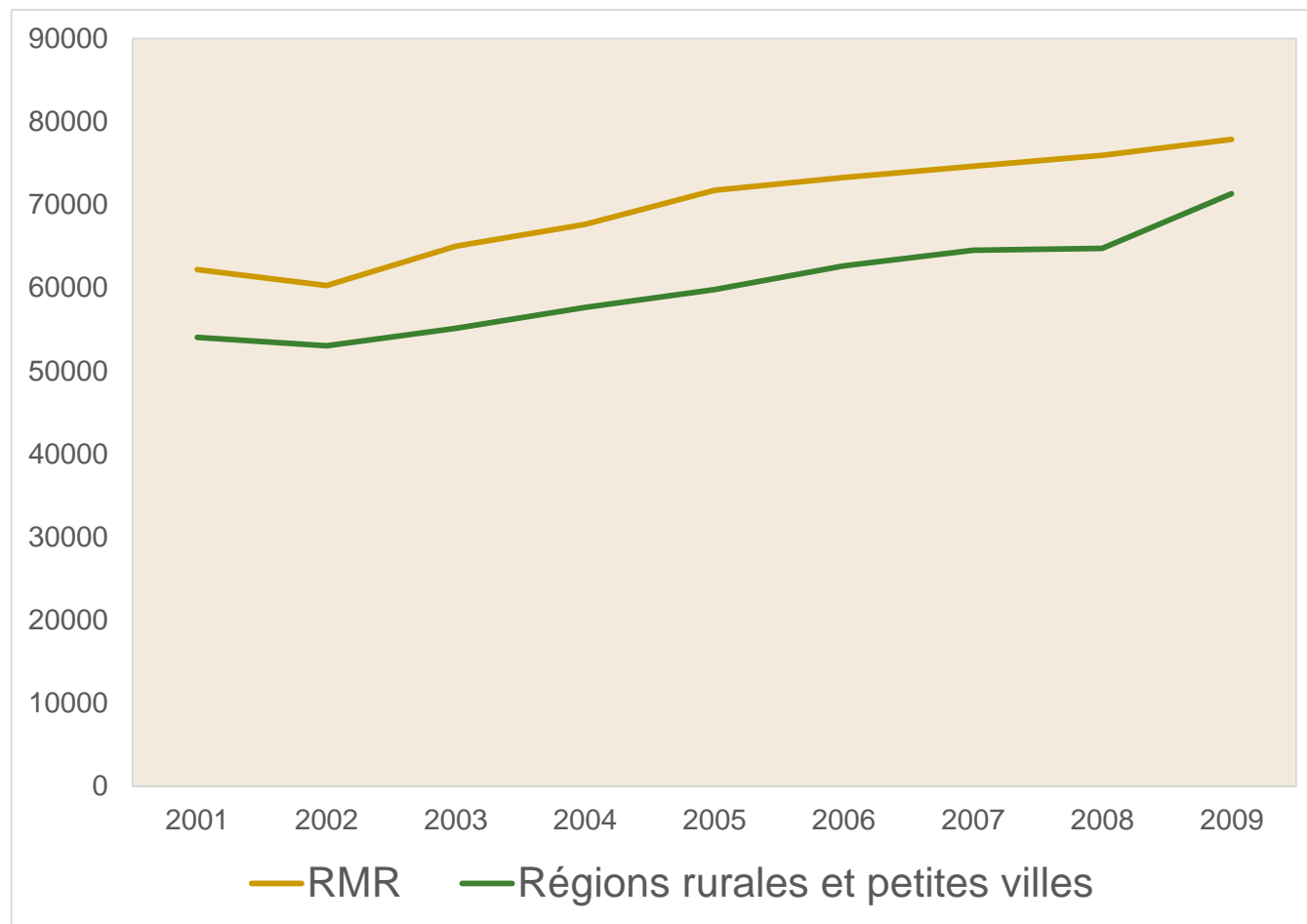
- The problem is economic performance.
- A look at some objective indicators.

