



ENGAGEMENT STRATEGY

20 Dialogue on the economic
16 development of Quebec regions
Summary Report



Canada Economic
Development
for Quebec Regions

Développement
économique Canada
pour les régions du Québec

Canada

PUBLISHED BY

Economic Development Agency
of Canada for the Regions of Quebec
Montréal, Quebec H3B 2T9

www.dec-ced.gc.ca

© Her Majesty the Queen in Right of Canada,
represented by the Minister of the Economic
Development Agency of Canada for the Regions
of Quebec, 2015

CATALOGUE lu90-4/46-2016F-PDF

ISBN 978-0-660-06415-4

MESSAGE FROM THE MINISTER

THE GOVERNMENT OF CANADA HAS COMMITTED TO INVESTING IN GROWING OUR ECONOMY AND CREATING JOBS AND PROSPERITY TO STRENGTHEN THE MIDDLE CLASS. INNOVATION IS HOW WE PLAN TO GET THERE. MY GOAL IS TO MAKE INNOVATION A CANADIAN VALUE ON PAR WITH THE OTHER VALUES WE SHARE AS A NATION, AND ONE FOR WHICH WE WILL BE RECOGNIZED THE WORLD OVER.

To help us achieve this, we set out to engage with Canadians in all regions, including Quebec, to hear their diverse points of view. We have launched a collaborative process with the provinces, territories, municipalities, Indigenous communities, higher education stakeholders, employers and workers to find ways to improve the quality and impact of our programs that support innovation, scientific research and entrepreneurship.

The Dialogue on economic development initiated by Canada Economic Development for Quebec Regions (CED) in the past months is an ambitious and innovative project that is aligned with these efforts. The exercise has given us a portrait of the strengths, challenges and opportunities identified by regional economic development stakeholders and citizens from across Quebec to support change and build on these ideas in order to bring about inclusive growth—meaning growth for all regions. We need to find better ways, for instance, to support business startups, the expansion of innovative, high-impact clean technology firms and the next generation of international corporations that can help fight climate change and generate jobs.

Bold action is needed to develop the regions within a vision of a Quebec firmly focused on innovation and inclusive growth. Each and every idea on how we can make this happen deserves to be heard. The findings from these discussions will inform CED's new policy directions and keep it closely aligned with the Government of Canada's targeted outcomes for the years ahead. Together, we can make Canada a more prosperous nation, one where ideas are brought to life!



A handwritten signature in black ink that reads "N. Bains".

THE HONOURABLE NAVDEEP BAINS

Minister of Innovation, Science and Economic Development and Minister responsible for Canada Economic Development for Quebec Regions (CED)

MESSAGE FROM THE DEPUTY MINISTER / PRESIDENT

I am pleased to present the results of the activities led by Canada Economic Development for Quebec Regions (CED) as part of its *Engagement Strategy 2016: Dialogue on the Economic Development of Quebec Regions*.

More than 1,000 participants from all Quebec regions—entrepreneurs, non-profit organizations, researchers and representatives of Indigenous communities as well federal/provincial/municipal organizations—engaged in this initiative, contributing to a collective conversation on the subject of economic development. I am very proud of this initiative, which is clearly focused on the 21st century.

At CED, we are committed to supporting Quebec regions and enterprises so that they participate to their full potential in the economy of tomorrow—one centred on innovation. We cannot do this alone. The views and ideas so generously shared in this exercise will enable CED to better deliver its programs, in a way that is adapted to the needs of Quebec, and to do so in complementarity with its partners.

The information gathered through the Dialogue is already helping further the government's priorities and determine CED's strategic directions for the next five years. Considering the wealth of data contained in this report, I am also certain that it will prove to be of considerable value to CED's partners and to all stakeholders.

On behalf of the entire team at CED, I would like to thank the participants who helped make this exercise a success. This dialogue is the beginning of what we hope will be a long and productive conversation. Going forward, we will be keeping the lines of communication open to ensure the continued effectiveness of CED's activities in the regions of Quebec.



A handwritten signature in blue ink, appearing to read 'Manon Brassard'.

MANON BRASSARD

Deputy Minister / President – Canada Economic Development
for Quebec Regions (CED)

EXECUTIVE SUMMARY

Between February and April 2016, Canada Economic Development for Quebec Regions (CED) held an open dialogue with citizens and economic development stakeholders in every region of Quebec. This dialogue included two components:

- A Call for Ideas via an online questionnaire
- Multi-regional roundtables on various themes:
 - Innovation and Industrial Clusters (March 10)
 - Community Economic Engagement (March 15)
 - Transition to Digital and Web Technologies (March 23)
 - Community Economic Development and Diversification (April 5)
 - Clean Technologies (April 6)
 - Tourism (April 7)
 - University-Business Interface (April 12)
 - Forum InnovAction – ADRIQ (April 14)
 - Defence and Industrial and Technological Benefits (ITB) (April 19)
 - Urban Economic Development (April 25)
 - Economic Growth, Trade and Market Development (April 26)
 - Economic Development of Indigenous Communities (April 28)

During these engagement sessions, CED received contributions from more than 1,000 members of the public and regional economic development stakeholders who offered numerous suggestions in response to the issues and challenges facing Quebec's communities and businesses. In total, more than 5,000 comments were reviewed and summarized.

This was an opportunity for CED to validate and deepen its understanding of the realities of Quebec regions. It will allow CED to improve its approach and intervention tools based on the needs and expectations raised by businesses and regional economic development stakeholders.

In this regard, the dialogue revealed a number of potential levers for intervention, organized around three key areas of focus and consistent with the action areas of Canada's Innovation Agenda.

1. BUILDING AN INNOVATIVE SOCIETY AND MAKING BUSINESSES MORE COMPETITIVE

In order to make Quebec's businesses more competitive from an economic, social, environmental and technological standpoint, the following measures were suggested:

- modernizing grant requirements for projects and businesses by focusing on the socio-economic, ecological and technological benefits;
- providing a governance structure for programs, in collaboration with other financial partners, that is more modern and more conducive to business development and that reflects the new legal, demographic, geographic, technical and entrepreneurial realities;
- improving collaboration among business and research environments in order to increase the opportunities for technological development and innovation in businesses' production methods;
- connecting the products, services and activities of emerging and established businesses to generate savings;
- offering more technical, financial and/or strategic support for initiatives with innovation development and R&D potential;
- providing more support for businesses in order to better harness the marketing and export potential of their products and services as a result of evolving markets and needs.

These proposals come at a time when the momentum of new businesses and strategic alliances is being slowed by institutional, regulatory, financial and administrative frameworks at various levels of government. These frameworks do not respond to rapidly evolving needs, markets or territories. In addition, many established employers indicated that they do not have all of the necessary means to adapt their business models to new technology and production strategies.

2. MAKING THE REGIONS MORE ATTRACTIVE TO YOUTH AND PROFESSIONALS AND IMPROVING REGIONS' PERFORMANCE BY FOCUSING ON THEIR COMPARATIVE ADVANTAGES

With the objective of helping the regions better adapt to the reality of young people, professionals, entrepreneurs and investors, the participants highlighted the following needs:

- actively promoting strategic alliance models for social and economic stakeholders and consolidating centres of excellence throughout the province;
- supporting the expansion of bilingual, multidisciplinary, post-secondary training networks and programs throughout the province;
- pursuing the technological and ecological modernization of equipment, infrastructure and public service delivery.

These proposals stem from an observation made by numerous participants to the effect that many regions and communities still lack the means required to attract youth, families, professionals, entrepreneurs and investors. They are facing difficult challenges related to their location (e.g. lack of complementary services, distance from major hubs, lack of or aging infrastructure).

3. ENSURING INCREASED COLLABORATION BETWEEN GOVERNMENTS AND ECONOMIC DEVELOPMENT PARTNERS

In order to make government activities and programs more visible, various approaches involving leadership from public stakeholders, including CED, were suggested. For example:

- encouraging the development of joint programs with other public and private agencies;
- being an ambassador for Quebec products, services, activities and business models within Canada and abroad;
- showcasing Quebec innovations and new technologies that focus on sustainable development;
- standing out by developing a program to support the import of inputs into regions that are far removed from major urban centres;
- supporting training, mentoring and immersion institutions, organizations, partnerships and programs that help the workforce adapt to intergenerational, sociocultural and geographic barriers.

The success of such measures relies, in part, on some assets identified by the participants. It would be worth capitalizing on these in the context of regional economic development:

- The emergence of a new generation of ambitious, responsible and creative entrepreneurs who have specific needs with respect to technology and infrastructure.
- The active participation of new organizations founded on innovative partnerships between the social and economic spheres, such as strategic alliances and centres of excellence that enable the optimal use of natural resources and the consolidation of a knowledge-based economy.
- The adherence of regional economic development stakeholders to new performance criteria where social benefits and optimization of natural resources and technology are a primary focus.

Overall, the level of participation and the wealth of information collected as part of CED's Engagement Strategy and presented in the summary report demonstrate that the future of Quebec regions is at the heart of concerns raised by the public and economic development stakeholders. A better understanding of what is happening on the ground will ensure that CED is helping meet regional needs and is in sync with the other economic development partners to further the Government of Canada's key priorities.

The invaluable information and data collected go far beyond CED's mandate and will be shared openly with our partners in other federal departments and levels of government. The results presented in the report show that a dialogue has begun with citizens, economic development stakeholders and partners in Quebec. In the months and years ahead, CED will continue to listen to the public and concerned stakeholders to ensure that Quebec communities and regions have a sustainable future.



Photo : Roundtable of March 15, 2016, on *Community Economic Engagement*

TABLE OF CONTENTS

Message from the Minister	iii
Message from the Deputy Minister / President	iv
Executive Summary	v
List of abbreviations	1
Introduction	3
CHAPTER 1	5
Innovation and business competitiveness	
1.1 Entrepreneurial society	6
1.2 Innovation and clusters	8
1.3 Market development and integration in global value chains	12
1.4 Business growth	15
CHAPTER 2	20
Performance of regions building on their comparative advantages	
2.1 Quebec regions	21
2.2 Quebec communities	24
2.3 Connectivity and accessibility of the regions	27
2.4 Tourism	29
2.5 Indigenous community economic development	32
CHAPTER 3	36
Collaboration of governments and economic development stakeholders	
3.1 Governance	37
3.2 Clean growth and sustainable development	40
3.3 Labour	43
3.4 Funding	46
3.5 Infrastructure	49
Conclusion	52
Glossary	53

LIST OF ABBREVIATIONS

THE ABBREVIATIONS USED IN THIS REPORT APPEAR BELOW IN ALPHABETICAL ORDER.

