

St. John's City Region: Integrated City Paper

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MAY 2010

The St. John's city region, based on CMA data, increased its population by 4.7 %, to 181,115, from 2001-2006. The labour market dominance of the Newfoundland and Labrador capital city extends even further on the province's Avalon Peninsula. Close to half of the province's population now resides in communities within the St. John's commuting area. In the wake of fisheries closures and restructuring, the closure of two paper mills, and the ongoing rural to urban and urban-adjacent shift, the St. John's city region dominates the province's economy more than ever. Significant wealth is still generated from the fishery and mining continues to be a major source of wealth creation on the Island and in Labrador. Most of all, however, the province's real GDP is dominated by oil production, accounting for almost 30 per cent in 2007 (Shrimpton, http://pr-ac.ca/files/FinalReports/MP08-01_NL_BenefitsUpdate.pdf). Ironically, and cruelly for rural communities, oil and gas fields have been found primarily on the Grand Banks, closest to St. John's. The province's political, educational and service centre is now also the home of the largest resource sector.

Innovations Systems Research Network (ISRN) clusters identified in 2006 include: Oil and Gas; Maritime; ICT Services; Business Services; and Higher Education. Creative and Cultural, with a Labour Force LQ of 0.95, increased by 3.3 per cent from 2001, but was not considered a cluster, with a Percentage Industry LQ > 1 of 41.2 percent. Seventy-five interviews have been completed across all these sectors, as well as in Health. At time of writing, 75 transcripts were available.

In addition to a high concentration of highly educated and creative workers across these sectors, a recent study by Josh Lepawsky (Harris Centre, 2009) confirms that the efforts to establish an Ocean Technology Cluster are succeeding. Based on a web-based survey of 40 firms and 4 non-firm organizations, supplemented by 13 in-depth, semi-structured interviews after the survey (informed by but designed separately from the ISRN interview guides), Lepawsky concludes that:

- 1) The ocean technology sector operates as a cluster of inter-related business firms and other organizations according to national benchmark criteria for inductively identifying clustering activity; and
- 2) The sector operates as a learning and innovation system. Substantial collaborations exist between firms and other organizations in the cluster and there is clear evidence of labour flows between firms and organizations in the cluster that indicate a circulation of knowledge.

Significant federal and provincial government investment has been focused on the creation of this cluster over two decades. The growth of the oil and gas sector has complemented this development, but has not driven it. Indeed, research in the St. John's city region under the ISRN project is indicating that, while contributing to wealth creation, oil and gas is not driving the innovation system through its own production process, as most oil and gas R&D is conducted outside Newfoundland.

The ISRN research is also highlighting characteristics of a small, peripheral city that serves as a metropole for its province. The political and cultural characteristics of the St. John's city region, in particular, are pointing to aspects of the social foundations of innovation which may be unique to this oldest of British colonies but youngest of Canadian provinces. These characteristics are in some cases strengths for the city region, but there is also evidence of barriers to innovation and the strategic management of the urban economy.

Finally, the Memorial University project team is extending the ISRN research to three even smaller "city" regions in Newfoundland and Labrador: Clarenville, Corner Brook, and Labrador West. This research will be complete in 2010 and additional comparative findings will be produced to supplement the current ISRN city regions, showing how very small urban centres in rural regions fare in the social foundations of innovation.

Theme 1:

The primary sources of innovation in the St. John's city region vary by sector and firm size and type, but there is generally strong evidence of firms with significant integration into global networks. And while the arts scene is extremely active in St. John's, there is little evidence of a new cognitive-cultural economy emerging.

Question 1: What are the primary sources of innovation in key sectors/clusters of your city region? How do knowledge flows occur, in other words, what evidence is there of knowledge flows across sectors/clusters? How important are the local versus the global dimensions of knowledge flows?

There is little evidence of knowledge flows across sectors or clusters in the St. John's city region. Within the Ocean Technology cluster, there is significant evidence of flows between firms and institutions and from the St. John's region to markets, supply chain partners and institutions around the world – primarily outside Canada. Lewpawsky's study indicates that the cluster is predominantly outwardly organized, toward other firms and organizations outside the region which are buyers or suppliers. More than half the firms which completed the survey were small, with less than 20 employees. Just under a quarter were medium-sized, with 21 – 40 employees, and just over one-quarter have more than 50 employees. In total, the firms surveyed employ 2,360 people. Few of the firms derive more than 20 percent of their revenue from the St. John's city region or from elsewhere in the province. Most firms

ranking their number 1 client indicate that the client is located in a country other than Canada or the U.S. In terms of suppliers, the firms' most important suppliers also tended to be outside Newfoundland and Labrador. Only a few firms, plus Memorial University, account for the bulk of supplier relationships internal to the cluster. Lepawsky suggests that this reliance on relatively few firms for internal linkages between buyers, suppliers and collaborators makes the cluster vulnerable to external economic shocks. As a public institution, Lepawsky notes, Memorial University is relatively insulated from downturns in the broader economy, but the failure of one of the three main private firms could significantly disrupt supplier relationships within the cluster if alternative firms outside the cluster could not be found.

The federal and provincial governments have invested in significant marine-related infrastructure in Memorial's engineering faculty, the Marine Institute, and in various chairs and programs. The National Research Council's Institute of Ocean Technology is also located on Memorial's campus. Much of the Ocean Technology Cluster is related to oil and gas development, so additional funds are now available as oil and gas producers are required, under development regulations, to spend a certain percentage of their revenues on research and development in Newfoundland and Labrador. While two companies are contesting the amount, now in a NAFTA challenge, others have begun to determine how to invest their required amounts. Already the accumulated amounts are in the hundreds of millions of dollars. Petroleum Research Atlantic Canada (PRAC) is a partnership of oil and gas producers and the Newfoundland and Labrador, Nova Scotia and New Brunswick governments, with its headquarters based at Memorial. PRAC works with the oil companies to determine opportunities for shared R&D under joint industry partnerships, where the companies invest some of their required R&D spending and share research results. Individuals interviewed in the sector described a significant amount of "churn" as all stakeholders – companies, governments, and researchers – try to determine how the massive investments will be made. The Government of Newfoundland and Labrador launched its own Research and Development Crown Corporation in 2009, to invest in R&D related to strategic sectors, including oceans technology and energy. (Our interview with Barry , who heads an organization that funds and facilitates research and development for Atlantic Canada's petroleum resources, demonstrates that link between oceans tech/oil players—and potential dissatisfaction amongst partners seeking that R&D.)

All these efforts are now being championed by Oceans Advance, a membership based cluster organization that includes fifty-one firms, in addition to units of Memorial University and the College of the North Atlantic. Oceans Advance led an extensive strategic planning process for the cluster in 2009, with its strategy, "Outward Bound 2015: Accelerating the Growth of the Ocean Technology Cluster Sector in Newfoundland and Labrador," released 2009.

Lepawsky's research concluded that the ocean technology cluster constitutes a learning and innovation system, with flows of knowledge that lead to the creation of novel products or services. He found that firms in the cluster spend heavily on R&D. Of the 40 firms surveyed, seven spent up to 50 percent of their total revenues on all innovation activities in 2008, and six spent more than 50 percent (27 declined to provide information about spending on innovation activities). Most of their R&D activity was in-house, as few purchased R&D services from other organizations.

Lepawsky found that ocean technology firms were predominantly staffed by full time employees with a university degree as opposed to a diploma from a college or technical institute. Perhaps surprisingly, firms indicated that management and sales and marketing staff outranked staff recently hired from colleges or universities as important sources of knowledge for innovation. This was attributable to two factors: 1) there is often a steep learning curve for newly hired college or university graduates; and 2) management and sales and marketing staff often have significant contact with customers, information from whom is the main source of ideas for innovation. Following the market as the main source of ideas for firms' innovation activities was suppliers, followed by interactions with universities.

Interviews using the ISRN guide corroborate these findings. An engineering firm in the ocean sector said that while Memorial and the NRC provide essential research facilities and infrastructure, most knowledge for innovation flows from their markets in the U.S. and Europe. They noted that the complex problems faced in the marine sector require interdisciplinary solutions that an independent faculty member conducting research supported by a few graduate students could never address. They noted that local firms in the cluster who were not direct competitors often shared useful market knowledge on other countries. Such "cocktail engineering" was an essential part of knowledge sharing in the city region (Interview 4-1).