Comparative employment trends



- North: 5,400 jobs (+ 5.9%)
- South: 68,200 (+ 36.2%)
- Employment Summit in the northern region: 2006 (108,200). Since then, ↓10,800.
- Kent: 2006 – 13,300 jobs
2011 – 13,450 jobs (steady employment)

Work productivity trends



- Note: Lagging innovation. Documenting is a challenge.

Indicators of social development

Indicators	Canada	New Brunswick	Kent
Income generated by government transfers (% of total income)	12.4%	16.5%	23.2%
Incidence of low income (%)	14.9%	17.2%	17.9%
No certificate, diploma or degree (%)	20.1%	24.9%	39.7%
Labour force participation (%)	66.0%	63.5%	61.9%

Source: Statistics Canada. (2013). National Household Survey, 2011.

- The two first are indicators of poverty.
- The third relates to the percentage of adults having completed their studies without a certificate, diploma or degree.
- The last one is the rate of labour force participation. This is the percentage of people aged 15 + in the labour force, i.e. working or unemployed.

Entrepreneurship rates

2011	Entrepreneurs	Population	Ratio
Kent	1,345	30,220	4.5
New Brunswick	29,510	735,835	4.0
Canada	1,926 990	32,852 325	5.9

- Demonstrates the impact of the proximity of the Moncton CMAs
 - South end of the county is growing: e.g. Saint-Antoine (2006 – 2011: + 14.5%)
 - Northern area is in decline: e.g. St-Louis (- 3,1%)
- Several indicators show the importance of the work to be done
- No single player can rectify the situation.

Structural barriers to development

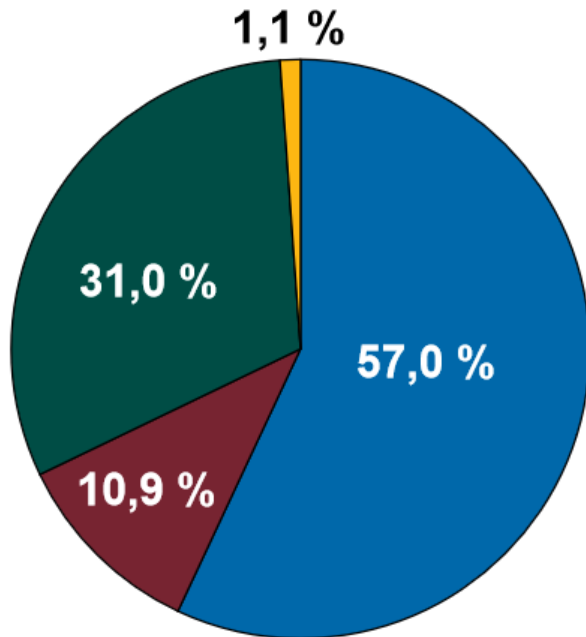
- Some factors have already been identified
 - Cultural elements (education, perception of the economic world, entrepreneurship)
 - ❖ Intention to carry out: 9% in the Atlantic region; 17% in Alberta and B.C.
 - Lagging innovation
- Other factors
 - Venture capital financing
 - ❖ Option with the Northern Fund
 - Demography and business succession
 - ❖ Number of Acadian SMEs whose owner will reach the average retirement age within the next 10 years: 1,628

- Infrastructures (roads + municipal services)
 - ❖ RSC's position
- Flawed local governance structures
 - ❖ Weight of LSDs: Kent (62%); Province (36%)
 - ❖ Loss of income (property tax, taxes on gasoline)
 - ❖ Small municipalities and financial capacity
 - ❖ Democratic deficit and management tools
- Instability of provincial structures supporting economic development
 - ❖ Industrial commissions: 12 units, 1971 – 2001
 - ❖ CEDA: 15 units (3 urban and 12 rural), 2002 - 2012
 - ❖ Economic development districts (EDD): 5 (+ 7 satellite offices), 2013 - 2014