ADRIQ	Association pour le développement de la recherche et de l'innovation du Québec
AR	Administrative region
BO	Business office
BOD	Board of directors
CBDC	Community Business Development Corporation
CCTT	College technology transfer centre
CED	Canada Economic Development for Quebec Regions
CEGEP	General and vocational college
CFDC	Community Futures Development Corporation
CICP	Canadian Innovation Commercialization Program
GQ	Government of Quebec
ICT	Information and communications technology
NPO	Not-for-profit organization
OLMC	Official language minority community
ORPEX	Regional export promotion organization
R&D	Research and development
RCM	Regional county municipality
SME	Small and medium-sized enterprise



Roundtable of April 28, 2016, on
Economic Development of Indigenous Communities

INTRODUCTION

IN IMPLEMENTING ITS ENGAGEMENT STRATEGY, CANADA ECONOMIC DEVELOPMENT FOR QUEBEC REGIONS (CED) HELD AN OPEN AND TRANSPARENT DIALOGUE BETWEEN FEBRUARY AND APRIL 2016 ON THE ECONOMIC DEVELOPMENT OF QUEBEC REGIONS. MEMBERS OF THE PUBLIC AND ECONOMIC DEVELOPMENT STAKEHOLDERS WERE INVITED TO JOIN IN THE CONVERSATION.

During the course of this exercise, CED received contributions from nearly 1,100 citizens and regional economic development stakeholders in Quebec, some of whom took part in a call for ideas by filling out an online survey, and others who participated in one of 12 multi-regional thematic roundtable discussions organized by CED.

GUIDING PRINCIPLES

A number of guiding principles underpinned the Engagement Strategy approach:

- i) **Openness:** The dialogue was to serve to gather a wide variety of viewpoints and reflect the balance among these viewpoints;
- ii) **Alignment:** The process was to be in line with the Government of Canada's commitment to consult Canadians, inform them of its activities and give them opportunities to get involved;
- iii) **Transparency:** Participants were to be kept informed on the objectives of the processes and other matters through clear communications;
- iv) **Neutrality:** The conclusions of the exercise were to reflect the positions of the greatest number of participants;
- v) **Non-attribution of remarks:** The comments of the participants were to be reported without attribution to encourage open discussion.

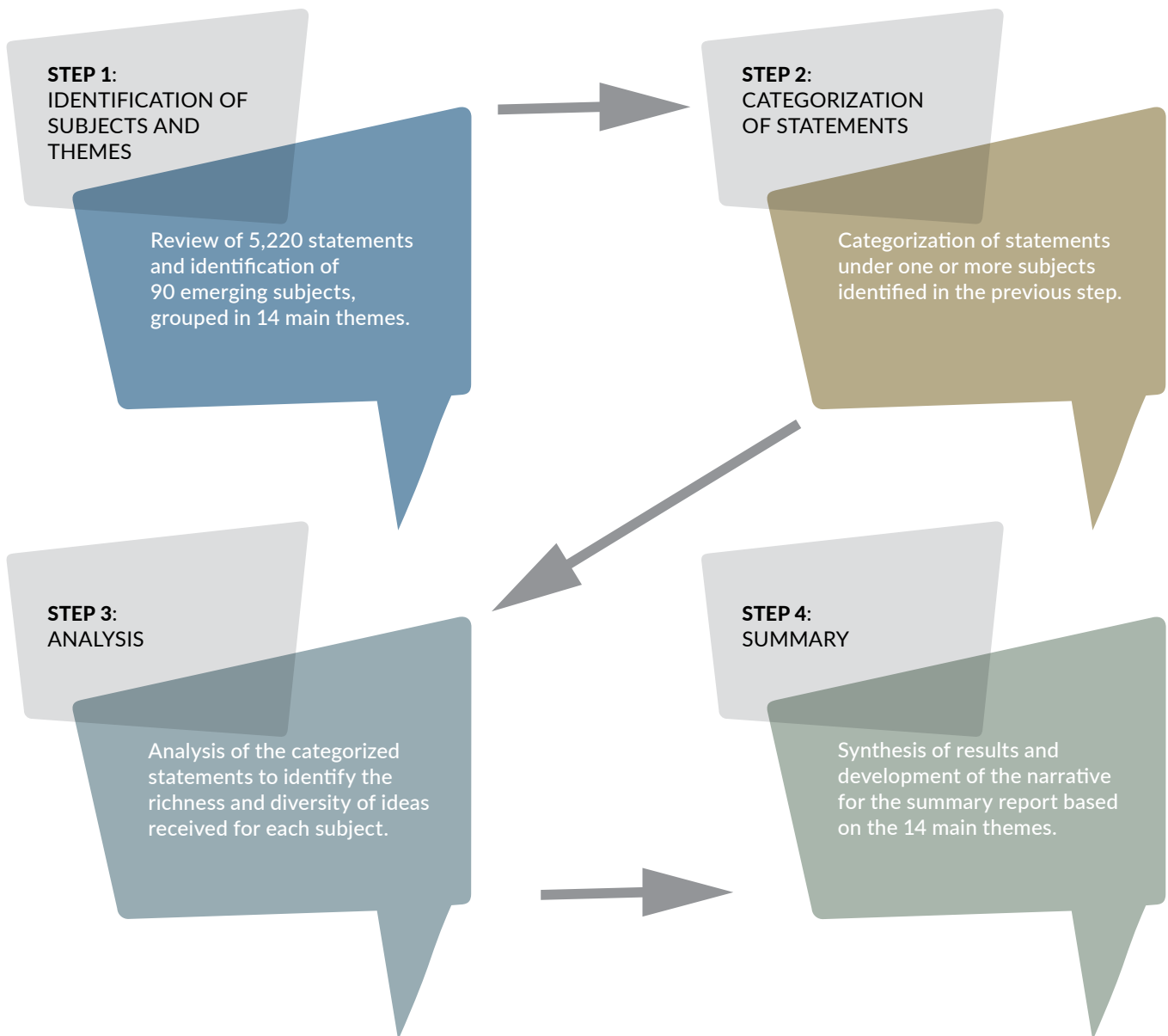
SUMMARY OF THE METHODOLOGY

The information collected during implementation of the Engagement Strategy was compiled, reviewed and subsequently summarized in this report. In all, 5,220 comments were received, 2,636 of them through the online survey and 2,584 during the roundtable discussions.

The comments were reviewed using a four-step process (see Figure 1).

The discussions touched on matters that go well beyond the scope of CED's mandate. As such, the information gathered is also of value to other federal partners and economic development stakeholders in Quebec and will be shared by CED accordingly.

Figure 1. Steps of the comment review process



RESULTS

Three key areas of focus emerged from the comments received:

1. Innovation and business competitiveness;
2. Performance of regions building on their comparative advantages;
3. Collaboration of governments and economic development stakeholders.

As well as reflecting participants' viewpoints, these areas of focus are in line with the priorities that will be steering the Government of Canada's actions to ensure clean and inclusive economic growth for Canada.

1

CHAPTER

INNOVATION
AND BUSINESS
COMPETITIVENESS

1.1 Entrepreneurial society

Issues relating to Quebec’s entrepreneurial culture, mentorship, entrepreneurial succession, collective entrepreneurship and the social economy figured prominently in the participants’ discussions (Table 1).

Table 1. Entrepreneurial society – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Entrepreneurial culture and diversity in the regions
CHALLENGES	Entrepreneurship support limited to certain regions and business sectors
	Lack of flexibility of current funding programs to support innovative business models and collective entrepreneurship
	Lack of support for businesses that could play a mentoring role
PROPOSED SOLUTIONS	Strengthening the entrepreneurial culture in Quebec regions
	Promoting the social and circular economies as a development model for the business ecosystem
	Implementing a strategy for supporting mentoring programs and preventing disengagement

QUEBEC’S STRENGTHS AND CHALLENGES

Entrepreneurial culture and diversity

There is a strong entrepreneurial culture in Quebec, and the importance of training young entrepreneurs and of establishing mentoring programs and business incubators is well recognized.

The rich diversity of the entrepreneurial fabric in the Montréal and Québec City regions fosters innovation, the creation of promising alliances and healthy competition.

The province’s other regions are less diversified and often centre on a single industry. However, some initiatives have started emerging in business sectors other than or complementary to the primary local industry.

At the same time, the social economy has been gaining ground in Quebec in the past few years, with small businesses launching varied services and carving out a place for themselves in major value chains.

Despite these assets, the entrepreneurial culture is not visible enough in Quebec, nor is it being sufficiently harnessed. Challenges in this area include:

- a “big business” culture that remains firmly rooted in many communities;
- insufficient knowledge about the challenges associated with entrepreneurship;
- the presence of administrative barriers;
- insufficient resources for support and coaching organizations to fully meet entrepreneurs’ needs;
- pressure from labour groups;
- monopolization of resources by large corporations.

As such, many businesses fold before they reach the stage of maturity and a good number leave the province once they hit the expansion phase. The result is a lower capacity for business retention in the regions and negative net migration in Quebec.

Inadequate support for entrepreneurship

The shortage of entrepreneurship training opportunities largely explains the lack of entrepreneurial succession and the inadequate administrative skills and knowledge of young entrepreneurs. Businesses in regions that are highly dependent on natural resources are particularly affected by this problem.

Moreover, the support programs for collective entrepreneurship are ill-adapted to needs and their criteria lack flexibility, especially when it comes to the social economy. Notably, there are too few enterprises able to play a mentoring role.

The structure of existing education programs as well as government regulations, laws and tax rules are also hindering the implementation of collective entrepreneurship projects because they are not responsive to the needs of cooperative business models.

PROPOSED SOLUTIONS

The participants propose strengthening Quebec’s entrepreneurial culture, promoting the social economy as a development model for the business ecosystem and increasing support to businesses to address these challenges.

Strengthening the entrepreneurial culture

To strengthen Quebec’s entrepreneurial culture, it is suggested that the different levels of government urge schools to offer entrepreneurship training courses to encourage students to go into business.

This could include, among other things, identifying students who have an entrepreneurial “profile” and providing them with the support they need to fully explore and develop their potential.

Other measures that could help foster a stronger entrepreneurial culture were also mentioned, such as:

- contests, fairs and bursaries;
- exposing students at the secondary, if not primary, levels to the world of business and entrepreneurship by introducing them to business success models;
- making new immigrants better aware of the Quebec entrepreneurial model (e.g. through information and training activities).

