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# LIFE BEYOND THE ZONE BOARDS: Understanding the new reality of regional development in Newfoundland and Labrador

BY RYAN GIBSON

The past nine months have been full of changes on the regional development front in Newfoundland and Labrador. The actors, processes, and agencies have been shifted, or are still shifting, which has created a need to reflect on the new reality of regional development in the province. In reflecting on this, three pearls of wisdom from research taking place across the country are presented for consideration.

In May 2012 the Atlantic Canada Opportunities Agency (ACOA) announced it would discontinue funding to regional economic development organizations across the Atlantic Provinces. In NL, this affected the Regional Economic Development Boards (REDBs). Throughout the province, and the Atlantic region in general, the responses from community leaders and development organizations were a mix of concern and confusion. Many regions were left wondering how they would move forward to address regional priorities, opportunities, and challenges. At the same time, REDBs were forced to examine how to continue their mandate with the loss of annual core operational funding.

To compound the ACOA funding cuts, REDBs needed to digest a second funding announcement. Shortly after the ACOA announcement, the provincial government announced it would discontinue its financial support of the REDBs. This compounded the trepidation felt by municipal leaders, community residents, the business community, and nonprofit organizations. Many described these cutbacks as a major blow and a setback for economic development in rural NL.

The past nine months have created an uncharted territory for regional and economic development in this province. For the past 18 years the REDBs have been providing an economic development mandate to their respective regions across NL. Now people are left with the big question, “Where to from here?” There is no clear-cut or cookie cutter answer.

For the past 50 years, researchers, community leaders, policymakers, nonprofit organizations, and the business community have been searching for resolutions to regional development. Collectively, we have looked at strategies to enhance business development, rural investment, and service delivery, while trying to ease income and unemployment disparities. It would be naïve to believe addressing regional development would be an easy or simple task. Over time, we have witnessed numerous regional development initiatives: smokestack chasing, the trickle-down effect whereby development in the larger centres flows out to smaller surrounding communities, regional development associations, provincial strategic plans, and so forth. Each has had varying degrees of success in addressing regional challenges and priorities. Unfortunately the “silver bullet” to rural and regional development has not been found. In the process, however, we have learned a great deal. The diversity within our regions absolutely demands that solutions and strategies be rooted in place, building on local and regional assets to address local priorities. Simply copying those of another jurisdiction will not work.

As NL attempts to (re)define the future of regional development in this province it should be noted the picture across the country is very similar. The provincial governments of Alberta, British Columbia, and Ontario have limited active regional development strategies. Manitoba, Nova Scotia, New Brunswick, and Prince



Photo: Ryan Gibson.

Edward Island are tightening financial contributions to regional economic development agencies at the local level. Saskatchewan, much like this province, has reduced support to the regional economic development authorities. The only exception to this trend is Québec. Since 1979, *Municipalités Régionales de Comté* (MRCs) have focused on establishing an elected regional forum for decision-making on regional issues. The ability of each region to set priorities means that a considerable diversity of activities is taking place, with the MRCs being responsible for activities such as land-use planning, civil and fire protection, waste management, and local development centres to support regional businesses. Since their creation they have become leaders in regional development for the province.

Ultimately, regardless of one's geographic location in the country, community residents are confronted with three options for their future: leave, die, or change. Residents can elect to *leave* their home communities for other jurisdictions, whether it is in search of better employment opportunities or enhanced access to services. Alternatively, residents can choose to continue the current path, meaning that existing trends

related to service provision, population change, and infrastructure will in all likelihood continue. Current issues encountered in the community will become exacerbated and, in extreme situations, lead some communities to *die*. The final choice before residents is to *change* the direction they are headed. This may take many different forms but begins with residents electing to do something different than the status quo. For many regions in this province, the REDBs facilitated, empowered, and funded this third option of change. The recent funding decisions of ACOA and the provincial government cast a shadow over the ability of the REDBs to continue their operations. REDBs are struggling with what their future looks like and some have decided to discontinue their operations.

As regions in this province look to the future of their development, these three pearls of wisdom below are provided to facilitate strategic discussion: capturing the legacy of the REDBs while it is still possible, seizing opportunities for collective redesigning of the future, and diversifying funding sources for regional development.



Photo: Ryan Gibson.