The benefits of informal networking came up in almost all ISRN interviews in the St. John's city region. An IT consulting firm noted that their main source of innovative ideas was their market, almost all of which was in the U.S. Their product development was done in-house. But, they shared with colleagues in other firms on non-competitive matters (Interview 6-1).

Several industry associations were repeatedly referenced in interviews, as providing formal mechanisms to bring firms together to share sector knowledge, learn best practices and explore new markets. The Newfoundland & Labrador Oil & Gas Industries Association (NOIA) is the primary association for the oil and gas sector; the Newfoundland Alliance of Technical Industries (NATI) focuses on the IT sector, as well as other technical industries; and the Newfoundland Environmental Industries Association (NEIA) supports the growing environmental sector, which like many IT firms, cuts across resource sectors, manufacturing and the public sector. Industry associations were explicitly targeted for government support in the 1990s, to assist in the emergence of new growth sectors, and most still receive some support from the federal and provincial governments.

The oil and gas sector presents ambiguous evidence on the sharing of knowledge within the sector. While the major oil and gas companies cost-share research through PRAC, their local operations are strictly production-oriented. In a couple of interviews, local sector players described how the oil companies "stick a pipe in the ground, suck out the oil and leave." Interviews with representatives of the major firms highlight that these companies, amongst the largest in the world, have massive R&D spending – in Houston, Aberdeen and Norway. They note that their company R&D benefits the local economy and a recent study commissioned by PRAC updated data from an earlier independent study of oil and gas benefits in Newfoundland and Labrador (Shrimpton). Some of the benefits to local firms are not in the direct transfer of exploration and drilling R&D, but through the supplier requirements in terms

of supply chain management, quality control and safety. Numerous Newfoundland firms, primarily based in the St. John's city region, have learned state-of-the-art processes through their dealings with the local oil industry, and are now transferring that to oil industry markets elsewhere, and to totally new markets where similar knowledge and processes are a competitive advantage.

Another significant knowledge transfer activity taking place in Newfoundland due to the oil and gas industry is through Memorial and the College of the North Atlantic (CNA) workterm students and recent graduates being hired to work with the oil companies. In each of 2005, 2006 and 2007 the industry provided work terms for over 300 students from Memorial's Faculty of Engineering and Applied Science. In 2006, 223 students from petroleum-related programs at the College received work terms. These young knowledge workers have been assigned to Norway, the UK, the US, Calgary and elsewhere. As will be discussed below, some move away for employment, but many return, bringing with them insider knowledge of R&D and corporate processes that enhance knowledge capacity in local firms and local branches of foreign-based firms.

The CNA is keenly aware of what it has to offer and how it is different from the university. It speaks openly about its "good business model" and strives to avoid "repeat learning." Their learners (who are not typically referred to as "students") expect value for money. We asked Interview 28-3, a senior manager there, to discuss her vision for innovation and the College:

Well, it would mean huge differences in how we deliver our services. We do way more on the web (through) student learnings, smart classrooms. Chalk and talk is not valued today as it would have been in early generations. A teacher is much more encouraged to be using the internet ... Some of our whole programs are available on the web. Certainly many courses are, but I myself did a certificate in business from the college, never having been in the classroom. I mean, there was a time when we hoped eventually we'd have enough flipcharts and overheads in the classrooms. That day is clearly gone, and many people want the overhead projector because that's what they're bringing into their classroom. So the way that we're doing the teaching has changed.... [I]f you go back 20 years, we considered ourselves to be the experts and we were a different college then, different name – but we were the experts and, really, the students certainly a necessary evil in getting our work done because if there was anybody we partnered with, it was the employer. The student was never seen as a client or a customer or stakeholder. Back then it was... you know, we were kind of a little bit snobbish. We knew what we were doing; and if we really got stuck, we'd engage with employers. Perish the thought that you'd ever engage with the students. ... Still, there is a huge shift, and there has been a number of challenges brought... particular brought around, I think, by the change in education, the change in the place of private training institutions made the public start to think, changing the consumer mentality. Today's student is not just going to sit in that chair and be quiet. They've paid money, and they want to know that this is valuable, and they want to do it right now and the best way possible. So there has been that kind of innovation.

Some local firms see the confusion around required R&D spending as an opportunity to “help them decide how to use it.” In some cases, access to pent-up R&D spending requirements is prompting firms that have not done oil and gas R&D to move into the sector – precisely what the spending requirements are meant to promote (Interview 4-1). Some are concerned that the education institutions will place too much emphasis on research, when they are not best suited to do applied R&D. They also maintain that the rules around intellectual property with universities and colleges make it too difficult to do business with them (Interview 4-1). In another case, a major oil company says that they share their expertise locally by providing guest speakers to NOIA conferences. They also are contracting C-CORE, an engineering research and development organization with close ties to Memorial to conduct R&D for them outside Newfoundland (Interview 9-1).

The CEO of a funder/facilitator of R&D for the Atlantic region’s oil industry identified a strong working relationship with both NOIA and the university. He believes that the university is “well-engaged” with the industry (even though industry members are reportedly disappointed with the university’s level of engagement). In reality, he identifies his job as helping members meet their R&D obligations under the Atlantic Accord. Oil and gas companies give that money to his organisation, which spends it on their behalf. The excerpt from our conversation is somewhat long, but we think it necessary to illustrate a) how his members see the role of the university and b) how he—and crucially, others outside St. John’s—see as the accomplishments and engagement of MUN:

Interviewer: The organizations that you mention – people like MUN, NOIA, NATI – how would you describe their relationship here at the local level with each other?

I think that they’re hot and cold. Generally fairly positive, but there’s always, you know, peaks and valleys. I think that there’s regularly dissatisfaction with the University, for example.

Interviewer: Why is that?

For not being engaged enough. So we’ll hear a small company in NOIA saying, you know, “Well how do we get the university to do research on what we think should be done?” It’s a classic issue. I mean this is obviously not related to MUN. It’s, it’s the classic, you know, how do you direct university research? Well, should we direct it? So, you do hear that being expressed fairly regularly. Well, the university’s doing their own thing, you know. Professor – 95% of them up there are off and, you know, picking daisies, blah, blah, blah, blah. But you’ll hear that in South America, Australia, China.

Interviewer: So what role do you think the university should have with something like that?

Well, I think the university does have an obligation to help grow the society that sustains it.... MUN is by far either equal to or better than any other university in Atlantic Canada, and from a petroleum perspective, at being engaged with industry. We are here on this campus, the envy of Dalhousie and St. Mary’s, particularly in the faculty of engineering. Obviously, you know, that’s in our business, that’s who we interact with more than anybody else in the university... I

guarantee you that MUN is doing a better-than-average job in the Atlantic Canadian context of being, at outreach and being involved with the oil and gas industry – I can say that.

Interviewer: So that brings us back then to the original point. Why are people complaining?

12-3: Well because, you know, they're not sitting there waiting to do an exact specific scope of work and deliver against that scope of work for a company who told them so... It's a balance between a consulting capacity and a, you know, early, early – we've got something called the innovation supply chain that we blather on about a lot. And, you know, the universities play their role in the early part of that supply chain.

In our interview, he conceded that the expectations from members—expectations he identifies as being unrealistic—were fuelled in part by the “newness” of this prosperity.

In the arts, people have said they enjoy living here and are committed to their work being Newfoundland-based, but they are also aware that being in Canadian arts—particularly being Newfoundland-based, with the isolation that entails—can come with difficulties beyond the economic. A film producer, we interviewed explains:

You know, like some people describe Canadian – one of my favorite kind of funny thing but it's true in some way. I was at the Berlin Film Festival, I don't know, a number of years ago. I think we were there with *Rare Birds* or, I'm not sure what it was. Anyway, I introduced myself as a filmmaker from Canada, and they go, yes, Canada, where unattractive people do nothing. That was their description of Canadian cinema... Yes, where unattractive people do nothing. I mean I think that, um, you have to understand that Americans are well-served by their industry. Their culture is pervasive all over the world. They are excellent at what they do. They finance it at a level we can't even dream of. And they have a talent system that's extraordinary. So, you know, to break into that market is the equivalent of trying to start another car company.