Promoting the social economy

To help promote and showcase the social economy’s added value as a model for development and a key component of the business ecosystem, the participants propose:

- conducting in-depth studies;
- implementing a government pilot project (e.g. tax credit for social economy businesses);
- encouraging increased collaboration of social economy not-for-profit organizations (NPOs).

The social impacts of the business projects should also be taken into account, on top of their potential economic benefits.

Business support

It is also suggested that more mentoring programs be put in place to pair model companies with startups or businesses facing major challenges so as to better disseminate best practices and success stories. This would require, among other things:

- identifying key business and industry leaders and encouraging them to become mentors;
- establishing strategies for improving the business survival rate (e.g. providing tax credits or support for developing a business plan, financial management plan, marketing strategy or commercialization strategy);
- setting up a loan program that is better adapted to the needs of startup firms.

1.2 Innovation and clusters

Innovation was among the themes most heavily discussed by the participants, who see it as the driving force of entrepreneurship and growth for communities as well as for businesses (Table 2).

Table 2. Innovation and clusters – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
ASSETS	<p>High level of innovation capacity in Quebec due to:</p> <ul style="list-style-type: none"> • the presence of universities, research centres and technology transfer centres • the existence of strategic clusters and hubs • the emergence of a new generation of creative and motivated entrepreneurs
CHALLENGES	Lack of intersectoral and interdisciplinary collaboration
	Funding programs that do not fully cover the needs of businesses through the various stages of innovation
	Financial assistance programs that require painstaking efforts on the part of entrepreneurs without any guarantee of funding
	Limited access to specialized and technological resources for enterprises in outlying regions
	Resistance to change in industrial sectors typically known for their long transition and adjustment periods
	Lack of strategic and financial support for marketing
	Insufficient financial resources and means for commercializing innovative products and services (in SMEs and research centres)
	Lack of technology showcases and test beds for products
PROPOSED SOLUTIONS	Counterproductive nature of the “lowest bidder” policy
	Lack of an integrated innovation strategy among the levels of government
	Offering more incentives for R&D and innovation by revising funding criteria and reviewing administrative rules, funding amounts, repayment terms and performance criteria
	Developing an R&D and innovation policy
	Reducing the barriers to innovation

QUEBEC'S STRENGTHS AND CHALLENGES

Capacity for innovation

Many strengths were mentioned with respect to Quebec's innovation system, notably:

- the presence of universities and research centres with quality facilities and good access to knowledge and human capital to enable them to innovate. These institutions are often the first to adopt new technologies and serve as test beds for innovative businesses. They play a strategic role in the production and transfer of knowledge;
- the presence of industrial clusters that foster innovation and creativity and encourage the sharing of ideas and resources;
- the high innovative capacity of Quebec enterprises;
- the presence of research centres that help execute innovative projects geared to local needs and realities, especially in rural and outlying regions;
- the comparatively high density of public and private services and state-of-the-art technological equipment in urban areas;
- the competitive advantage of the regions in natural resource development, processing and commercialization;
- the high degree of business and government interest in promoting innovation centred on sustainable development, particularly in the energy and transportation sectors.

The challenges associated with promoting innovation and R&D relate to businesses, to governments and to teaching and research establishments.

Challenges for businesses

The main challenge for businesses has to do with financing, and more specifically with:

- the shortage of financing at all stages of innovation, from the design of a product or service through to its commercialization;
- the prevailing view in some of Quebec's more traditional industrial sectors of innovation financing as an expense rather than an investment;
- existing assistance programs that require painstaking administrative efforts without any guarantee of funding;
- the lack of strategic and financial guidance for startups during the commercialization phase, a crucial stage for any innovation project.

Businesses that may want to innovate in outlying regions have the additional problem of lagging behind in the integration of digital technologies. This is primarily due to:

- technological constraints (e.g. lack of access to Internet and telecommunications services);
- limited access to skilled human resources and technologies, which impedes collaborative projects.

In some traditional sectors such as forestry and agroforestry, resistance to innovation is hindering the modernization of practices and adjustment of businesses to local and international market trends. This resistance, even more firmly entrenched in sectors typically known for having long transition and adjustment periods, can be explained by a number of factors, including:

- concerns about the impact of online commerce on local jobs;
- difficulty rationalizing the decision to invest in R&D over equipment;
- difficulty accessing venture capital.

Challenges for governments

The participants view a number of government policies and practices as counterproductive and inefficient, if not entirely outdated. They mentioned that:

- the policy on awarding contracts to the lowest bidder discourages innovation, since launching an innovative project usually entails higher initial costs;
- there is no integrated innovation strategy among the levels of government;
- the selection and prioritization criteria used in funding innovation and R&D projects would benefit from being revised. Moreover, the selection criteria should include success indicators that reflect the context in which these projects are taking place (e.g. adjusting support according to the enterprise's stage of growth, distance from urban centres, ability to carry out value-added activities, and the social or technological nature of its innovations).

Challenges for teaching and research establishments

Teaching and research establishments—including colleges, universities and technology transfer centres—face the same kinds of financial challenges as businesses when it comes to creating favourable conditions for the emergence of new products, services and processes. The result is that innovations developed within universities and research centres are rarely picked up by enterprises and brought to market.

The principal challenges mentioned in this area relate to the shortage of:

- financial resources, tools and methods for the commercialization and outreach of innovative products—activities that are not part of the mandate of universities and research centres, which are more focused on education, research and knowledge-building;
- technology showcases and test beds for testing innovative products and processes and determining whether they meet consumer and organization needs.

Many participants believe these gaps stem from a lack of intersectoral and interdisciplinary collaboration. However, they also recognize that such collaboration, albeit essential, can sometimes be counterproductive and lead to intellectual property disputes.

Moreover, business needs for optimized processes and production methods still tend to take precedence over the search for innovative solutions to environmental issues.

PROPOSED SOLUTIONS

Many of the proposals put forward by the participants have to do with the revision of funding programs, the development of R&D and innovation policies and the elimination of technological barriers.

Reviewing R&D and innovation funding

With respect to funding, the participants suggest a series of complementary measures to support business through all stages of the innovation cycle. These include:

- reviewing the programs' eligibility criteria, funding amounts, administrative rules, terms and conditions of repayment and performance assessment criteria;
- extending the tax credit period for innovative businesses to include the commercialization phase;
- increasing funding to incubators and accelerators;
- raising the level of risk tolerance when evaluating innovative projects. This higher tolerance would take the form of, among other things, financial contributions that are as advantageous as for lower-risk projects;
- improving SME access to the services of research centres.

Innovation and R&D funding policies relating to industrial and technological benefits (ITB) should be revised to reflect best practices from here and elsewhere. For SMEs, consideration could be given to:

- offering financial, technological and strategic coaching measures;
- better promoting support programs for the commercialization of new products and processes (e.g. by sponsoring national and international new technology-sharing platforms and forums);
- organizing business-university networking events;
- having local institutions show confidence in startup businesses in order to send a positive signal to foreign investors and contractors as to the viability of the projects and to build the credibility of Quebec entrepreneurs (e.g. greater risk-taking);
- strengthening the presence of Quebec businesses on the Web and in social media and encouraging e-commerce;
- assessing the possibility of making it mandatory for businesses to have a website and digital action plan to qualify for funding;
- creating an information portal on the innovations developed within Quebec universities.

The policies should also facilitate greater collaboration among the various stakeholders involved in the innovation process, including universities, research centres, businesses and local and regional governments, by, for example:

- encouraging the formation of strategic alliances that would allow businesses to convey their needs to universities and research centres to ensure that innovation activities correspond to market needs;
- increasing the number of test beds and technology showcases;
- adjusting public procurement policies to encourage governments to play the role of first buyer and support businesses looking to commercialize their innovations.

The creation of industrial clusters is a disputed measure: some see it as an essential tool for attracting investment and creating an environment ripe for innovation, while others view it as an approach made obsolete by the many opportunities that now exist for interregional and international partnership thanks to modern communications. Clusters can also result in a concentration of resources that limits development opportunities for surrounding communities. This can become a major problem in outlying regions and in communities located outside the metropolitan areas. For these reasons, some feel the relevance of industrial clusters should be constantly reassessed, especially since the conditions that served to justify their contribution to economic development have changed over the last 20 years.

Eliminating the barriers to innovation

Several possible solutions were proposed for helping eliminate the barriers to innovation.

For municipalities in rural and outlying regions, funding the development of telecommunications networks is essential but should take into account the potential positive and negative impacts of the scaling up of information and communications technology (ICT) infrastructure and equipment. To develop these networks, it would be important to:

- prioritize projects;
- provide incentives for the establishment of businesses or business alliances that are prepared to jointly invest in telecommunications infrastructure.

Since entrepreneurs lack knowledge about commercializing innovation and tracking market developments, efforts should be made to increase awareness and training opportunities in this area. This should include:

- maintaining and expanding the regional coverage of college technology transfer centres;
- incorporating commercialization and market development monitoring courses into engineering and technical and vocational training programs;
- organizing awareness events on the relevance of innovating;
- disseminating best practices and success stories;
- promoting the hiring of innovation specialists in established companies;
- offering more succession and strategic guidance services to support the transition of businesses toward new industries in which innovation is a fundamental element of productivity and competitiveness (e.g. secondary and tertiary processing in the natural resources sector).

To eliminate the major administrative barriers caused by the complexity of the programs and stringency of the funding criteria, it would be advisable to:

- make it easier for SMEs to access existing programs (e.g. the Canadian Innovation Commercialization Program) by softening the administrative requirements;
- develop tools to help businesses conduct market research to validate the feasibility and viability of their project;
- create a “one-stop shop” combining all of the services related to innovation management and promotion (e.g. mentoring, funding, training, integration and commercialization services).

This last measure is not a matter of consensus. On the one hand, a single point of service would have the merit of streamlining access to the entire range of services available while fostering their coordination and integration. On the other, it would be inaccessible and irrelevant to businesses in remote regions or without access to a telecommunications network. This kind of approach can also have the effect of increasing standardization, which promotes the exclusion of projects with novel or innovative aspects.



1.3 Market development and integration in global value chains

Quebec is an open economy connected to the rest of the world. With the globalization of markets, Quebec is now exporting its products well beyond its borders. Stakeholders are therefore deeply concerned by the issues of export and commercialization. This subject was widely discussed by participants, who propose a number of solutions for helping businesses integrate global value chains, increase their market shares and conquer new markets (Table 3).

