



Tools For Community Economic Development

by *The Honourable Dave Cooke*

Community economic development is a new direction for the Ontario Ministry of Municipal Affairs and the provincial government as a whole.

We believe it is important to move in the direction of strategies to empower local communities because there is so much economic change hitting our province; indeed the whole of our country, but particularly Ontario. It is very clear to all of us that the old strategies that have been used for years and years just do not work any more.

In this recession, Ontario has been hit by far the hardest of any province in Canada. We have also been hit very severely by the Free Trade Agreement with the United States. We are involved in a very substantial restructuring of our whole economy and, in particular, the manufacturing sector.

We have lost over 25 per cent of the manufacturing base in this province during this recession and there have been other problems specific to certain communities; one of the best examples is the problems experienced by border communities.

Whether it is the effects of free trade or whether it is the GST, those communities have been particularly hard-hit by some of the federal government policies.

The result is that we have very high unemployment, and that government revenues have declined considerably. In fact, at the beginning of the recession a couple of years ago, for the first time since the great depression, government revenues in Ontario actually declined - without factoring in inflation or anything else. Year-over-year, they declined in spite of \$500 million worth of tax increases.

OLD WAYS DON'T WORK

We do not have the revenue to do the kind of economic renewal that has been done in the past which consisted primarily of throwing money at particular sectors of the economy to get jobs created. We do not have the flexibility we had in the past. There is a need for new strategies for



When critics in Ontario, or in Canada speak about our not being competitive, they forget this. They don't count those health insurance premiums in Michigan, which are a huge cost of doing business.

I also think it is important to take a look at the competitive edge we have in infrastructure. But our infrastructure is aging and we must continue to invest in our infrastructure and in our communities so that we continue to have that edge -- along with the edge that our education system gives us.

There are complaints all the time about how much money we spend on education and about the need to improve it. Yes, we do need to improve it, but we don't need to cut back on it. We need to spend more on training and education to keep that competitive edge over the United States as well.

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economic renewal.

It is not all bad news, however. For instance, taxes in this province and in our country are very competitive for business, compared with the United States. One significant advantage is having a national health insurance program here in Canada. It is not just an important social program, it also provides a competitive edge for our industry in Ontario. The numbers that I have seen say that the cost of health insurance for employees per vehicle in Ontario is approximately \$100. In Detroit, it is \$900 per vehicle for employee health insurance.

In Ontario, we also got involved with some remarkable interventions, such as in Sault Ste. Marie with Algoma, which is a new approach to worker ownership; and the responsible approach that Hydro took by investing in local economic development in Eliot Lake. Hydro first pulled out of the community, but they saw that they had a social responsibility to that community to invest, to re-orient that community's economy. In Kapuskasing the workers bought out the paper mill. These types of specific strategies in communities are important.

The provincial government also has

strategies for different manufacturing sectors -- plastics, auto parts, auto and steel. Some of the strategies have been announced, and some are still being worked out. All these approaches are important, and some of them are new. Some of them are more traditional than others.

EMPOWERING LOCAL COMMUNITIES

Community economic development has not been tried in this province in an organized way. It has not been tried in a way that we believe would result in empowering local communities to have more control over their own destinies.

Some of the experiments have been tried in other provinces or in other countries. But in a limited way, we have also carried out some experiments in this province ourselves.

Sudbury is a good example. When Sudbury, back in the last recession -- in the late-70's and early 80's -- had unemployment well over 20 per cent and knew that they had to diversify their economy, it was not the provincial or the federal government that came up with the strategy to diversify. It was people at the local level who did it -- involvement from labour, business, elected officials at the local level as well as people in the community. By tapping the expertise of Laurentian University, of the business community and of Cambrian College, they pulled that community together and they developed a strategy to diversify.

Not all their economic problems have been solved. But today they have one of the most vibrant communities in Canada, and they are not suffering in the same way from this recession as they did in the recession of the late-70's and early-80's.

I have seen the strength of people at the local level. I have also seen how people in communities want to participate.

In my home community, a number of years ago, we borrowed our money -- a lot of our money -- for infrastructure, like most larger urban communities do.

We used to sell debentures, some of them in the country, some of them out of the country, and pay the price that had to be paid. Then the finance department came up with another strategy: they would sell their debentures over-the-desk in the local community at the finance office.

It was a great surprise, that they sold out the first year -- and they have sold out

every year since -- because people do want to invest in their own communities, at a good rate of return. This shows that people are eager to invest in their own communities if they are given a chance. But we don't give them any opportunities in this province to do that.

All of this led to the idea that were developed in Municipal Affairs and in the provincial government: new ways to harness the enthusiasm that exists in the province for community economic development.