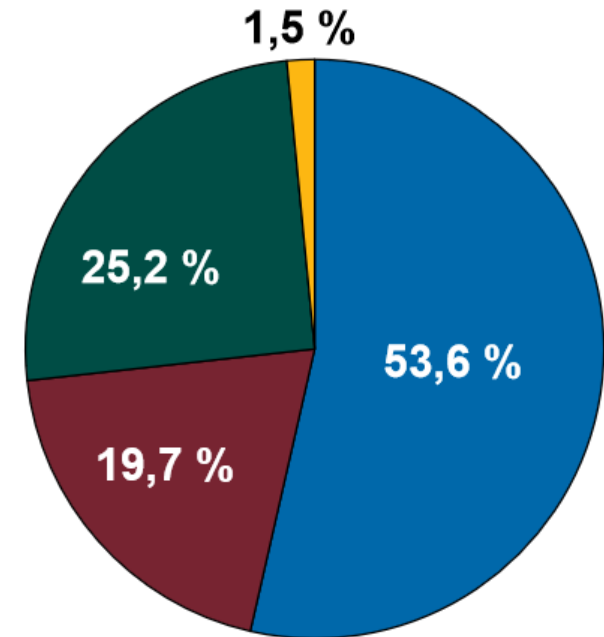
- ❖ New structure: Opportunities NB
 - Approximately 90 employees
 - Central functions (organizational culture, finance and strategy)
 - Investment attraction
 - Talent recruitment
 - Expansion and exports
 - Main exports
 - Regional export
 - Development of small businesses
 - Regional offices in the southern area
 - Regional offices in the northern area
 - Major projects
- ❖ Give Opportunities NB a chance...
- ❖ Other player: RDC
- ❖ Question: role and place of RSCs and municipalities?

Lack of investments

Nouveau-Brunswick



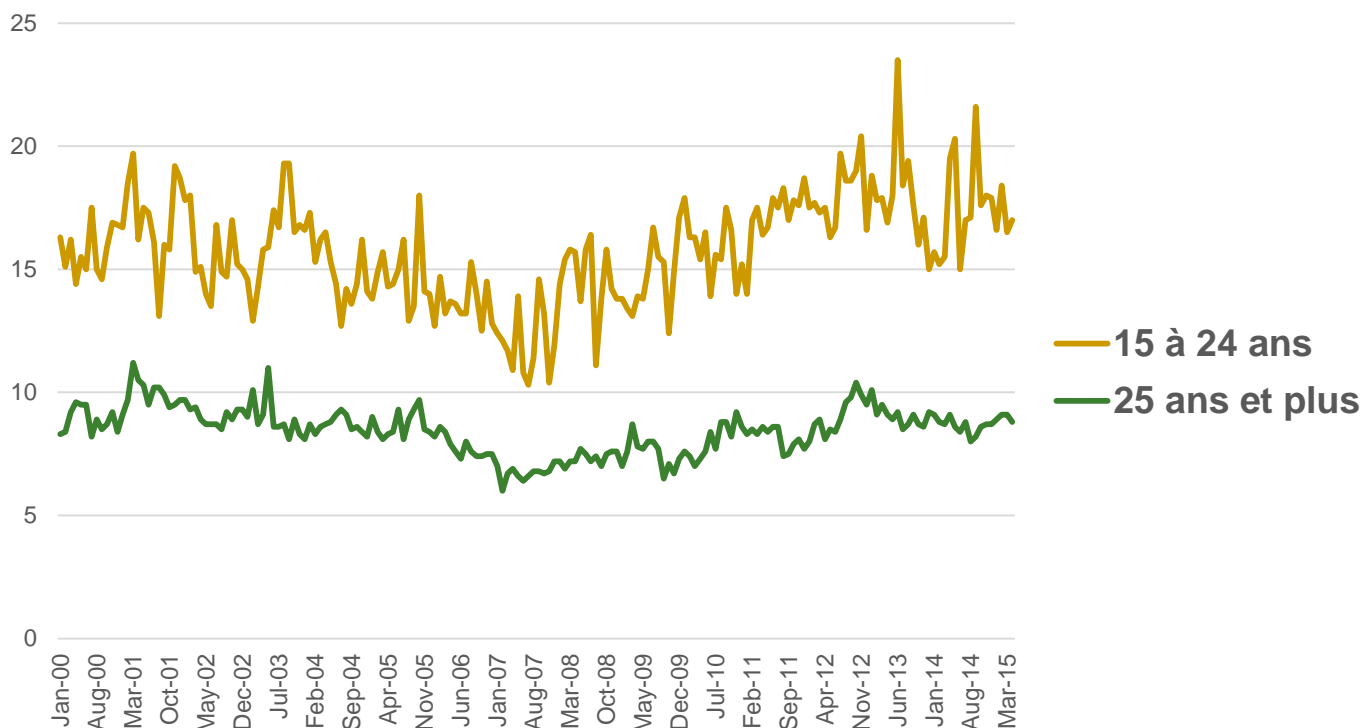
Canada



Source: Statistics Canada.