Table 3. Market development and global value chains – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Openness and access to local and international markets
	Low exchange rate of the Canadian dollar, favouring competitiveness of local products on the international market
	Strong potential for processing local products due to the proximity of resources and energy sources
CHALLENGES	International competitiveness of businesses
	Insufficient thought given to export and reliance on the domestic market
	Language barrier
	Lack of financial and human resources and support, particularly for technical services
	Evolving consumer needs
PROPOSED SOLUTIONS	Implementing a more dynamic export strategy by providing information and training to local businesses on the new realities and needs of global value chains
	Helping Quebec businesses develop markets and capitalize on international showcases (e.g. trade shows and commercial fairs)
	Supporting commercialization in promising niche markets

QUEBEC'S STRENGTHS AND CHALLENGES

Market access and international competitiveness

Quebec businesses benefit from open international markets and the availability of a wide range of transportation methods and infrastructure. The lower value of the Canadian dollar these past years and the presence of many organizations helping Quebec SMEs scope out new international markets are also viewed as strengths promoting the export of Quebec products.

However, entering and gaining a foothold in emerging markets remains a key challenge. A number of obstacles are impeding the international competitiveness and export potential of Quebec enterprises, particularly those in remote regions. Language can be a barrier for businesses looking to compete in interprovincial or international markets. At the international level, firms also have to contend with foreign protectionism and competitors benefiting from government subsidies.

Moreover, some Quebec companies have neither the expertise nor the desire to export and diversify their markets. Other problems were raised, among them:

- enterprises have a regional business focus, which makes them reliant on the domestic market;
- enterprises do not have global vision or business strategy;
- they lack know-how in certain areas and are reluctant to seek out technical support;
- they are lagging behind in transitioning to digital technologies and online commerce;
- they lack the willingness to form alliances that would allow them to be competitive on markets;
- it is difficult to integrate contractor supply chains.

Geographic advantages for product processing

Because of their strategic geographic location and proximity to international markets, many Quebec regions have the potential to diversify their economy. Some regions encourage the businesses on their territory to process their products locally in order to create higher value-added exports. These include:

- mineral and metal products;
- food products;
- chemical products;
- forest products.

Quebec's resource regions should focus more heavily on processing their products to generate more added value and bolster their competitiveness.

Lack of financial and human resources

The participants also mentioned the lack of financial and human resources for export and commercialization activities and the insufficiency of technical help in these areas. Export is going to become increasingly important going forward and the participants feel the governments are not well prepared to contend with this new reality. Too often, companies have no idea where to start when it comes to exporting their products and have difficulty dealing with the challenges, international competition and costs required to commercialize their products on foreign markets (e.g. securing the necessary certifications). They need more support from governments to export and promote their products, break into international markets and integrate global value chains. Remote regions, in particular, would benefit from this kind of support since their products are often lesser known. According to the participants, government programs tend to put too much emphasis on the research and development of new products and technologies and too little on their commercialization and on the development of new markets. Greater partnership among value chain players would also help businesses gain a better understanding of the needs and adapt themselves accordingly.

Evolution of consumer needs

Shifting consumer preferences, which are increasingly focused on online buying, make it difficult for businesses to enter markets. Companies, particularly in the technology sector, have to constantly strive to remain relevant and are therefore forced to devote a significant portion of their budget to innovation. Moreover, new consumer trends like "buy local" movements are lowering the demand for foreign products on U.S. and other markets and adversely affecting Quebec's product exports.

PROPOSED SOLUTIONS

The solutions proposed to address these challenges fall into three categories:

- i) export support;
- ii) market development and international competitiveness;
- iii) commercialization support.

Export support

To better support Quebec exporters and help them more effectively overcome the challenges of globalization, it was suggested that the governments put a strategy in place that would include:

- conducting awareness and training activities to help businesses adapt to the new international realities and requirements of global value chains;
- setting up training programs on digital technologies and e-commerce platforms;
- providing support and resources to businesses on the basis of their needs, notably to offset their lack of technical, financial and human resources (e.g. certifications);
- strengthening ties between businesses and export support organizations;
- developing a startup kit to guide SMEs through the various steps that need to be taken to begin exporting.

For businesses with high export potential, it was recommended that measures be taken to help them access technical services or to provide them with financial support, such as interest-free loans. The participants also propose that Quebec organizations supporting export (such as the regional export promotion organizations [ORPEX] that guide local businesses through the various stages of the export process) continue to benefit from government funding. Lastly, it was felt that businesses should begin by selling their products and services in Canada before turning to export markets.

It was suggested that government procurement programs for new products and services be better promoted. As well, when the Government of Canada purchases foreign products covered by the Industrial and Technological Benefits policy, the percentage of subcontracting the prime contractor is obligated to give to Canadian companies should be raised.

Other ideas for growing Quebec exports were also advanced, among them that Canada seek out new free trade agreements and reduce regulatory barriers to export, including those regulating interprovincial trade.

Market development and international competitiveness

A second category of solutions has to do with helping Quebec businesses prospect for and break into new foreign markets. To do this, participants recommend that the levels of government:

- provide logistical, administrative and financial support better geared to businesses looking to penetrate new markets;
- develop better long-range (10 to 20 years) trade market intelligence;
- foster a better understanding of business opportunities and operations in the defence sector;
- promote best practices in export.

Other measures to encourage businesses to export and target new markets could include:

- providing financial assistance to help SMEs take part in international trade fairs;
- using Canada's foreign embassies and trade bureaus to facilitate international sales for businesses;
- organizing events and showcases to help Quebec enterprises promote their products on foreign markets.

CED could leverage its partnerships, foster knowledge-sharing on promising external markets and support concerted action among the various stakeholders by strengthening its partnership with the Quebec international offices abroad that promote the province's enterprises and engage in business prospecting.

Commercialization support

The participants suggest various solutions for supporting the commercialization of Quebec products and services:

- providing financial assistance to businesses to encourage private investment, which is often lacking in the commercialization phase;
- improving SMEs' access to venture capital to bring their products to market or making commercialization activities eligible for tax credits;
- investing in regional businesses in the natural resources sector that are involved at both ends of the value chain (extraction and processing) or in projects aimed at finding new ways of creating value-added products;
- implementing a law that would require or incite mining companies to process their products in Quebec in order to help the regions diversify their economy and open up new markets for their products.

1.4 Business growth

Growing businesses are at the very heart of regional economic development. Issues relating to business growth were widely discussed by participants, particularly those concerning business startup, productivity, competitiveness and viability, as well as entrepreneurial succession (Table 4).

Table 4. Business growth – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Presence of university centres
	Synergy among university, social, economic and business stakeholders
	Emergence of support centres and services for startups and pre-startups
CHALLENGES	Access to financing and amount of funding allocations
	Gap between needs and availability of government services and programs
	Business retention and succession
	Business viability
	Business productivity
	Constantly evolving markets
	Education and training of labour and entrepreneurs
PROPOSED SOLUTIONS	Assisting businesses in the startup and maturity phases
	Lowering production costs for businesses and improving their productivity
	Reducing regulatory barriers
	Attracting businesses and raising their visibility
	Sustaining the viability of businesses
	Establishing business development strategies

QUEBEC'S STRENGTHS AND CHALLENGES

Winning conditions

The presence of university centres and the synergy among stakeholders are seen as Quebec's key strengths when it comes to business growth. Knowledge institutions that have the flexibility to serve as "incubators" or "accelerators" often play a major role in business startup and growth. These establishments provide access to innovations, state-of-the-art facilities and a specialized workforce.

The synergy among stakeholders from the university, social, economic and business sectors also creates conditions that are conducive to raising the productivity of businesses. This synergy is a reflection of the determination of Quebec SMEs to modernize their operations and improve their productivity. That said, the regions have a competent entrepreneurial succession that would benefit from being more fully harnessed.

According to participants, the startup of businesses involving the production of high value-added goods and services is particularly favoured in regions that have seen the emergence in recent years of centres grouping a wide range of services, major infrastructure and support professionals under a single roof. These centres benefit from the technical and financial support of universities for the R&D, prototyping and small-scale production phases.

Lack of access to financing

Access to financing is the number-one challenge for businesses in the pre-startup and startup phases (e.g. those that are not yet past the feasibility study stage). One of the reasons for this is insufficient funding of the organizations that support these businesses. The shortage of venture capital, non-repayable funding programs, support for market development and commercialization and incentives for entrepreneurial succession were other contributing factors raised by the participants.

Gap in the supply of government services and programs

The disparity between business needs and available government services is a concern to economic development stakeholders in the regions, who maintain that:

- there are not enough services, particularly when it comes to guidance services for businesses in the transition or succession phase or to mentoring services for emerging entrepreneurs;

- the most generous funding programs do not always respond to the growing needs of businesses operating on domestic markets and are often reserved only for those targeting the international market;
- the programs put small and very small businesses, of which there are many, at a disadvantage compared to medium-sized firms (which are better equipped to fulfill the administrative requirements and comply with the established performance criteria).

Lack of entrepreneurial succession

The lack of entrepreneurial succession across all sectors is another key challenge that stems mainly from the youth exodus from the regions, the outward migration of university graduates, the aging of the population and the absence of guidance and coaching services in immigrant integration programs. Financial support and incentives dedicated to the retention of young entrepreneurs, particularly in rural and outlying regions, are also in short supply. This has an impact on business development by limiting the ability of Quebec regions to attract and retain a skilled workforce.

It is also felt that Quebec is less attractive to young entrepreneurs and investors than many other provinces and countries because of its tax conditions and the absence of a global strategy for supporting business growth.

Low business viability

According to participants, the following challenges are hindering the viability of businesses:

- startup firms have a hard time finding the initial clientele they need in order to grow, and their uncertain financial situation affects their ability to offer competitive wages;
- companies are often not on the lookout for new business opportunities;
- the time lapse between when a product is developed, manufactured and brought to market is too long;
- many businesses survive for less than 42 months because of their limited financial leeway during the startup phase.

Low business productivity in rural and outlying regions

The participants feel that regions situated far from major urban centres are contending with strategic and operational challenges that are slowing their productivity and capacity to innovate. More specifically:

- the limited capacity of their infrastructure (e.g. inadequate transportation systems) is hampering the growth of their businesses;
- young entrepreneurs have skill gaps in the areas of innovation management and business development;
- the innovation potential in the agri-food sector is untapped;
- the rate of investment in equipment acquisition, infrastructure modernization and the implementation of advanced manufacturing processes is low;
- there is an absence of business incubators and accelerators in such sectors as agri-food and wood and mineral processing;
- setting up and operating in remote regions entails additional costs for businesses, especially in the growth stage, which adversely affects their productivity and ability to attract young professionals;
- there needs to be better alignment between the production capacity of traditional enterprises and the changing needs of local and international markets;
- the language barrier limits access to new clients;
- businesses are having trouble adapting to and developing leadership succession;
- production activities are often seasonal, which impacts their viability.