So while he works with companies all over the world to produce films, it's clear that no-one in the industry is particularly interested in helping to support his art or even share much in the way of resources. Film, as a product, is driven by quality. He makes it clear he lives here by choice and that Newfoundland will never be the Canadian equivalent of Toronto, and that attracting long-term commitment of outside talent is difficult as St. John's is often perceived as being a “shithole.” There is no problem getting short-term work, however, and Peter's interview supports what we've heard from others involved in the arts—namely, that there is an engage network of artists in this community.

In medicine, we interviewed the proprietor of a laser eye clinic, who says that in his industry the level of innovation is lagging far behind. (He referenced what he saw as a terrible slowness to change amongst Eastern Canadian medical practitioners.) He has travelled all over the world meeting experts in the eye

field and insists that his fellow doctors here are far, far behind. This is actually a benefit to his business model, since he believes it's what attracts his clientele:

We are the oldest in the technology. In almost all the fields we did, we were the pioneers... first to use botox...first to do this [type of surgery]...first to do laser...first to do certified pilates... Pioneering means we introduced it, tried it out, and pioneered the use of it.

Interviewer: Would you say that this has been your competitive advantage, the fact that you have been ahead of the curve a lot of the time?

Yes it is. That's absolutely the answer. You put your foot in the door, and you develop, you go after the expertise. ... you have to go to Mohammed, to the mountain. You know, I don't sit in the lecture room and take notes. I go to the best guy I can find in the world and ask to spend a week with him. And that's what I would have done (Interview 21-1).

Interview 27-1, another health professional in private practice, is a chiropractor, and also works to keep up with technological advances in his field. But opposed to 21-1, his peers are a great source of information. They meet regularly, both at formal conferences and more informal social events, and are a regular source of support. With those social elements of innovative support in place, he thinks the way forward is with other industries who could benefit directly from his field's expertise:

I think that we should be interacting with industry and stuff much more to help solve problems. I mean, that's how we should be getting the message out there about chiropractic [services] - meeting with various organizations. Go up to Canada Post and talk to them about repetitive stress injuries, and how they could help you improve what they're doing or, you know, if a person has back problems, teach him to lift and all these type of things, you know.

Interview 5-1 runs a biolab research company that makes the majority of its money from contract clinical research. They're also putting more and more effort into genomics research (where DNA is analysed for specific genetic variants). Obviously, this is a business that at the cutting edge of biomedical technology, but he speaks highly of the human element that keeps his business moving. He stresses that his work performance and reputation are crucial as his company relies on repeat business, but it is the people who participate in research that have impressed him especially:

Because they understand, they've seen disease, they've seen illness, they understand that a lot of diseases run in families, so they already have that mindset, that culture. They understand that the reason they have high blood pressure or the reason they have diabetes or heart disease is because their father or their mother or their cousins or their aunts... So they understand that the only way you're going to solve those problems is by researching.

He is clearly impressed with the dedication and sophistication of his trial subjects, and commented that their commitment spanned the range of socio-economic backgrounds. But, he adds, it's not just this that makes his business work:

Well, the thing is that there are just so many opportunities. In clinical research, then we saw the genomics growing, and so what it is is that here in Newfoundland and Labrador we have the infrastructure and the capabilities to make these opportunities very, very profitable. And infrastructure is growing, so right now, we're going to have a new \$50 million genetics in medical education building, and there's going to be a lot of research come out of that that can be commercialized... So you can do things a lot more efficiently at a lot lower cost and find more working here in Newfoundland and Labrador, because of patient participation. People—we saw just the business was continuing on, there was repeat business, it just made sense. Because as a physician, if you're in private practice, you are a little business all of your own: you have to hire people, you have to pay the bills, you've got to pay your taxes. So you actually are running your own business, anyway. But again we saw that. And then also that when you form a business you're eligible for R&D tax credits, which is another great piece of infrastructure that we have in this country, that you can get your tax credits before commercialization... So again that helps drive the business, the finance of it. So there's many reasons to start a business.

And for business, there may be many reasons to innovate outside the typical marketing/consumer engagement approaches. The Canada/Newfoundland and Labrador Business Centre works to provide information to entrepreneurs. Based in St. John's they oversee 37 different information sites all over the province. It's a federal-provincial government collaboration offering relevant information services to support business needs. Interview 23-3, a senior staff member at the Centre, explains how the challenges of business has changed over the past 20 years or so:

[M]y sense would be that the education levels in the province have generally gotten better, the amount of access to information and interaction, with international and national commercial groups and activities has increased and because of that management practices have changed. I think people see opportunities for international trade and international investment. I think Newfoundland, the types of things I've see, is people have diversified away a bit from the natural resources more into a knowledge-based type of business. I think we are still heavily natural resource dependent and most of our trade and exports still come from things like oil and gas and the fishery and forestry and mining and so on, but I think more and more we're seeing that people who want to start a business want to get into things like ocean technology, information technology, communications, development of biotech products and things like that.

Question 2: Is there any evidence of a new cognitive-cultural economy emerging in your city that links across the creative/cultural industries, design industries and higher order business services (KIBS)?

There was only one interview that indicated links across creative / cultural industries and design with another sector and, perhaps not surprisingly, that was a company that designs video games. While most of their work is in providing solutions to firms in the U.S., they have developed one game for which they

own the IP. With that they employed local video crews, collaborated with a local recording artist, and hired a local market research firm (Interview 7-1). This firm is in St. John's because they are from the city; their founder moved to California and helped build a gaming company to over 1,000 employees, sold his share and represents the company in the U.S. while his sister runs the operation in St. John's.

Interviews with others in the arts sector revealed that there are benefits to the informal partnering that takes place in the city, you can learn many facets of your field because there are few large players to employ you to specialize, and – like every interview conducted in St. John's – people are here because they believe it to possess a unique identity, character of place, and quality of life (Lepawsky, Phan, and Greenwood, 2010). This will be elaborated upon below concerning attraction and retention of skilled workers. Suffice it here to say the cognitive-cultural economy was definitively rejected as a reality in the St. John's oceans, oil and gas and IT sectors. Many firms contribute to the arts, and arts organizations are lining up for oil and gas support with everyone else, but the knowledge workers in these sectors do not see linkages with the creative/cultural industries.

Indeed, in some interviews, the lack of funding for arts-related research was raised as a specific concern. Both PRAC and the new Newfoundland and Labrador Research and Development Corporation have drawn very tight boundaries on what they will support. Unless research is clearly related to technological development contributing to economic development, these funders are not interested. Knowledge of the social foundations of innovation has yet to catch up to these R&D policy makers.

Theme 2:

The firms interviewed in St. John's, almost without exception, indicated a commitment to "bringing Newfoundlanders home." While labour shortages have been somewhat mitigated during the recession, firms suggested that they have had to work at attracting knowledge workers, but that they are able to get what they need. They also all agreed that retention is not a problem. Knowledge workers in St. John's have fewer options to leave their current place to work, but there also seems to be a satisfaction with having the type of job you want in the place you want to be.

There is significant evidence of movement of workers between firms in a sector, and while workers possessing generic skills such as human resources or marketing may move between sectors, there is much less evidence of that. Knowledge flows based on movement of workers seem to be much more limited to within-sector.

Question 3: What are the primary foundations for attracting and retaining talent in your city?

- **Economic conditions**
- **Quality of place**

- Subsidiary considerations?

Initial work on Theme 2 by Lepawsky, Phan and Greenwood maintained that a key factor in shaping the attraction and retention of creative and highly educated workers to the St. John's city region had to do with its relative size and location with respect to provincial, national and international urban systems. This "metropolis on the margins" exhibited "large city" characteristics because of its size and functional role relative to the provincial urban system. On the other hand, the city-region's small size and isolation relative to national and international urban systems mitigated its ability to attract and retain talent. On one hand, the small size of the city allowed dense social networks and a culture of mutual support. For people working in arts and culture activities, they benefitted from the social supports during downturns, helping them find alternative employment, and they valued the distinct Newfoundland identity and the creativity of the local arts scene. Relative to larger arts and culture centres, such as Toronto, or even Halifax, however, they saw St. John's as a staging ground to prepare for opportunities where there is greater diversity and demand for specialized skills. Academics interviewed had similar views, and complained of relatively lower salaries. And, those who had moved to St. John's from "away" found that while Newfoundlanders are friendly, they have existing family and social networks which are difficult to break into.