Difficulty integrating young people into the labour force

Unemployment rate trend
New Brunswick, January 2000 - April 2015



Source: Statistics Canada. Chart 282-0087 – Active Population Survey (APS)

Municipalities and economic development

- Need for an integrated vision for regional development
 - Must simultaneously tackle structural barriers ...
 - ❖ Actions on local and regional governance
 - ❖ Better coordinate the links between the various functions (territory development, solid waste management, support to investors)
 - ❖ Avoid service duplication
 - ... job-generating investments...
 - ❖ favorably biased towards local investors
 - and support to entrepreneurs.

- Positive regional trends
 - New generation of entrepreneurs and succession (Imperial Group, Goguen Monuments, ...)
 - Re-launching collective entrepreneurship – several new cooperatives (e.g. daycares...
 - ❖ Several promising and innovative projects (e.g. project aimed at re-opening a camping site...)
 - ❖ Structure, financing and areas of activity
- Must take measures to offer better support
- Municipal action must be guided by three principles
 - the municipality plays an important role in economic development and it must develop a strategy and a stable budget intervention in order to be successful in playing this role;

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- we must focus on local entrepreneurship;
 - the need to develop a consultative and complementarity approach with the other economic development organizations (e.g. 2014 Strategic Planning Forum.
 - The strategy should hinge on 2 stakeholder groups:
 - 1. Collective entrepreneurship
 - 2. Support to SMEs owned by young local entrepreneurs (key partner – CBDC):
 - ❖ identify promising young entrepreneurs in the community (10-15 under 40 years of age)
 - ❖ develop with them a collaborative and consultative strategy
 - ❖ guide them on their journey to help them achieve their full growth potential

Fairly well-stocked tool box

- Education sector
- New entrepreneurial momentum
 - Partnership approach
- Some well-tailored programs
 - Investment tax credit
 - ❖ Discrimination towards the cooperatives remains to be settled
 - Labour force training
- Quality human resources
- A willingness to act and take the matter in hand

Conclusion

- Some favorable economic trends
 - Energy costs
 - Performance of the American economy
 - Positive forecasts for Eastern Canada (GDP growth expected - 2015)
 - ❖ Major centres (Conference Board)
 - Montreal, Quebec and Halifax: 2.6%
 - Calgary and Edmonton: 1%
 - ❖ Provinces (TD Economics)
 - NB (1.9%), NS (2.3%)
 - Saskatchewan (1.1%), Alberta (0.5%)

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- Wrenching decisions to be made for restoring the province's financial situation
 - Difficult—but necessary—transformations
 - ❖ Adaptation to our communities' new demographic and social realities
 - ❖ Need to thoroughly review offer of services
 - Negative impact in the short term despite infrastructure projects
 - The only way to compensate: private sector investments

■ Biggest challenge

- Empowering individuals, local communities and municipalities
 - ❖ Move to financial commitment

■ Strengths of the municipalities

- Place of the municipalities in Acadia's democratic life
 - ❖ Legitimacy in the communities
- Fiscal realities
 - ❖ Municipal expenses
 - 2007: \$592 M
 - 2012: \$769 M
 - Average annual growth: 6%
 - Higher than the province: 4.9% (6.5 to \$8.1 G)
 - Enviable situation. Is it sustainable?

- The solution will not come from elsewhere
- Collective effort is required
- Need to review the development model
 - Welcome all types of organizations
 - Collectively-owned businesses have the advantage of being inclusive and taking charge
 - ❖ Built on empowering individuals and communities
 - ❖ Put an end to the wait-and-see mentality

Thank you!!!