The participants feel that the negative growth in some regions whose economies have traditionally been based on natural resource development will inevitably need to be managed. This will be a complex process requiring the creation of a task force devoted exclusively to this issue.

Lack of workforce training

The participants feel that education and training programs are not yet fully adapted to the current and emerging needs and challenges of entrepreneurship and SMEs. The result is a shortage of skills in innovation management and product and service marketing among entrepreneurs that is inhibiting business productivity and the commercialization of new products and services. Moreover, entrepreneurship training is absent from immigrant integration programs, which is depriving the regions of potential that has yet to be developed.

PROPOSED SOLUTIONS

Support for startups and growth firms

To help startups grow, the participants suggest looking to best practices used elsewhere (e.g. business startups in Israel) and implementing or expanding government programs, including:

- business funding programs (by strengthening incentives for starting a business, streamlining administrative processes for SMEs in remote regions and supporting them with grants covering transportation, energy and telecommunications costs);
- funding programs for business support organizations and services (notably to give startups access to the services of an expert in developing their business plans or small businesses greater support in preparing diagnostics, feasibility studies or strategic plans);
- networking and pairing programs to enable regional businesses to benefit from the talent and diversity of the urban workforce;
- support programs geared to the needs of different types of businesses (cooperatives or private companies);
- programs for businesses importing foreign goods and services;
- financial incentives to attract and retain university graduates in the regions.

To promote growth and innovation, the participants also propose modernizing and building infrastructure (e.g. transportation infrastructure, incubators, accelerators, industrial condos), encouraging the regions to implement an integrated innovation and economic diversification strategy, and ensuring Canada's accession to the Madrid Protocol in order to simplify the registering of trademarks.

Support for productivity

To help improve the productivity of businesses, the participants recommend:

- making use of digital technologies to reduce the lead time between a product's design and commercialization by a company;
- offering greater incentives for improving performance;
- investing in the modernization of support infrastructure in order to lower production costs for businesses;
- setting up an assistance program for the import of inputs for businesses in outlying regions;
- supporting renewable energy production projects;
- developing a program to identify "promising" entrepreneurs in the area of renewable energy in order to improve productivity and support successful local initiatives (such as the Services aux entreprises du Centre-du-Québec program).

The participants also feel that some of the measures used to manage climate change could also be applied to managing the productivity of businesses dealing with changes in demand for their products and services. Providing grants to regions in decline and to businesses adjusting to fluctuating demand could, for example, mitigate the impact of these changes and help the enterprises maintain their production rates.

Reducing regulatory barriers

The participants believe it is important for governments to reduce the regulatory barriers businesses are facing. To do this, they suggest softening the tax rules on succession and simplifying and streamlining the administrative processes involved in applying for funding (by creating a "one-stop shop," for example). Another solution would be to promote interprovincial collaboration.

Attracting and retaining businesses and investors

To help attract new businesses and investors, the participants propose that efforts be made to improve the image of and better promote Quebec's cities. This should involve:

- building on partnerships among the various stakeholders concerned;
- facilitating the arrival of foreign investors in outlying regions by creating new programs or maximizing existing ones;

- mapping each region's potential in terms of entrepreneurship and technology jobs;
- implementing complementary initiatives to help maintain healthy entrepreneurial succession in the key business sectors of Quebec regions;
- leveraging the agri-food sector's capacity for innovation (e.g. developing new processes for managing agricultural production and food processing) to make the sector more attractive to young entrepreneurs and to stimulate regions whose economy is heavily reliant on agriculture and forestry;
- promoting technology job opportunities in the manufacturing industry more effectively and creating a network of young entrepreneurs and apprentices from urban and rural areas.

Sustaining the viability of businesses

The participants suggest that financial incentives be put in place to encourage labour, and particularly young labour, to settle or remain in the regions. They feel this could be achieved by:

- gaining a better understanding of the needs of the emerging generations of workers;
- targeting university graduates;
- offering support programs for businesses undergoing transition or seeking succession;
- taking account of the changing context of each sector (e.g. aluminum or forestry) to develop balanced solutions (such as a "mitigation"-type approach, which might include funding to maintain production levels, or an "adjustment"-type approach, which might include funding to support the launch of new activities that respond to changing demand);
- reviewing business support programs based on the specific context of each region;
- introducing measures to support business viability (e.g. eligibility criteria that are based on more than just sales, and support for mid-route plan adjustments).

Business growth strategies

Many proposals were made concerning the need for a strategy to help stimulate business growth. These centre mainly on the importance of:

- supporting key economic sectors, such as forestry and aluminum, and recognizing the financial challenges the businesses in these sectors are facing due to changing markets and strong competition;
- supporting the export activities of SMEs in rural and outlying regions (e.g. helping them develop ICT and communications plans);
- establishing grants and flexible administrative measures geared to the needs of small businesses and startups (e.g. providing financial assistance for the hiring and retention of technical staff);
- helping established industries automate and modernize their equipment, notably in the agri-food processing sector;
- developing distinct programs for technology transfer centres, cooperatives and businesses to prevent these organizations from having to compete with one another for funding;
- providing support to businesses struggling with cyclical or short-term economic difficulties (e.g. developing transition assistance programs, promoting collective entrepreneurship and community involvement in projects by establishing a tax credit similar to Quebec's Cooperative Investment Plan).



Photo : Roundtable of March 15, 2016, on *Community Economic Engagement*

2

CHAPTER PERFORMANCE OF REGIONS BUILDING ON THEIR COMPARATIVE ADVANTAGES

2.1 Quebec regions

This theme encompasses all of the comments relating to the economic context of Quebec regions whose particular attributes are generally seen as assets. These comments show that socio-economic stakeholders recognize the role these assets play in leveraging the economic development potential of the regions (Table 5).

Table 5. Specific attributes of Quebec regions – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Recognized expertise in many economic sectors (natural resource mining and development, R&D, leading-edge technologies)
	Presence of a university and vocational training networks
	Abundance of natural resources
CHALLENGES	High business implementation costs in central regions
	Difficulty in adapting operating methods to rapidly changing markets
	Mono-industrial nature of the regions
	Work culture based on a “silo” mentality
	Limited access to funding because of the high risk associated with business startups
	Limited capacity of large businesses to innovate and adapt to new economic realities
PROPOSED SOLUTIONS	Providing a range of incentives to stimulate economic diversification
	Planning according to specific regional attributes

QUEBEC'S STRENGTHS AND CHALLENGES

According to the participants, each Quebec region has a solid industrial base. This base, passed down from the 1960s, is characterized by:

- the presence of infrastructure and facilities rooted in each region's manufacturing landscape;
- the existence of recognized expertise in a wide range of industrial sectors, from natural resource mining and development to R&D, leading-edge technology and the various processing industries;
- the presence of a university and vocational training system capable of providing quality services and ensuring the transfer of knowledge to businesses;
- an abundance of natural resources that need to be used wisely within a perspective of sustainable development to reduce the costs and improve the performance of manufacturing in the various industry sectors.

Despite these assets, the participants also raised a number of key challenges. In the central regions, the cost of setting up business is high, and companies have a hard time maintaining an edge owing to heavy competition. The issues in rural and outlying regions are different and somewhat more complex. Businesses have to adapt their existing resource development and industrial manufacturing methods to rapidly changing local and international markets. Many of these regions have a mono-industrial economic base that monopolizes resources and infrastructure and limits economic development opportunities for new industries.

Obstacles for SMEs and large enterprises

The challenges also differ according to business size. For SMEs, the main ones mentioned include:

- the mono-industrial character of some of the regions and the seasonal nature of their economic activities that deter SMEs from setting up operation (in sectors like agri-food and tourism, they run up against a local institutional structure geared to large enterprises);
- the existence (due to high segmentation of the primary, secondary and tertiary sectors since the 1960s) of a work culture that fosters a silo mentality and competition among the sectors.

For their part, large enterprises (the main source of jobs in regional urban centres) have a limited capacity for innovating and for adapting, both technically and strategically, to the new economic realities. As markets evolve, a circular economy (which is slow in taking root and developing in the outlying regions) will be needed to make optimal use of manufacturing equipment in sectors such as forestry, agri-food and the aluminum industry.

PROPOSED SOLUTIONS

The solutions proposed fall into two main areas: economic diversification and planning according to regional particularities.

Economic diversification

To stimulate economic diversification in Quebec, it is recommended that governments improve the range of programs, services and incentives that currently aim to encourage:

- the establishment of new businesses in the regions;
- increased intersectoral collaboration to optimize the use and sharing of manufacturing equipment;
- social and technological innovation by large enterprises;
- the promotion of seasonal jobs;
- the creation and implementation of training, mentoring or incubator programs in outlying regions during periods of slow economic activity;
- intelligence gathering on best practices for optimizing economic activities and improving opportunities for development.

Economic diversification of the regions should involve building knowledge about the conditions that need to be in place for it to succeed and strengthening local job-creating economic activities. Many feel that while sustaining key sectors should be prioritized, it is important to avoid creating a diversification support program targeting only a handful of industries. In their view, reinforcing existing niches of excellence should be a measure geared to regions where business and job opportunities are already diversified.

Planning according to regional particularities

Planning that reflects local and regional realities fosters healthy competition among the regions and allows the comparative advantages of each community to be leveraged to the fullest. This is a fundamental element for the participants. They recommend, among other things:

- promoting regional assets through the local associations and strategic alliances that have in-depth knowledge of these assets, play a strong engagement role and are able to act as a bridge between government objectives and local needs;
- supporting strategic associations and alliances to facilitate intersectoral networking, the promotion of regional resources and assets and the leveraging of existing facilities and infrastructure within a regional development approach based on the circular economy;
- stimulating local markets through “buy local” measures;
- following the example of Agroboreal, an initiative showcasing the Nordic products of Saguenay–Lac-Saint-Jean enterprises, by adopting best practices in the development of regional niche markets and distinctive products;
- revising the way existing programs work to make them more flexible (e.g. loosening the performance criteria, extending the funding period, adding target sectors);
- making clear commitments on culture and heritage protection to help expand the existing tourism offering through the development of new and exclusive products (e.g. industrial museums showcasing the built heritage of traditionally industrial regions);
- ensuring that current initiatives for attracting foreign investors do not hinder the right of the target communities to manage the resources and enjoy the economic benefits of these investments.



Photo : Roundtable of March 10, 2016, on *Innovation and Industrial Clusters*

2.2 Quebec communities

The participants believe that socio-economic factors (which are rapidly changing and vary from one area to the next) need to be taken into account in the decision-making process to promote the participation of all communities in Quebec’s economic development and ensure the resiliency of their human capital in all sectors (Table 6).