COMMUNITY ECONOMIC PLANS

By "community" people assume sometimes that we mean municipal governments. In some cases we do. In some cases, we mean ethnic communities; in some cases, it might be neighbourhood communities or other communities of interest. It does not have to be a municipal government. I think whatever framework is established, it has to be flexible enough to adapt to the needs and the energies that exist in local communities.

The first thing that we have to do in any strategy is to set a framework for some planning which involves assessing the strengths of the local community, whether educational, skill levels, location in the province and what industries would be most attracted to those communities.

I believe that whatever community economic plans are developed at the local level, they must be plugged into the provincial economic and industrial strategies so there is co-ordination at all levels in the province.

Based on these local plans strategies for empowering the communities must be developed.

At Municipal Affairs, we have, in the past, provided grants to communities for things like infrastructure improvement -- about \$15 or \$17 million dollars a year. There has been a lot of good work done with that money across the province. But now we are thinking more strategically about how these initiatives fit in with economic and social development at the local level.

One of the first steps we need to take is to review the programs we currently have -- see whether they work -- see whether the money can be used more wisely. If programs continue, there needs to be co-ordination with other ministries. There

even needs to be more co-ordination with infrastructure funding. How many times have we heard that one year a road is repaved in a community, and it is torn up the next year to put the sewer underneath? There must be more co-ordination so that our money is spent more effectively.

There are other grants that we give to encourage regional and local governments to do proper land use planning but I would prefer to say, instead, "That's your responsibility at the local level. You must do that land use planning. You will not receive development approvals at the provincial level if you do not have good land-use plans."

We will examine these kinds of programs, and re-allocate the money if necessary to spend it more effectively.

The next step after that is to build community capacity. That means we will have to do training across the province. We are going to have to get people involved. We are going to have to get the universities and the college systems plugged in along with the business and labour communities.

We should make one thing clear right from the beginning: our philosophy for community economic development is that this is not a strategy for local business alone to control economic development at the local level. This is a strategy to have community control over its economic development.

All of the structures under this new plan have to be partnerships with labour, with business, with community groups, with educational groups and, I would argue, with elected officials at the local level as well.

It is not going to be a monopoly like some of the development commissions are now where local business leaders have the control, rather each segment of the local community will have to be involved.

LOCAL STRUCTURES

After we have developed some capacity at the local level and some of the leadership and organizational skills have been put in place, we need to set up structures like Community Development Corporations at the local level.

Other structures like Community Economic Development Bond Corporations ("Community Share Corporations") where people can invest can also be set up.

We are also looking at the question of guaranteeing people's investments. If somebody invests in those corporations, the provincial government would be able to provide a guarantee, not for the rate of return, but for the safety of the investment. When we provide that guarantee, the investment qualifies for RRSP tax status at the federal level. So there is also an automatic tax incentive to invest and I believe people will invest in those corporations. There will have to be some limits on such investments, and some controls. We will learn as we go down the road. But that is one of the tools that we are seriously examining.

We are also looking at a Community Economic Development Resource Centre that could provide some expertise for people across the province.

These are not initiatives of Municipal Affairs alone. We are doing this in partnership with the Ministry of Agriculture. The reason that we are doing this is because rural Ontario will be very interested in participating and I don't believe that our Ministry necessarily has the capacity to understand rural Ontario the same way as the Ministry of Agriculture does. Different strategies will have to be used and different supports will likely be provided in rural Ontario.

JOINT VENTURES

We are also examining the tool of joint venturing, where municipalities and the private sector could come together and provide some facilities in local communities. There are some examples in the province.

In Windsor we have a real need for an expansion of our convention centre and a new arena. The cost is between \$40 and \$50 million dollars.

The province doesn't have the money. The city doesn't have the money. The city has the land. The private sector is interested in building the arena.

We approved the project and passed a Bill to exempt the land from property taxes. Part of the deal is that at the end of 30 years, the facility, with a reserve fund, will be turned over to the ownership of the local municipality. That means we will get this facility hooked up to the convention centre and it will be primarily an exhibition facility - just what is needed to revitalize downtown.

The provincial government examines

such solutions. Our expectation is that we should be able to have a very comprehensive package available in the new year. After we have gone through the approvals process, we will develop the legislative package and get the capacity within our own ministry to deliver such programs.

We will learn a lot over the next several years. But I think the most important thing is that we are moving; that this government believes there is great capacity, interest, enthusiasm and ability at the local level to play this role in our province. This must be seen as one of the major tools to get Ontario working again.

This article is based on a speech given by Municipal Affairs Minister, Dave Cooke at the annual conference of the Social Investment Organization, November 6, 1992.