According to Lepawsky, employers and intermediaries are concerned with the perceptions of relatively low salaries and higher taxes¹ as being deterrents:

The emphasis on salaries and wages that emerged in our interviews is important. Creative class theory does not argue that amenities are a perfect substitute for wages and employment. Yet, it does claim that a key shift has occurred: firms and jobs are locating, relocating, or being created where the talent is rather than people following firms and jobs (Florida 2002a). However, this claim remains a disputed proposition in the literature (Asheim and Hansen 2009; Boschma and Fritsch 2009; Hansen and Niedomysl 2009; Storper and Scott 2009). We think it important that when responding to interview questions about the principal challenges facing St. John's, all employer and intermediary organization participants highlighted money, rather than amenities, as the key challenge for the attraction and retention of talent.

The firms interviewed for Theme 1 revealed fascinating differences from the perspectives of the Theme 2 interviews that were specifically on talent attraction and retention, and included employees and organizations as well as employers. The managers and entrepreneurs from the ocean technology sector, oil and gas and IT sectors were primarily people from Newfoundland and Labrador, who may have moved away for their education or part of their career and then moved back, or who had never moved away. When they described their experience with attracting and retaining highly educated and creative employees, they indicated that they did not have significant problems. Perhaps unlike the arts and academia, relative pay was not seen to be an issue. Significantly, most of the firms interviewed indicated

¹ As regards taxation: the perception that tax rates here are particularly high are incorrect. They were ranked 5th in 2007 and 2008. Salary, however, was an issue raised repeatedly by interviewees.

that they focused on attracting highly educated and skilled Newfoundlanders back to the province. In fact, several people interviewed expressed this as a goal for their firm:

...it only makes sense that we would develop these relations and all work together...whole idea here is to try and...create this industry, create jobs for people that are here or might want to come back...with the ultimate goal of keeping kids home – you know, keeping them in Atlantic Canada and not having them have to leave to do cool stuff (Interview 7-1).

Another described the use of personal networks of Newfoundlanders to attract employees:

...we try to get good people versus cheap people and a lot of these people just really want to come back, and we get them through other people. Most of it comes through referrals, not an ad in the paper...we brought back somebody from Texas, and now we have two of that person's friends working with us as well that are also from here that were in Texas (Interview 6-1).

These managers highlighted that there were no benefits to being located in St. John's based on their market. They were in St. John's because they were from here. Some noted, contrary to some of the Theme 2 interviews, that attracting employees who had no connection to Newfoundland was not that difficult:

...most of our senior people ...mostly from outside Canada...a lot from the U.K., as far away as Romania, India, Brazil, Morocco, and we hire these experienced, skilled people that we believe also demonstrate some good mentorship skills...it's not for everybody, but there are lots of people who see it as, you know, an interesting, different place to go...you don't have the crime rates, you don't have the commutes...even though housing costs have gone up, they're still miniscule compared to places like London...it is a thriving, interesting place...funky and out there and adventure-y and all that... (Interview 7-1)

In the oil and gas industry, one company noted that Norwegians who came to St. John's loved it, as they found the culture very similar to home and have "embraced it":

They're not unlike Newfoundlanders in terms of that they work very hard and they play really hard...and there's something about the Newfoundland music in particular that they love...I guess they love Irish traditional music... (Interview 9-1)

Without exception, employers also indicated that they did not have a problem with retention rates. This has often been highlighted as a benefit of rural areas for manufacturing firms. If people want to live in a region, and you are one of the few employers offering a good job, you are less likely to lose them. Indeed, one employer noted how they felt it was totally acceptable to poach employees from "mainland" firms in their sector, if it was to attract Newfoundlanders back home, but they would never do that in St. John's:

...it keeps the water clean...this market is a little different...they're more transient in these other places. I know most of the people in the IT community, so the people that I would be talking to

would be employees of people I know...Vancouver is totally different...what I find around here too is the decisions you make, they follow you around for a long time... (Interview 6-1)

The oceans cluster is a growing employer, and is going to get even bigger, according to a senior manager at the Marine Institute (Interview 2-3). "Ocean tech will be a \$1 billion dollar industry by 2015," he said in our interview. Economic development is one of his organizations prime goals, and St. John's offers an excellent position to help facilitate this industry's continued growth.

However, despite the growth potential of this cluster and the keen involvement of the City with an academic institution dedicated to growing it, there is still the problem of meeting the labour demands. The ideas and opportunities are there, this senior manager stresses, but we need a new approach in marketing St. John's' attractiveness to potential talent:

I mean we attempt to attract people here and they say, Newfoundland, where's that? Why would I want that environment? Surely you don't have a market there for me, but the fact is that right now, you can market anywhere around the world from just about anywhere. So look at the assets, what do we have here? You look at the oil and gas industry, there is a huge growth opportunity there, you look at the energy resources, huge growth opportunity, if you look at the land we have here, the pristine environment, all of that are attractions and I think when you're selling the province, selling the city, you've got to sell something that is different.

[...]

I know that within the City they are actively promoting St. John's, within the province they are actively promoting the province. The province has programs to attract companies to come and set up shop. The EDGE program is there to attract companies to make it economically attractive to come and set up. We're growing a cluster, there's that critical mass that I mentioned earlier, so we target specific companies to say look come check us out. Because really we're out on the edge. I think when people come here and they check out what's in the area, they are amazed, their jaws drop. When they see the capability that is right here but we have to get them here first...

For the oceans technology cluster, it is not the lack of opportunity that may hold it back. It is the province (and city's) lack of effective brand recognition. St. John's must seek, through marketing, to establish itself as a recognizably viable, exciting place to live and work. According to our interviewee here, it is not good enough to be a groundbreaking cluster if nobody knows (or cares) about it.

This issue of marketing ideas and innovation was echoed by an IT entrepreneur. He felt that there is more than a little self-defeatism in St. John's business culture, and also believed that his approach of looking outside the city market and going global was the key to his success. On the topic of attracting talent, he was blunt: He was happy to take people from the competition, and accepted losing people to that same competition as part of business:

I think at the end of the day, if you're hiring the right people, yeah money is obviously a factor, but I really believe at the end of the day that people are happy if they have a good boss and they feel connected to the vision and they're excited about where they're going and where the company is going. We don't really have a lot of problems hiring. We have a lot of problems hiring the right people because there's a shortage. I think there's a certain percentage of any employee employment market that are really top notch and everybody wants them and they know that they're wanted (Interview 25-1).

He added that the talent in St. John's, at least in his industry, is aware they are in demand, and as a result they have gotten smarter in seeking remuneration and perks.

Looking outside the local market has been a feature of several interviews, and we heard the same from a marine tech company partner. When asked how his company generates new ideas for products, he responded

Well, we don't usually rely on local. None of our products sell—I shouldn't say... A very small percentage of our products sell locally, if at all, and a very small percentage of our products sell in Canada. So we rely on the knowledge and experience of our people that we have on staff to come up with the market ideas and watch the markets and to build a business case for going after certain markets (Interview2-1).

In other words, it's possible to have a successful business here, regardless of location, if the market for your product has global appeal. One of the key reasons Newfoundland's island status has begun to matter less in terms of its economic development (and indeed, its sense of innovation) is that it is no longer completely hampered by geographic limitations. Some businesses (such as IT that flourish here do so because the physical space is no longer a barrier.

A human resources rep for a major oil company interviewed is well aware of the need to attract—and keep—the right kind of talent. Her organization offers innovative benefits, such as paying for employees' childrens' university tuition. She says they are seen as an “employer of choice.” They treat their workers well—and they know the importance of partnering with the post-secondary institution in the city to attract them:

[W]e do a lot of our recruiting right out of the engineering faculties, the business schools and College of the North Atlantic, especially for our drilling people—offshore and onshore. So they're new hires, new grads, so first we do co-ops so we get a chance to meet a lot of these people, and then we do a lot of hiring. In fact, we've even hired people to go and work else.

We're pretty impressed with the talent here. So sometimes we have jobs, we'll just hire and send them somewhere else in the world. So we do a lot of our recruitment right out of the university (Interview 22-1).