Table 6. Quebec communities – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Good quality of life
	Access to a broad range of jobs
CHALLENGES	Labour succession planning problems due in part to the aging population
	Negative net migration in rural and remote areas (rural exodus to urban centres)
	Low level of social involvement and participation by immigrants in the various professional and paraprofessional networks
	Lagging bilingualism
PROPOSED SOLUTIONS	Underrepresentation of visible minorities in decision-making circles
	Giving businesses incentives to establish a pool of resilient entrepreneurs and labour
	Expanding the economic performance criteria for businesses to include social impact and quality of life indicators
	Ensuring integrated business intelligence on developments in immigration, industries, the labour force, training programs and the market
	Increasing support for local sociocultural and territorial development programs and initiatives

QUEBEC'S STRENGTHS AND CHALLENGES

Quality of life in rural and urban regions

Quebec communities vary in size, economic activity and geographical setting, but they are known for the good quality of life they provide.

Residents of urban regions enjoy a quality of life that they indirectly share with their neighbours in surrounding suburbs, whose population has grown in recent years. According to the participants, these regions offer a number of advantages, including:

- a high density of local services and good access to various types of housing;
- job opportunities, including for young professionals;
- wider access to workplaces and schools due to the recent expansion of metropolitan transit systems.

In rural and outlying regions, families benefit from a peaceful living environment that gives them access to nature, recreational activities and an array of essential services.

Yet this high quality of life enjoyed by residents of Quebec regions is being threatened by the insufficiency of financial support and services available to communities to help them better attract and adjust to the evolving needs of young people, professionals and entrepreneurs. The participants also feel that the low wages and often seasonal nature of the jobs in rural and outlying regions are deterring workers and contributing to higher unemployment and the exodus of labour from the regions to major urban centres.

Attracting households to communities

Every community uses its assets to build on its attractiveness and develop a pool of skilled labour. Each one also relies on a variety of indicators to measure this drawing power. Communities can make the claim that the lower wages offered in the regions are counterbalanced by the appealing living environment. Those with a high rate of unemployment can also capitalize on the availability of a motivated workforce to attract businesses, especially SMEs, to the area (an approach that has yet to be fully exploited).

Aging of the population and net migration

The participants are particularly concerned by the aging of the population, which is partly behind the succession problems (especially in rural and outlying regions), the negative net migration in rural and remote regions (which are losing population to the cities) and in outlying regions (which are losing population to the United States and other Canadian provinces); and the exodus of young people.

The exodus of young people from rural regions to the major urban centres stems from four key factors:

- the absence of entertainment and leisure activities and of leading-edge technologies in some communities;
- lack of knowledge about the factors that motivate new professionals and entrepreneurs to settle in a given region;
- poor integration of young people in economic development activities;
- the shortage of post-secondary institutions in the regions and lack of diversity of job opportunities.

In many small communities, the population density is too low to sustain existing services and allow the operations of certain specialized companies to remain profitable. The size of these communities also impedes development of their capacity for innovation and entrepreneurial succession.

Integrating new immigrants

Cultural diversity, integration of immigrants in the workforce and bilingualism are all factors that participants believe are helping make human capital in the communities more and more resilient. They noted that a number of obstacles are slowing the integration of newcomers:

- the level of bilingualism is low in many primarily French-speaking communities;
- immigrants are not always made aware of opportunities outside the major urban centres and of local realities and practices;
- the resources available for immigrant integration are not always sufficient to meet all of the existing needs;
- immigrants have a hard time securing recognition of their foreign qualifications and diplomas, which lessens their ability to quickly enter the workforce, especially in communities with high rates of unemployment;
- they are not sufficiently solicited to fill occupational gaps in the labour market or job vacancies;
- the low involvement of newcomers in local professional and paraprofessional networks limits opportunities for sharing and collaboration.

The fact that the business community is not bilingual across Quebec is seen as a barrier to business opportunities in other Canadian provinces and other countries for local enterprises. The low level of bilingualism also plays a part in limiting the ability of regions to attract foreign investment and skilled talent (especially among young anglophones). Lastly, the underrepresentation of visible minorities in the spheres of public- and private-sector decision-making further constricts the opening of Quebec to global markets.

PROPOSED SOLUTIONS

The solutions put forward mainly aim to:

- provide communities with equal economic and social development opportunities;
- better align the distribution and specialization of labour in the workforce, training and mentoring programs, local business needs and market developments.

Attracting businesses and organizations

A number of ideas were proposed for promoting the establishment of businesses and other organizations in communities and for maintaining or expanding their pool of labour and entrepreneurs. These include:

- the adoption of tax relief measures;
- the creation of funding programs;
- the establishment of marketing, export and networking support services.

These approaches can help local businesses improve the quality of jobs available in communities, increase job opportunities, recruit young labour, attract local and international skilled talent and encourage the participation of this skilled talent in the workforce and in local professional groups, all while generating a stronger work culture and higher productivity.

Performance indicators in support programs

The economic performance indicators normally used in government business and community support programs should be expanded to account for positive social impacts. These new indicators would enrich existing economic development programs. Furthermore, businesses whose activities produce major positive social impacts in communities should benefit from greater support.

Strategic intelligence and partnerships

The participants mentioned the need for periodic integrated intelligence on developments in regional and international migration, industrial sectors, labour availability, and the education and labour markets. This information would serve to prioritize actions and ensure their compatibility and complementarity. It would also help:

- post-secondary institutions in rural regions and secondary urban centres better meet education and training needs and attract young workers;
- prepare for actions that may need to be taken in sectors grappling with temporary or cyclical difficulties.

Opportunities for interaction and partnership among stakeholders should be encouraged and multiplied (e.g. between prospective employers and job seekers, future workers and mentors, local communities and newcomers, social and economic stakeholders, investors and startups, and between funders).

Increasing support for local development initiatives and programs

The participants propose a number of measures for improving quality of life for regional populations and promoting regional economic development. They suggest:

- increasing support for local sociocultural initiatives and programs since these play a key role in attracting young families to remote regions (e.g. financial incentives could help the population eat healthier and engage in cultural, recreational and physical activities);
- offering young families financing options for the purchase of a first home or land in rural and remote communities;
- setting up job placement initiatives for local workers and professionals affected by the closure of large companies;
- strengthening support for English-language communities in view of, among other things, their higher vulnerability to interprovincial migration;
- implementing measures promoting bilingualism in the regions (e.g. expanding English university programs in the regions);
- alleviating the concentration of seniors in urban centres by encouraging the establishment of local policies that would allow them to remain in their homes;
- pursuing implementation in metropolitan regions of programs and initiatives supporting the development of high-density housing areas and the use of public transportation.

2.3 Connectivity and accessibility of the regions

This section covers the comments made on issues relating to the accessibility and remoteness or proximity of Quebec regions and territories. These issues are likely to have an impact on the connectivity of regions and their ability to facilitate the movement of people and goods, on the sharing of services and on the transfer of economic development knowledge (Table 7).

Table 7. Connectivity and accessibility – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Existence of diversified services in urban centres
	Good connectivity due to the development of transportation infrastructure
CHALLENGES	Remoteness of markets for some communities
	High cost of transportation and telecommunications services outside major urban centres
	Low attractiveness of rural and outlying areas for young people, entrepreneurs and tourists
PROPOSED SOLUTIONS	Supporting major telecommunications and transportation infrastructure projects
	Providing more economic incentives to lower the costs of moving goods
	Developing up-to-date diagnostics on the real needs of various regional stakeholders to prioritize critical services

QUEBEC'S STRENGTHS AND CHALLENGES

Diversified services in urban centres

The participants see Quebec's major urban centres as having many assets, among them:

- a diverse range of good-quality and locally accessible services (e.g. health and education services);
- urban businesses whose prime positioning gives them access to a variety of markets, including those in Ontario and the U.S.;
- recent developments of transportation infrastructure (e.g. public transit, highways, airports) in major urban centres facilitates connectivity with the regions.

Remoteness of markets and high costs outside major urban centres

According to the participants, rural communities situated far from major urban centres do not benefit from these same advantages. Although they have ready access to available, abundant and affordable natural resources and the inputs needed for industrial manufacturing, these communities are further away from the markets they are looking to penetrate. Aging, if not altogether absent, transportation infrastructure and facilities make it more expensive for businesses in these regions to move their goods.

Other disadvantages for these communities were raised:

- low resource costs are not enough to offset the higher expenses associated with transporting goods and recruiting and retaining a skilled workforce;
- innovation and product and service development are costlier due to the limited access to quality telecommunications infrastructure, technical and financial support and specialized services (such as those provided by technology transfer centres); there are also more intermediaries between local economic stakeholders and government decision-makers.

Low attractiveness of rural and outlying regions

Many remote communities are seeing their capacity for attraction erode more and more in relation to that of major urban centres (with young entrepreneurs and tourists being among the most difficult to draw). Remoteness:

- is a major impediment to attracting and building a skilled workforce and securing venture capital;
- makes participation in trading and partnership networks more difficult for businesses;
- limits availability of and access to public transportation, which is an obstacle to tourist attraction.

The lack of coordination among municipalities in outlying regions is hindering, among other things, the creation of regional strategies for fostering economic development and better access to services.

PROPOSED SOLUTIONS

A number of suggestions were made for mitigating the impacts of remoteness and improving the accessibility and connectivity of Quebec communities to facilitate business, trade and economic development.

Supporting major transportation and telecommunications infrastructure projects

The participants believe that major infrastructure projects should be supported to help facilitate the movement of Quebec's population and visitors and improve the connectivity of its regions. This includes:

- extending roads and highways in the regions and expanding existing airport facilities;
- ensuring province-wide public transportation coverage;
- investing more heavily in communications and telecommunications infrastructure development.

The positive impacts these investments have on attracting and retaining young people, newcomers and labour in the regions justify their implementation across the regions of Quebec. These investments should be made in a way that takes the local business and demographic context into account.

Policies and incentives for lowering the cost of moving goods

The participants would like to see local business access and connectivity to Canadian and international markets improved. This requires that the measures put in place to reduce the cost of moving goods reflect a community's geographical remoteness or distance from intermodal infrastructure. In the same vein, major investments in the development of port facilities would facilitate the movement of goods from outlying regions to the major urban centres.