### **Capturing the legacy of the REDBs**

After nearly 20 years of operations, the REDBs have built up substantial capacities within their respective regions. They have developed and enhanced regional progress, business development, and multi-community collaboration, just to name a few. Over the years, these organizations have amassed substantial networks and connections, collected valuable data, and written helpful reports on topics ranging from infrastructure, to employment and workforce trends, to tourism. If REDBs cease to offer services, what happens to these skills, capacities, and knowledge? I would challenge residents, businesses, and community-based organizations to think about devising strategies for capturing the legacy of these initiatives. It would be truly unfortunate for the regions to lose all that has been developed over the past 18 years.

### **Opportunity to create regional dialogue and strategy**

The funding decisions of ACOA and the provincial government have unexpectedly created a unique opportunity for communities and regions in this

province. This is a clear distinction from the typical sound bites that appeared in local newspapers lamenting the loss of the REDBs. Currently there is an opportunity to engage in a regional dialogue about the desired future of regional development and the opportunity to advocate for regional development strategies and agencies that are place-based and complement regional priorities. In the absence of a comprehensive federal or provincial regional development strategy, regions can take the lead in building the life beyond the zone boards, rather than wait for government to make a decision. Suggesting this opportunity does not in any way diminish the value, achievements, and outputs of the REDBs.

Regions have not recently had this opportunity to (re)define their future. Make no mistake, envisioning a different future is by no means an easy undertaking. But it does provide a unique opportunity. As these discussions start, a number of key questions need to be put on the table for discussion. Who needs to be consulted? Who speaks for the region? How do activities get financed? What is the role of government? These are all pivotal queries requiring considerable thought

and deliberation among residents, municipalities, organizations, and businesses in the region.

### **Diversifying regional development funding sources**

The recent funding announcements by ACOA and the provincial government reiterate the dependence of regional development initiatives on government funding. When funding is available there is no problem; however, in times of austerity and during changing political priorities the dependency becomes a liability. But there are additional avenues regions can utilize to financially support regional development initiatives, two of which are outlined below.

As sites of natural resource extraction and harvesting (whether it be fish, timber, oil, or minerals), regions can create substantial wealth. Unfortunately, when these natural resource commodities leave the regions for processing, so too does the wealth. Communities across the country have long recognized the paradox of the situation: natural resource extraction take place in rural regions and royalties head to urban centres of government. Communities in northeastern BC have worked to change this paradox, and in 1993 negotiated the Fair Share Agreement.<sup>1</sup> This is a multi-year contract that reallocates provincial royalties from natural resource extractions in the region to municipalities in the region. The Fair Share Agreement is important in maintaining and expanding infrastructure and social services. Chetwynd, a community of approximately 2,500 residents, currently receives \$1.6 million per year. Hudson's Hope, with approximately 1,000 residents, receives over \$500,000 per year. The Fair Share Agreement represents an opportunity to

redistribute wealth generated in the region, to the region itself.

The second alternative source of funding regions could explore is to capitalize on the wealth currently in the region through philanthropy. Philanthropy is the desire to promote the welfare of others, typically expressed through the donation of money to causes. Philanthropy, through such vehicles as community foundations, represents an opportunity to collect and invest money on behalf of a community or region. The financial interest generated from these investments can then be contributed to annual regional priorities. Philanthropy is a long-term initiative and one that has successfully been used throughout regions of Canada and the United States.<sup>2</sup>

The new reality of NIs regional development is an unfolding story, requiring time for the actors, processes, and agencies to be re-oriented. It needs discussion and strategic thinking about what kind of regional development is necessary for each region, given their history, culture, and uniqueness. At the end of the day, it is clear there is life beyond the zone boards in this province. The true question is what kind of regional development do community, business, and government actors desire? 

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1 For more information on the Fair Share Agreement visit [www.cjrs-rcsr.org/V33/3/5-33-3-MARKEY-HEISLER.pdf](http://www.cjrs-rcsr.org/V33/3/5-33-3-MARKEY-HEISLER.pdf).

2 For further information on how community foundations can be used in rural and regional development visit [www.brandonu.ca/rdi/files/2011/07/ScanofMBsRuralandNorthernCommunities-2009Report.pdf](http://www.brandonu.ca/rdi/files/2011/07/ScanofMBsRuralandNorthernCommunities-2009Report.pdf).

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