Her positive experience with recruiting workers was echoed by her counterpart at another company. Not only are they having no problem whatsoever hiring people, she is also genuinely proud to be working for her organization:

[W]e're a fantastic company. We're a growing company, and we have an exceptional reputation here. No, I mean, I'm really proud. *(Subject laughs embarrassedly)*... There's been no problems here in recruiting or getting people. The only issue is that as projects like Hebron or the large... you know, the large projects come in line and we're going to grow, we may find ourselves having to compete toe to toe with some major... you know, other initiatives out there. We haven't encountered that yet. We're still a relatively small office here so we haven't really had any issues.

Promoting the island emerged as a consistent theme in interviews, especially in light of the province's (and St. John's in particular) labour shortage. Immigration has emerged as one of the leading solutions. Employers and business people have indicated support for the idea but the reality is that St. John's has not yet had to accept wide-spread diversity. One interviewee who works with new arrivals to Canada (and Newfoundland in particular) is aware of the problem (see Question 6) and explained their idea for a solution:

I think there's a lot more interest in public education, diversity awareness training that's, you know, we have to invest in that if we don't want to have these issues. We're not gonna change everybody's mind and there are a lot of people just like, you know, that are gonna direct comments towards immigrants and any other member of society that they don't like... It is [impossible to legislate emotional response], but, for example, we worked with the province to develop a magazine on immigrant entrepreneurs. I think we profiled what, 20, 20 immigrant entrepreneurs across the province? (Interview 20-3)

The discussion went on to identify several businesses (such as Royal Bank and Husky Oil) as organizations that eagerly took up diversity training and employee sensitivity training locally. This shouldn't be a surprise: they're well-established, multi-national corporations that strive to maintain a "global" image. The real struggle may then be with SMEs—both owners and other employees.

Shawn, director of a major business coalition in the province echoed both the need for immigration and the work necessary to make it happen for smaller businesses:

[B]usiness recognizes that to address labour market issues and business challenges, and to assist in business attraction, we are going to be more diverse, we need to be more diverse and

immigration is part of the solution. And so, you know, we advocate for immigration and a stronger, more proactive immigration policy to be able to assist and deal with some of the business challenges within the province. I would also say that a lot of the businesses are a little bit, I would say, apprehensive, in the sense that they are not really equipped – particularly in small and medium size businesses. A lot of them really don't understand, in a micro way, what that means for them. What does immigration mean for them? What are the systems to access it? What are the obligations to comply with it? What is it going to do to their business in terms of human resource policy and planning?

[...]

We need labour. Immigration is the solution. Some of the larger, more sophisticated businesses that operate on a national or international basis, they've a lot of experience with immigration. Much more sophisticated, and can handle it. But there is that segment of the community that is not properly equipped to really understand the dimensions of immigration and the impact that it is going to have on their business and their communities.

This problem of attracting and retaining talent is not, of course, limited to immigration issues. Shawn's organization believes that there is a real need for management to change their approach in dealing with employees. To that end, his group is preparing a guide for interested business parties. The guide covers, amongst other things, "the need for business to be better resourced and equipped to understand what are the key factors for success for recruiting good talent and retaining good talent." It is specifically targeting SMEs to better prepare them for interacting with government departments and services and overcoming potential difficulties (technological, generational) in dealing with employees.

The labour shortage isn't just affecting the private sector—it's also hitting the non-profits who struggle to attract and keep the talent they need. Various interviewees in government and the charitable sector have said that it is becoming difficult to keep good employees as the rewards may not be there. Also, our interview with a knowledge-provider for local business argued that skilled labour is not the only shortage—he sees the decline of enrollment in

lower skilled jobs that people worked at in a traditional setting and worked for part of the year to get unemployment insurance ... younger people are not going into those sorts of jobs anymore. So people that relied on processing workers and whatever, may, I suspect, that workforce is rapidly aging and approaching retirement age and the younger replacement group is not coming in behind them (Interview 23-1).

There are two ways of interpreting this: 1) The face of the economy has changed significantly and these jobs are not readily available as a new, post-resource based economy continues to gradually emerge in

Newfoundland. Or 2): People simply won't do this kind of work anymore. In the wake of this province's newfound affluence, such work is considered "beneath them."

Professionals we spoke to in the arts (music, specifically) had a somewhat less pessimistic view of their surroundings. Interview 15-1, a producer, runs a studio in downtown St. John's and is very happy and satisfied with his work, which is a mix of corporate and art. He is convinced of the level and quantity of talent, and his perspective is particularly valuable because he is not a native Newfoundlander. In other words, his valuation may be more objective:

Interviewer - What are some of the advantages and disadvantages for you having your business here in the St. John's area?

As opposed to where?

Interviewer - Well it could be anywhere. I mean if you're right, there must be some nice things about working here, there must be some things you like about it, some things you say "I can't stand living here" because of this part, or working here I should say...

I haven't found that. I find it's great like you know ever since I got into recording I've noticed how much this place has to offer in terms of talent. You know, I'm not just saying it. Why would I say it? It's just phenomenal! I mean twelve, thirteen year old kids coming in with their own music that's just as good as anything or better than a lot of what's on the radio, because a lot of it's crap anyway. But then I sound like I'm just a snob, I just like music that I produce and nobody else's and all this. But I'm constantly blown away by it. Like Leann Caine [?], just tremendous artist, right? And you know she won all these awards and you know she really should be doing something. You know Krista Borden's [?] another one. Fantastic. I mean you know she's going to go places, I'm sure of it. I really think there's more to discover about this place if you come from somewhere else, than if you live here. Like I've lived here for thirty years, I was born here, but I grew up in Ontario. And it's just I couldn't even imagine this kind of thing happening in Ontario, what's happening here. You know? Really! It's like a city that has 750,000 people, to have the number of artists, musicians, writers, poets, painters that work here. And make a living here.

Question 4: How prevalent is labour mobility among firms within and between sectors/clusters in your city and what role does it play in circulating knowledge and reinforcing cross-sectoral ties and knowledge flows?

While the St. John's firms interviewed in Theme 1 indicated their caution in taking employees from other firms in their sector locally, they indicated that movement between firms did take place. In some instances they were attracting people who retired, or were "downsized" from the Atlantic Canada phone company, Aliant. In other cases they "picked up" employees from another firm that had gone out of business.

We interviewed an engineering graduate who built his own IT company based in St. John's, and he recruits staff locally from other companies in the same cluster and will seek to fill positions internationally. This interviewee is dismissive as what he sees as misplaced loyalty to the local market and has always been eager to seek international contracts. He also sees taking (and losing) workers from the competition as simply part of doing business:

Basically, we need to steal people from each other and that's important and that's a healthy thing.

[...]

Because at the end of the day, it creates—we basically train people, we get them up and running. Sure, you don't want to lose them, but at the end of the day, competition is good. So if you're in a place where you're the only [game in town]—which I think was the case in Newfoundland years ago. So if you're in a rural place where you're the only game in town, the way you treat your people and the way—people, their innovation, it just makes you dull. But when you know on a talent perspective that there's other companies, that people can go across the street if they're not happy, it helps companies to stay focused on it (Interview 25-1).

In Lepawsky's study of the ocean technology cluster, he found that the majority of firms had hired from other firms in the St. John's city region, and five reported that 50 percent or more of their employees were hired from other firms. Similar results were reported concerning employees leaving firms for others in the cluster. Perhaps not surprisingly, Memorial University is the largest source of recruits. Lepawsky concludes that "brains are circulating within the ocean technology cluster in the St. John's city region, not only out of institutions of higher learning, but between firms as well."

Lepawsky's survey indicated that attracting staff may be a bigger problem for the ocean technology sector than some of the other sectors interviewed under Theme 1. When asked to show the relative importance of obstacles experienced in the last three years which slowed down or caused problems for the firms' innovation projects, lack of staff and attracting appropriately trained R&D staff were the most important obstacles.

Other than movement within these sectors, there was little evidence from the interviews of movement between sectors, except in such generic areas as human resources and marketing.

Theme 3:

Question 5: What new governance mechanisms have emerged in your city to undertake "strategic planning" exercises or what we have called the strategic management of the urban economy?