Up-to-date diagnostics on regional stakeholder needs

To improve access to services, particularly in remote regions, it is recommended that an up-to-date and comprehensive diagnosis of local business needs be carried out to help determine priorities, such as increased business services. These locally adapted services could take various forms, including:

- setting up government service points based on distance and not just population density;
- giving businesses better access to management experts, mentors and marketing consultants;
- supporting the integration of digital technologies by businesses by highlighting their importance in product and service promotion and market development;
- offering new online services (e.g. postal services);
- funding strategic alliance initiatives that have the potential to mobilize socio-economic stakeholders.

2.4 Tourism

Many participants gave input on tourism, a sector that, in their opinion, plays a part in diversifying regional economic development opportunities, particularly in regions that rely on natural resource development. Their comments centred on the challenges facing the sector and on potential ideas for promoting tourism (Table 8).

Table 8. Tourism – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	High tourism potential of Quebec regions
	Quality and uniqueness of natural and historical landscapes
	Diversity of activities and events, such as festivals, among the regions
CHALLENGES	Absence of a promotion strategy and lack of visibility for tourist attractions in the regions
	Tourism coordination gaps
	Seasonality of Quebec tourism
	The language barrier and lack of partnership between tourism operators and the business community are hindering the sector’s growth
PROPOSED SOLUTIONS	On funding: initiating a reflection process on ways to improve infrastructure and facilities from a tourism perspective
	On promotion: increasing government involvement in the promotion of tourism, a sector considered as important as other industrial sectors benefiting from promotion
	On governance: <ul style="list-style-type: none"> ● decentralizing decision-making powers to better align tourism development with that in other sectors; ● making use of multiple information sources to ensure proper planning (e.g. literature review, public consultation, review of international experience)

QUEBEC'S STRENGTHS AND CHALLENGES

The hospitality of Quebec's communities, the quality and uniqueness of its natural landscapes and built heritage, and the diverse range of activities and events (e.g. festivals) are all tourism assets for the regions of Quebec. The tourism industry is supported by a network of public and private stakeholders who take an active part in promoting the regions' strengths and cultural and tourism attractions. The significant socio-economic benefits it generates in comparison to other sectors of activity make tourism, in the eyes of participants, a proven lever of economic development.

Coordination of stakeholders for a coherent promotion strategy

Numerous challenges were also raised, among them:

- stronger cohesion is needed among stakeholders in order to develop a coherent tourism promotion strategy that showcases the assets of the different regions;
- many tourism products are not given adequate exposure (particularly in outlying regions and small communities, where resources for promotion are typically scarce);
- the limited financial resources of support organizations and regional tourism associations are restricting their ability to meet all of the needs of businesses;
- the insufficient use of new technologies and the Internet is slowing the promotion and commercialization of tourism products and services;
- winter activities and tourism products, as well as activities in remote regions, would benefit from a promotion strategy (this niche market appears to have expanded and diversified over the past few years, but is still little known to prospective clients).

Integration of the tourism offering

While Quebec tourism has grown and diversified considerably in recent years, the sector is not sufficiently structured or integrated. Moreover, the current strategies being used are based on old references and should be brought up to date to make it easier to identify and showcase each region's unique and distinctive products. To do this, the participants suggest:

- coordinating tourism in a way that reflects major consumer trends and the evolving needs and expectations of tourists and visitors, who are more and more demanding and are on the constant lookout for unique, personalized and quality experiences;
- assessing the impacts of changing consumer habits (e.g. people are taking shorter holidays, especially when visiting regions far removed from major urban centres).

Coordinating Quebec's regional tourism offering is a key issue for many industry stakeholders. In their view, the province's tourism activities and products are still heavily concentrated in the large urban centres, and tourists have little incentive to venture further out.

Seasonality issues

The tourism season is too short to allow for certain tourism facilities and infrastructure to be fully profitable. Outside the summer period, many tourist attractions are less busy, which forces them to operate seasonally using part-time employment. As such, these businesses run at a high level of risk that reduces their ability to keep their employees working. The economic potential of these tourism facilities appears to not be sufficiently harnessed.

Other issues

Other issues relating to tourism were raised:

- the language barrier is limiting the ability of regions to provide personalized services to non-francophone tourists and to attract visitors, notably from English Canada;
- there is insufficient collaboration between tourism operators and the business community due to a lack of understanding by some business members of the important part tourism plays in economic and regional development;
- the movement to make cultural activities more accessible and affordable has reduced the ability of businesses to self-finance their operations.

PROPOSED SOLUTIONS

Several proposals were made for tackling these challenges. These centre on three main areas of action:

- i) funding tourism projects;
- ii) promoting tourist attractions and activities;
- iii) governance in the tourism sector.

Funding strategies

Tourism stakeholders should initiate a brainstorming process to lay the foundations for a common and more effective funding strategy that would allow the tourism sector to become a more powerful lever of economic development. This exercise could be used to evaluate various solutions, such as:

- the creation of funding programs for upgrading and developing unique, versatile and non-seasonal tourism facilities and infrastructure;
- improved partnership between tourism operators and educational institutions to allow, for example, the use of tourism facilities by colleges and universities during the off-peak season;
- better funding eligibility criteria for promotion and market development activities by tourism businesses;
- funding criteria based on two components:
 1. standard eligibility criteria;
 2. more flexible criteria that take into account the potential impact of a project in a given region, notably for regions experiencing difficulty.

Promotion strategies

The participants would like to see greater involvement by government stakeholders in the promotion of tourism, which they feel should be given as much priority as other sectors. This involvement could take various forms, including helping regions:

- develop a plan for promoting their assets on target markets in other provinces or countries;
- promote their favourable quality of life and business environment to the public, enterprises and local and international investors;
- promote their cultural and tourist attractions on social media and online media with global reach;
- support other activities showcasing their assets (e.g. promotion of winter tourist destinations for snowmobiling).

Governance strategies

The participants believe that decentralizing decision-making powers would be one way of helping municipalities better harmonize the development of tourism with that of the other sectors of the economy. Such decentralization would also allow other sectors to be promoted in regions that naturally rely on tourism.

Other proposals include:

- ensuring the systematic inclusion of tourism industry players and stakeholders in decision-making on infrastructure and land development projects, especially in metropolitan regions with comparatively high levels of tourism;
- developing programs and initiatives that are supported by an in-depth understanding of:
 - distinctive features of each region's tourism products;
 - the tourism capacity and potential of each region (which vary according to changes in infrastructure, labour, technology and local leadership);
 - local and international tourism demand and markets (which are constantly shifting);
 - social and technological innovations that have the potential to improve service quality for a wide segment of visitors and tourists;
 - complementary tourist attractions in communities to foster a climate of cooperation and coherent action.



Photo : Roundtable of March 15, 2016, on *Community Economic Engagement*

2.5 Indigenous community economic development

This section outlines the main strengths of Indigenous communities, the challenges they are facing as well as the solutions proposed by participants during the consultations (Table 9). The roundtable discussion held on this theme was organized in collaboration with the First Nations of Quebec and Labrador Economic Development Commission.

Table 9. Indigenous community economic development – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Youth potential in Indigenous communities
	Presence of local and inter-nation institutions and organizations
CHALLENGES	Lack of a trained and skilled workforce
	Shortcomings in terms of territorial and project governance
	Difficulties encountered with government support programs
	Lack of tools and capacity for business creation
	Cultural divide between Indigenous and non-Indigenous communities
PROPOSED SOLUTIONS	Investing in workforce training
	Establishing business incubators in Indigenous communities
	Consolidating economic ties among First Nations
	Building the management capacity of Indigenous authorities for the development of local planning
	Guaranteeing First Nations rights and prioritizing their initiatives

QUEBEC'S STRENGTHS AND CHALLENGES

Youth potential

According to the participants, Indigenous communities make up the youngest segment of the population and are growing at the fastest rate in Quebec. This large proportion of young people constitutes a major pool for business succession and available labour for enterprises. More importantly, young Indigenous people demonstrate an interest in participating fully in the economy of the future and have the potential to do so.

Presence of local and inter-nation institutions and organizations

Many institutions (e.g. Indigenous educational institutions, the Native Commercial Credit Corporation), local groups (e.g. band councils) and inter-nation organizations (e.g. First Nations of Quebec and Labrador Economic Development Commission) play an active role in the socio-economic development of Indigenous communities. These organizations are aware of the needs and issues of the communities. They are familiar with the current programs, the business models, and local and traditional industries. Moreover, these organizations are already working with government, private enterprises and other economic development stakeholders on Indigenous territory. They will also be essential partners in finding solutions that consider on-the-ground realities.

Lack of a skilled workforce

Quebec's Indigenous communities also face important challenges. For example, they are generally characterized by:

- a comparatively young workforce with a low level of education;
- limited access to training programs and few opportunities to acquire work experience.

The jobs available on reserves and in Indigenous communities are precarious and offer little opportunity for long-term career development. The lack of training opportunities and of incentives for getting an education leads many young people to remain in their community because they are ill-prepared to make their way in the job market outside the community.

The scarcity of lasting jobs and absence of conditions conducive to the emergence and establishment of new businesses (notably the absence of key infrastructure and technologies) explains the high rate of unemployment in Indigenous communities and on reserves. According to the participants, reliance on government grants is impeding development of a local culture of work and entrepreneurship.

Territorial and project governance

The participants noted a number of challenges in terms of territorial and project governance:

- the jurisdictions of the various levels of government involved in the administration of Indigenous lands often overlap;
- there is no shared vision among decision-makers on matters of economic development and a lack of coordination of government actions, particularly when it comes to multi-governmental projects;
- the current modes of governance and collaboration between the governments and First Nations authorities are ineffective (they fail to account for the scope and diversity of the Indigenous territories and communities or for the nature of the projects under consideration, which often centre on natural resource development);
- the number of resource infrastructure and development projects on Indigenous lands is multiplying, putting heavy demands on these communities that they do not always have the capacity to meet;
- Indigenous communities have limited bargaining power because they are not systematically involved in the early stages of project planning (promoters bring them in only as an administrative step, once it is too late for them to have any real impact on the direction of the project);
- Indigenous communities do not have the political autonomy required to carry out integrated local planning and thereby foster the emergence of home-grown projects.

Government support programs

The many government support programs that currently exist are not fully adapted to the reality of Indigenous communities. The participants pointed out that these communities are not a homogeneous whole and that support programs for communities on reserves do not entirely apply to those in urban centres. The different parameters of these programs (their priorities, funding amounts and eligibility criteria) do not always seem to account for the particularities of Indigenous reserves and communities in terms of their geography, demographics, culture and technology. Consequently, the initiatives the communities would want to implement do not necessarily qualify for support under available funding programs.