If the St. John's city region is doing well with its emerging ocean technology cluster and developing oil and gas riches, there are much less promising advances concerning the strategic management of the urban economy. Having just completed their municipal elections, the City of St. John's and its neighbouring urban and rural municipalities have a very mixed record of regional cooperation. When the St. John's Board of Trade polled municipal candidates, the issue of amalgamating neighbouring municipalities continued to resonate with the majority of candidates – including the re-elected mayor. (St. John's Board of Trade, 2009) The provincial government has an explicit policy against forced amalgamations after repeated efforts to force mergers of small municipalities have backfired on the party in power. Local government was very slow to develop in Newfoundland and Labrador, and while Canada has the weakest local government in the OECD, Newfoundland and Labrador has the weakest local government in Canada. The provincial government in Newfoundland and Labrador maintains tighter reins on municipal government as “the creature of the provinces” under the constitution, than any other Canadian province. St. John's has the added disadvantage that the provincial government must respond to rural concerns that they need special attention to mitigate decline - an understandable sentiment when the St. John's region is booming. As one St. John's municipal informant stated:

I think the province could have more respect for the municipal level in the sense of the importance of a city the size of St. Jon's as an economic driver and as a leader at the municipal level. They don't want to do anything for St. John's that they can't do for the whole province...you can't have a one-size-fits-all solution to it...I would like to see better linkages, formal linkages, between the provincial government and the city government, and with the federal government...treating municipalities in the way they do constitutionally tends to, I think...I use the word denigrate...it fails to recognize the real importance of cities (Interview 9-3).

Various innovative approaches to regional development and social planning have been launched in the St. John's region, but most community and municipal representatives interviewed indicate frustration with the lack of capacity at the local level. At a time when the Provincial Government has greater financial capacity than ever in the province's history, most suggest that decision making is more centralized than ever. Indeed, several people interviewed expressed fear at speaking out, as the current premier has such popular support and rules with such centralized control, that organizations and individuals can be excluded from government contracts or types of program funding.

That said, there are numerous policies and programs that are applauded as contributing to advances in the knowledge and creative economy. The ocean technology sector feels that the province's Ocean's Innovation Strategy and Research and Development Corporation (RDC) are just what they need:

We're really excited by the RDC, and they have a lot of programs...you know, the whole oceans opportunity strategy is coming out now and we see ourselves, you know, availing from a lot of those funds, and so that's obviously very important to us (cited in Lepawsky).

Similarly, the arts community has seen Provincial Government funding for the arts doubled by the Williams government. One respondent, heavily involved in the local film community, stressed that the current premier, Danny Williams:

‘gets it’ – he has an appreciation for how the arts shape the culture of Newfoundland and also how it therefore contributes to the economy in such areas as tourism (Interview 17-1).

At the same time as the provincial government exhibits contradictory behavior towards support for the knowledge and creative economy, the federal government is seen in similar ways. The federal development agency in Atlantic Canada, the Atlantic Canada Opportunities Agency (ACOA) gets high marks from all those interviewed for its business and sectoral support, as does the NRC IRAP program for its very practical assistance for technology development. Federal political and bureaucratic decision making out of Ottawa, however, receive much less support.

Mount Pearl, St. John’s’ sister city (and considered part of the St. John’s metropolitan area) is often referred to as being in the capital’s shadow. It is, however, also growing and shaping that growth’s direction is a key part of its long-term strategy. An interviewed planner with Mount Pearl stresses that sustainability is their main goal. Everything they consider funding or approving—be it a new theatre for their “evolving” arts community or a new hotel—must meet the city’s Integrated Community Sustainability Plan, which reflects their desire for a balance between social, cultural, physical and environmental planning (Interview 5-3).

Mount Pearl is an interesting study as a “city within a city.” It has a very high rate of citizen satisfaction with services (around 90 per cent) but is also coming to grips with what may traditionally be viewed as “big city” problems: Interview 5-3 spoke about a study on homelessness, and issue that one would not normally associate with suburbia. While it is working to build on its cultural growth it also makes it clear that “what is good for business is good for Mount Pearl.” While the city bureaucracy enjoys a good relationship with various community groups and stakeholders, 5-3 suggests that it is the relationship with some of his counterparts that needs improving, citing lack of networking as a potential barrier to continued growth and success:

St. John’s has an economic development department, we have an economic development department, we have an economic development board, I think Paradise has economic development also, C.B.S. has economic development also. How often do they get together as an example and discuss economic development initiatives that will attract business here? Because really it doesn’t matter where the business comes as long as it comes here. We all benefit at the end of the day.

That said, he explained that the actual co-operation between the three levels of government is strong, and, despite a few problems at the federal level, has improved:

They work well together. And I say that from the point of view, you take a look at our region, what’s here, we’ve got a very prosperous, very great infrastructure, and it’s continuing to

improve, you know I have to say, our road system is probably second to none for a place like this, if not in Canada, in North America, I mean it's so easy to get around in this area. And that's all because of federal-provincial money for the most part... you know water and sewer, the issue about potable water and wastewater, I mean we've got a good system, and that again is cooperation. At times, the one thing I find is a barrier is the federal-provincial squabbling in recent times because what happens is that it impacts the partnership in that sometimes it gets to the point that if they're involved and they're going to bring money to the table you realize that we're not going to do it. Although I have to say of late the past 6 months there's been a major change, it suddenly seems that that's not much of an issue anymore, so that partnership between those roles of government are very important.

What's potentially interesting about this answer is that this interviewee sees not only his own municipality at work within the system, he sees St. John's; he is therefore privy to a unique perspective as to how these levels of government work. His answer, unsurprisingly, stresses the human element at play: the federal government and provincial government have experienced conflict in the past, but are moving through it as time passes. The cities must simply stand back and often, stand out of the way.

Due to its relative size compared to other urban areas in Newfoundland, St. John's is viewed as not only the capital but the centre of the province's economic development. Its relationship with its counterparts is good, according to interviewees in the St. John's bureaucracy:

Well, if we have an issue or a problem that we're trying to find a solution to, I can pick up the phone and call [redacted] and say, "Look, have you dealt with this situation before?" because they are a unionized setting, so if it's an employee relations issue, labour relations issue, we can sort of bandy back and forth to see what's worked for them and what's working for us and they can give us advice and we can give them advice, that's works very well.

[...]

[W]ater and fire, regional boards manage those services, fire and water, and they're composed of representatives for fire of Mount Pearl and St. John's and for water it's Paradise, CBS [Conception Bay South], Mount Pearl and St. John's, maybe Port (?) and St. Philips. So they actually sit on a board with us and we have representatives from Mount Pearl who are on our negotiating committee, for example, when we negotiate we attend, so all of these networks and these relationships we have certainly benefit us in experience in HR and coming up with the best decisions and solutions/plans for managing the HR function.

Meanwhile, community-based organizations in the St. John's city region (including those in Mount Pearl) complain of too few resources and too little planning and coordination. The St. John's city council is

seen by its own members as lacking a coherent long-term vision for the city, and while there have been individual plans and initiatives – including a leadership role in promoting St. John’s as a city of “Oceans Excellence” – there’s no plan “connecting the dots.” The recent municipal election placed the development of a vision for the city as a central issue. Under the federal-provincial arrangements to allocate a share of the gas tax to municipalities, they are required to develop Integrated Community Sustainability Plans (ICSPs) and this process, taking place across the country, could motivate better planning at the municipal level. One community stakeholder interviewed noted, however, that most municipalities were simply hiring consultants to write the plan, with little or no community consultation or ownership, just to get the money for infrastructure.

The City is aware, however, that it has considerable cultural attraction for visitors and tourists. A manager we spoke to involved in culture and economic development stressed that it was through their efforts they were able to engage external stakeholders, ranging from artists to business people to travel journalists looking to write about Newfoundland. She made it clear that it was important to focus on individual relationships, both in these pursuits and within the city. This ability to promote both the well-known and obscure aspects of life in St. John’s is certainly good for tourism, but also plays a key role in getting talent to visit and possibly stay (Interview 10-3).

At the City level, HR executives we spoke to stressed that they believed the municipal government was doing well in engaging stakeholders, despite concerns to the contrary raised in other interviews. They also stressed that their relationship with other municipalities (Paradise, Mount Pearl) were excellent (a view supported by an interview with a senior manager in the Mount Pearl bureaucracy) (Interview 18-1).

Long term planning at the City-level is undergoing review, with an understanding that any new strategies will have to reflect St. John’s continued growth. One issue raised was the very real labour shortage facing St. John’s, especially as regards skilled workers. Immigration is an “untapped resource,” according to our interviewees, and one the City hopes to see get mined in the near future.

In terms of planning at the regional level, Newfoundland and Labrador has been recognized by numerous jurisdictions for its innovative approach to regional economic development, introduced in the mid-1990s. Twenty economic zones were established based on the recommendations of a federal-provincial task force, which also included municipal, business, labour, community development, and women’s organization representatives. Each zone established a Regional Economic Development Board (REDB) composed of representatives of municipalities, business, labour, community development organizations, education and training institutions, and others according to the characteristics of the zone. REDBs receive federal and provincial government support to employ staff, carry out consultations and develop a strategic economic plan for their zone. Initially, these plans were to form the basis of a performance contract negotiated with the federal and provincial governments to coordinate investments in economic infrastructure, labour market development and other supports for sustainable regional development.

The federal and provincial governments have continued to support REDBs, but resourcing is limited and they have been forced through annual workplans to limit their activities very narrowly to economic development, and to serve strictly as a coordinator and planner, not as an implementer. In the St. John's region, the REDB has had a particularly difficult time in navigating the competition between St. John's and its urban neighbours, which the former openly hopes to amalgamate. St. John's is also where the provincial offices for the various industry associations reside, along with most of their members, and according to one informant they see the REDB as competition. Consequently, the REDB initially focused on how economic and social development can be integrated, which was consistent with a provincial Strategic Social Plan in the 1990s. Good work was done relating to labour market development, in particular, but with the change in government the Strategic Social Plan was moribund, a Rural Secretariat was established in its place and REDBs were given very tight funding conditions to stick to economic development. The REDB recently completed a new strategic plan for the zone, which focused on helping the rural communities around St. John's and its urban neighbours. These essentially rural communities are part of the commuting area of St. John's, and they are now coping with influxes of new residents, driving up property values and increasing demands for services. Most of the rural residents have expressed a desire to maintain the rural nature of their communities, improve local services, but "let Wal Mart stay in St. John's."

There are increasing signs of inter-municipal cooperation in service provision on a regional level, and some municipal leaders are calling for a new level of regional government. The provincial umbrella organization, Municipalities Newfoundland and Labrador, has partnered with Memorial University researchers under its Community Cooperation Resource Centre to explore lessons in regional cooperation. A new North-East Avalon Regional Plan process has been launched by the provincial government, dealing with land use issues – which are increasingly a politically-hot issue due to development pressures. For St. John's, says one municipal informant:

Our policy at engagement process is ... very top-down, so people have a chance to come and say what they don't like about a decision that's already nearly made. So right now I think because we're at a crossroads we absolutely need to take the time collectively to look ten years ahead...what kind of city do we want to see...and I think we have to develop a process of real engagement which has been done by other cities... (Interview 9-3)

Contrary to the experience of municipalities and REDBs, the head of a leading social services agency in St. John's claims that her access to provincial Government is excellent and she can regularly count on meeting with government officials when needed. Crucially, she sees her work as part of a larger entrepreneurial effort to effect real change in the lives of the people her organization assists: they're expected to work "real" jobs and re-integrate into society. She refers to it as "social enterprise": a new approach to mental health that seeks to develop real, meaningful work for the individuals affected.

(This approach has been echoed in other interviews with similarly-engaged community workers who are seeing their effort as being more socially inclusive than prescriptive.)

In the oceans cluster, the key groups all interact regularly, with PRAC working closely with the Marine Institute, Oceans Advance and government (Department of Innovation, Trade and Rural Development especially). They also have a major partnership with ACOA and the Institute for Ocean Technology and other federal government research bodies.

Question 6: How socially inclusive are these governance mechanisms and to what extent do they link up economic, cultural and social development agendas?

As indicated under Question 5, the innovative governance mechanisms introduced in Newfoundland and Labrador in the 1990s have been diminished in scope or eliminated completely. Many respondents, from all three themes and various sectors, indicated that the small size of the St. John's city region helped people get together. Entrepreneurs can call, agree to meet and be in the same coffee shop from different ends of the city in 15 minutes. Oceans Advance successfully brings together three levels of government, businesses, the university and the college. Several respondents commented on how in a small place, you can call or meet with a provincial deputy minister, in a way that might never happen in a larger centre. Municipal councilors, while they may not feel as respected as they think they should be, can access a provincial minister if they want to.

These examples are primarily of networking and inclusion within a sector or by those in relatively elite positions in the community. Informants from social sector organizations did express some positive views on increased collaboration by the many non-governmental organizations working with youth, people with disabilities, immigrants, social housing, and other types of social supports. The Provincial Government has advanced a Poverty Reduction Strategy that started under the previous government, and the Department of Human Resources, Labour and Employment has been singled out repeatedly as providing resources to assist in building capacity in the social sector. Much of this work relates to pressures on the labour market and the need – and opportunity – to engage more people in paid employment.

Newfoundland and Labrador is only the second jurisdiction in Canada to create a poverty reduction strategy. The Government's approach here—active engagement with the broader community and facilitating horizontal co-operation between department and stakeholders—suggests that they had taken inspiration from previous initiatives that sought to empower individuals at a community level.

The strategy outlines over 60 initiatives, which include the following:

- Expansion of the Newfoundland and Labrador Prescription Drug Program to include low income residents

- Free text books for all students from Kindergarten to Grade 12
- Job Start Benefit to assist people leaving Income Support for work
- Family Board and Lodging Supplement for People with Disabilities
- Increase the operating budget for the 8 Women’s Centres in the province
- Initiatives for Persons with Disabilities

It’s an integrated approach, reflecting the multi-faceted and interdependent factors contributing to poverty. Government is taking a “long road” approach to this planning, and as such see education and eliminating bureaucratic barriers as hugely important steps to reducing this province’s poverty level.

There is limited integration of these organizations with economic development organizations, in particular. As expressed by one municipal informant:

What I would be looking for now is something that builds a bridge between the citizens groups and the business community so that you’re moving in tandem on prosperity, but making sure that it actually is enlightened enough to benefit everybody, or not leave too many people behind (Interview 9-3).

Another noted that there can be downsides to be a small place:

We tend to be a close-knit bunch, which makes it difficult sometimes when there’s animosity between groups (Interview 8-3).

Several local leaders also recognized the challenge for immigrants, especially visible minorities to fit into a place with a strong sense of identity and little experience with immigrants:

Because we are ethnocentric in Newfoundland...we’ve been isolated for a long time...I think if you can create these gentle links and get people to respect people of other cultures as human beings with faces, not as ethnic minorities, they become the bridges to their own cultural groups... (Interview 9-3)

The provincial government has launched an immigration strategy and is partnering with the Association for New Canadians. These supports are realized through such “gentle links” as a new farmers market where the biggest attraction is the food from all over the world.

There remains a need for the social, economic and cultural to be brought together. One informant suggested we need the university to serve as a broker and facilitate an “association of associations.” (Interview 28-3). The St. John’s city region needs new approaches and there may be enough stakeholders who are receptive to adopt lessons on the social foundations of innovation.

Two senior members of a non-for-profit collaborative targeting poverty reduction, actively engage with neighborhood leaders in an effort to a) encourage the take-up of better educational attitudes and b)

give these leaders ownership over the issues facing their areas. In addition to working with over 150 different community groups, they also give these community leaders the tools and knowledge to work with these organizations, which includes the City of St. John's (Interview 16-3).

This idea of spreading knowledge (and therefore making it easier for people to enact positive change into their lives) is also seen with the work of a disadvantaged youth engagement NGO. This organization works hard to provide a "one stop shop" of services (addiction counseling, job placement, etc). Such a service consolidates the knowledge base—the people who need the help they provide know exactly where to go. They also make it clear that networking with both colleagues in the community and his counterparts across Canada is crucial to their work:

One of the things we've also invested quite a bit of time in over the last few years, not just [here] but our community in general is in putting ourselves out there in other parts of the country or other parts of North America to some extent, but mostly across the country in terms of the knowledge that exists within this community. To the point now where certainly groups in St. John's actually have quite a bit to offer other parts of the country; so it's not just one-way kind of transfer knowledge at this point...

Because we firmly believe at this point that the more we put ourselves out there, the more we learn, the more we give, and there is a very reciprocal knowledge exchange around ultimately some stuff that can have a direct impact here in St. John's (Interview 24-3).

We interviewed the head of a government initiative aimed at the long-term reduction of poverty in the province. She too works closely with grassroots organizations and has come to realize the level and professionalism of their collaborations is somewhat of a strength in Newfoundland:

[W]e have very positive, productive working relationships in this province and I guess sometimes it's a shock to me to learn how much that doesn't exist elsewhere. When I talk to colleagues in other provinces, it's a real strength for us. Sometimes when I get asked, as other provinces have started the process, how certain issues were addressed. I realize that some issues we don't really have to the same extent that are very common in other provinces and across the country. So generally very positive and productive relationships.

She also talked extensively about the need for inclusiveness in her work, i.e. actively engaging with communities, since poverty reduction addresses the needs of people all too often "left behind." What's interesting here is this proves the provincial Government of Newfoundland and Labrador sees this networking and linking-up with community leaders and relevant NGOs as not just important, but crucial. In the social sector it's no coincidence that she knows the subjects of Interview 16-3 well and has worked with them in their mutual endeavors before (Interview 23-3).²

² This was quite common throughout the interviews. Many of our subjects reported professional and personal knowledge of other involved in similar pursuits.

Her commitment to community involvement is not unique to those working in government. A deputy minister we interviewed, who works with a wide range of groups within the community volunteerism network, reports that these relationships are “generally positive.” His department is committed to giving community leaders ownership over their problems, and a fear of his is talent attraction and retention within these groups. He speaks openly about the work of others interviewed for this project, naming names and identifying several involved with homelessness issues as being among “the best in the country” and asserts that “[Networks and] people co-operate more” now than ever (Interview 27-3).

Clearly, those working in government and those working in NGOs and other related “grassroots” organizations in the social sector are not only aware of the importance of networking and information-sharing, but are committed to making it happen. The availability of government funding is a significant catalyst for government-social organization collaboration. The head of an artists’ coalition expressed similar views within that sector:

I guess there’s an old Newfoundland saying that says that the outport, people don’t let arguments go unresolved because they can’t be bad friends, and that’s the way it goes here. There’s a lot of back and forth, there’s a lot of pushing, everyone’s applying for the same funding. So it has tended in the past at times to be this silo mentality of trying to protect what you have and grow it. [This organization] came along ten years ago because they decided to get rid of that. They decided we need one voice to advocate for the entire sector and go forward that way. The advocacy and professionalism in the entire sector has grown immensely in ten years, because people are much better, there is more money, the Williams money tends to be an arts funding government, so far, and of course we have more money than every other government in history, but the only time that you see the relationships starting to deteriorate is when resources are in conflict. So I’m sure you see that all over the place. It’s very friendly. Everyone comes out to everyone else’s events. You have to show your face, you do your part to support and then the only time it would ever deteriorate or that I’ve seen it deteriorate, is when people are competing for the same funding (Interview 19-3).

This interviewee also had considerable experience working in politics and the arts in a major US metropolitan area, and claimed that the “scene” in St. John’s is genuinely far more generous and friendly. When asked why, he again cited the idea that “people can’t stay mad at each other”—the area is too small, and too many people are counting on each other. He estimates that roughly 90 per cent of working artists in Newfoundland and Labrador live within the St. John’s city-limits, and as a result the three levels of government involved with the arts tend to be based here. Getting along could be construed as a matter of mutual survival.

This idea of “small town, everyone must get along” was echoed a senior staffer at ACOA who works in energy development. When asked about the importance of networking, he said

I would answer that question indirectly by saying it's a small community, and your personal relationships count. And I think everybody works on the basis of strong networks, strong relationships. And I don't think that's any different from any other-- I mean that's a pretty standard form of organizational culture (Interview 14-3).

In his role, this subject represents the federal government, and claims to have an excellent working relationship with provincial government colleagues and the City of St. John's, where appropriate. His office also works with the oil industry and membership associations such as NOIA and CAPP.

In regard to labour relations and immigration, there is the fear that Newfoundland is merely "surface welcoming." There is the well-established reputation of Newfoundland being friendly and open, but as of now the province has not experience a wide influx of immigration. Concerns with reported verbal and hiring abuse recorded by the Association of New Canadians are that Newfoundland is very insular, with the locals often making outsiders (both from other countries and Canada) feeling displaced.

However, while it is clear that many of the participants believe strongly both in a) spirit of co-operation and support and b) the positive character of many of the individuals involved, there can still be issue as regards "linking up" key people. One of our interviewees, a high-level manager in education who also worked in poverty reduction, lamented that there often similar work being carried out by similarly engaged people but it is often difficult to know about their efforts:

You start to realize that many of us are working in silos with similar issues and, actually, I'll go out on a limb and say that sometimes it's quite accidental that we find out that somebody across town is doing so something so similar that we should be talking... [Here she spoke briefly about a specific project she was involved with] What had been about three distinct projects - now they're starting to talk and realize that they're really on the same page - they won't end up being one, but they'll end up being three groups talking together for the mutual interest of a different project.

When asked about why this is, she responded:

I think it was competition in... earlier when money was very tight because we're very careful because they didn't want to let anybody else know how they got their funding or something like that, but I think the time is right to knock down the barriers because I think the competition is... (the need for)? competition is not the right... well, we're in a growth mode, but it was - hold your cards close to your chest - and I think it was also that many of us just day to day doing our

piece of the world and not pulling back enough to see the big picture, especially if you're down in the trenches, and that's a role, I think, university can often play. They can be the high flyer – networking, bringing people together – whereas some of the people that I'm talking about are down in service delivery down at ground zero, and they don't get the chance to pull back and see the big picture, you know (Interview 28-3).

Perhaps the strongest evidence of class-spanning social inclusivity came from one of our interviews in finance,, whose work brings him into contact with a wide range of charities (specifically focused on long-term poverty-reduction) and the wealthiest businesspeople in St. John's, who engage regularly in philanthropy he and his organization help facilitate. He speaks highly of their charitable tradition here, and stresses that the key to reversing entrenched poverty is through education. Education is not just about attending school but seeing examples of how the real world works:

[W]e usually have a representative on the Association for New Canadians or involved with them in some way, shape or form. We have had employees that have made presentations [there] on how to do banking. We mentioned that we usually have a number of employees who are usually involved with Junior Achievement and leading some of their programs or groups. The after-school , Kid's Staying In School Program. We're involved with that where we sponsor or we encourage our employees to participate in the talks to classes about the benefits of staying in school, and so on. (People who work here give those talks or do you find people?) No the employees, people that work here. (They go to schools and say "this is why you should stay in school"?) Yeah, like kids staying in school program, our employees will volunteer, we go down and meet with the coordinator and go over the rules and so on, and we go in and do the presentation and we present the materials to the benefits of staying in school and encourage the kids to stay in school and so on (Interview 22-3)

As we mentioned, this interviewee works in finance, e.g. the private sector. He believes his work brings a "market imperative" to the charitable efforts his institution engages in. If that is indeed the case, the market in Newfoundland (and St. John's in particular) recognizes the importance of education to break generational cycles of poverty and the need for practical solutions married to grassroots efforts of organizations such as Vibrant Communities. In other words, it is both innovative and indifferent to social strata.

As regards gender inclusivity, the oceans sector (for example) is heavily male, but efforts are underway to address this imbalance. He explained that his organization is actively recruiting women to fill what are still typically seen as male, “macho” work opportunities.

[W]e have a summer camp which is specifically targeting young girls who may have an interest in firefighting—Camp Glow—and that is only open to girls firefighting, which is part of the offshore industry and part of survival training. Girls are not typically attracted to firefighting as a career but we set up camps specifically for that and it fills up every year... We also have been actively involved with schools in an ROV [remotely operated vehicle] program through the MATE [Marine Advance Technology Education] based in Monterrey California. It has grown so much in our province, we now have to have a regional competition in order to determine which schools get to go to the international competition, and in the first week of May for example, we had 18 teams representing 18 high schools across the province come here. It's about 200 students from high schools came in through our doors, a lot of them were girls, all of them now know about ocean technologies. All of them had to research opportunities in ocean technologies, all of them had an opportunity to come in and see that this is not just for men.