Other factors affect the viability of the projects undertaken in these communities as well as the profitability of startup businesses (whose set-up costs are invariably high). These include:

- insufficient guidance services for business development on reserves and in the other Indigenous communities in the province;
- lack of urban infrastructure, distance from markets and economic centres, and political, cultural and regulatory barriers to improving community facilities.

Lastly, the participants mentioned the following challenges with respect to funding programs:

- government agencies and Indigenous community beneficiaries have a poor understanding of one another;
- government institutions have a poor understanding of the regional priorities and evolving needs of the communities;
- regional economic development strategies do not take issues concerning the rights of First Nations into account;
- economic development partners have poor awareness of the rights of First Nations. This is a major obstacle in that a strong understanding of the economic and cultural context of Indigenous project promoters and entrepreneurs is essential to delivering effective support;
- beneficiaries have a poor understanding of funding program mechanisms and steps;
- language is a barrier;
- non-Indigenous promoters have put pressure on Indigenous communities to use their lands, which has created a heightened sense of mistrust.

Indigenous entrepreneurship tools and capabilities

The participants feel that entrepreneurship resources and expertise are lacking in Indigenous communities, and that this explains both the low level of preparedness of young community members who may want to start a business and the shortage of mentoring programs for startups. It was also mentioned that:

- there are few financial incentives available for establishing a business in Indigenous communities (even though the absence of infrastructure, facilities and a skilled workforce requires entrepreneurs to assume higher startup costs);
- it is difficult for businesses to secure adequate and affordable insurance coverage when operating on a reserve;
- there is a low degree of openness in some communities to accepting newcomers.

Cultural divide between Indigenous and non-Indigenous communities

Other challenges were raised that have to do with perceptions. In some cases:

- Indigenous communities do not feel they are full and equal partners in the decision-making process (they believe there is a certain indifference to their interests, knowledge and rights);
- there is a cultural and economic divide between Indigenous and non-Indigenous communities that is characterized by the undervaluing of Indigenous communities, a feeling of exclusion and a climate of distrust; this cleavage impedes the implementation of joint initiatives.

PROPOSED SOLUTIONS

The solutions put forward by the participants revolve around three key objectives:

- i) creating a pool of skilled and motivated labour;
- ii) attracting and developing businesses;
- iii) ensuring the efficacy of policies and programs.

Workforce training

To stimulate the economic development of Indigenous communities, investments must be made in training young people and developing their capabilities, both personal (e.g. building a good credit rating) and professional (e.g. acquiring technical and entrepreneurial skills). This could be done by creating programs that are truly adapted to the context and needs of the communities, integrating more young people in decision-making processes, leveraging models of success, and implementing labour mobility initiatives to improve the employability of community members and ensure the quality of their work experiences.

Business support

Establishing business incubators in Indigenous communities (to ensure customized coaching and guidance for entrepreneurs, reduce the risk of disengagement and boost investor confidence) was recommended as one way of attracting businesses and supporting their development. Consideration could also be given to:

- establishing a group of economic stakeholders to represent the different communities in their business initiatives;
- providing incentives to strengthen the economic ties among First Nations.

Strategic planning support

The participants also believe more rigorous local planning is needed and urge governments to assist First Nations authorities with this process. However, they stress the importance that this exercise be done in alignment with the strategic planning carried out on the regional level since regional county municipalities (RCMs) and administrative regions can be leading economic partners for these reserves and communities. This planning should also be regularly updated to reflect the rapid changes in markets and economic opportunities. Mid- and long-range priorities would have to be set and measures put in place and tracked.

To promote the active involvement of Indigenous community members in economic development, an intervention model would need to be adopted that:

- i) recognizes and guarantees respect of the rights of First Nations;
- ii) contains incentives to stimulate local initiatives and give them priority over projects from outside promoters;
- iii) helps support these community-initiated projects;
- iv) seeks to make local economic players autonomous.

It would also be important to consider ways to better help the communities carry out a strategic planning exercise and set a long-term vision. Such an exercise would require:

- strengthening the management and governance capacities of Indigenous authorities;
- changing the way partnerships are conducted with First Nations when it comes to major projects on their ancestral lands by ensuring they are involved in the early stages of project development.

Implementing adequate funding programs

Many of the participants feel government agencies should be investing more (taking more risk) when funding business projects on reserves and in Indigenous communities because of the limited capacity these enterprises have for capital investment and the viability challenges they face as a result of geographical and technological constraints. Some suggest that a funding program for workforce training and human resource capacity-building would be an effective complement to entrepreneurship promotion efforts.

To improve the return on investment in Indigenous projects, the funding programs intended for these groups should be developed in consultation with the Indigenous communities by engaging community members and entrusting the design and administration of projects and programs to First Nations and Inuit organizations. Governments would need to work with these organizations to help them build the technical capacity they need in order to fulfill and be accountable for these new responsibilities.

Access to funding is a critical issue. A review of the funding criteria of existing programs could ensure that projects responding to the needs and realities of Indigenous communities are given priority. Some lesser-known programs should also be better promoted in the communities. As well, the participants recommend that the administrative processes and technical requirements involved in applying for funding be lightened. And lastly, socio-economic benefits and job creation in the communities should be central criteria, on a par with return on investment, for evaluating performance within the perspective of long-term economic development.



Photo : Roundtable of April 6, 2016, on *Clean Technologies*

3

CHAPTER COLLABORATION OF GOVERNMENTS AND ECONOMIC DEVELOPMENT STAKEHOLDERS

3.1 Governance

When the results of both the call for ideas and the 12 roundtables organized by CED are combined, the organizational, institutional and administrative aspects of project leadership and governance emerge as a central theme. Participants raised numerous issues concerning the practical and strategic sides of governance (Table 10).

Table 10. Governance – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Organized network of stakeholders, innovative cooperation models and growing partnership among social and economic development players
	Political will of local decision-makers to invest in the economic development of rural and outlying areas
	Increased recognition of the essential participation of social stakeholders in economic development
CHALLENGES	Regional partnerships are fragile
	Government practices and institutions need to be modernized
	Local officials in regions far from major urban centres lack financial and decision-making power
	The current approaches used by governments to foster greater inclusion of young people and women in the workforce lack consistency
	There is no clear strategy for harnessing the potential of immigrants, refugees, Indigenous persons or persons with disabilities and promoting their inclusion in decision-making processes
PROPOSED SOLUTIONS	Reviewing program rules and application parameters
	Creating a strategic intelligence network on governance
	Giving local officials in outlying areas more authority over project approval
	Increasing the presence of CED within communities to improve its understanding of regional issues and promote partnership among local stakeholders
	Better coordinating government actions in order to optimize the dollars invested

QUEBEC'S STRENGTHS AND CHALLENGES

Best practices in stakeholder partnership and concerted action

Quebec has a network of social actors and organizations that are tuned in to local realities, proactive and dedicated to the development of local communities and businesses. Various models of partnership and concerted action put in place by social and economic stakeholders have been effective in facilitating the identification of development opportunities in the different regions. Citizens are also becoming increasingly involved in decision-making processes, even within private-sector organizations.

Governance in rural and outlying regions and in the major urban centres

The outlying regions are able to count on the determination of local decision-makers to invest in struggling sectors through various instruments of promotion and development. They are also able to rely on both the solidarity and proximity of economic development stakeholders, two key advantages that are not being fully maximized under existing government programs.

The participants noted that in large urban centres, social actors play an indispensable role in economic development because of their extensive knowledge of local assets and their ability to mobilize stakeholders around growth-generating projects.

Fragility of regional partnerships

Local and regional strategic alliances and partnerships (e.g. public-private partnerships, intersectoral alliances, business alliances, partnerships between universities or technology transfer centres and businesses) are being weakened by a number of factors:

- there are limited sources of recurrent funding for these organizations;
- local stakeholders do not all have the expertise and tools needed to help decision-makers respond to constantly changing needs in the regions;
- it is difficult to achieve the cohesion required to develop a common regional vision because of the diversity of local community needs;
- the economic benefits strategic alliances generate and the ripple effect they create are not sufficiently recognized.

Modernizing government institutions and practices

The participants also mentioned that:

- certain government institutions and practices that were put in place between 1960 and 2000 have become outdated and no longer reflect the new geographical, socio-economic and entrepreneurial realities of the regions;
- the responsibilities of government departments and agencies shift from one government and one year to the next, which social and economic stakeholders find discouraging;
- the administrative and legal requirements that have to be met in Quebec are more stringent than in other provinces and the wait time for project approval is often lengthy;
- the management and production models used in the fishing and forestry sectors no longer allow for the rational and optimal use of resources because of market changes.

Insufficient financial and decision-making power of local officials in remote regions

The lack of financial and decision-making authority of local officials in remote regions is seen as another key issue. The participants feel the practice of piloting regional projects from Montréal and Ottawa has not been effective and needs to be reviewed. This practice, in their view, leaves businesses in remote communities with little access to key decision-makers and strips communities of the political autonomy needed for the emergence of local projects.

Low inclusion of young people, immigrants, persons with disabilities and Indigenous people in decision-making processes

Existing government support measures are beginning to take account of the demographic impact of the aging population in rural and outlying regions and of the negative net migration of the workforce in these regions. However, the participants feel these measures do not adequately focus on the need for increasing the participation of young people in the workforce or harnessing the potential of immigrants, Indigenous people and persons with disabilities, all of whom are still not sufficiently included in decision-making processes.

PROPOSED SOLUTIONS

Creating a “one-stop shop”

Many participants believe thought should be given to setting up an economic development fund that would be jointly financed by the different levels of government, provincial administrative regions, RCMs and municipalities. This fund would be accessed through a “one-stop shop” to reduce the administrative burden on applicants. Others suggest that, instead of a one-stop shop, more joint actions could be taken, such as organizing a fair to showcase the programs of funding agencies, promoting their new initiatives and publicizing the results of their actions.

Creating a strategic intelligence network on governance

It would also be important to consider creating a strategic intelligence network on public program governance. This network would have the mandate of:

- assessing key community needs, by region;
- conducting more rigorous local planning and updating it on a regular basis;
- setting mid- and long-range priorities and how they are to be achieved;
- carrying out a feasibility study on proposals calling for deep-rooted changes to governance, such as:
 - reducing the number of low-population rural municipalities to strengthen sub-regions and consolidate local populations;
 - creating an impartial arbitration body within government agencies to address disputes between businesses and public servants;
 - creating incentives to encourage municipalities to set aside zones for eco-residential developments that would offer affordable and sustainable housing while allowing, promoting and facilitating agroforestry operations.

Better understanding of regional issues by government authorities

The participants believe that government authorities should take various measures to increase their involvement in regions and communities. Among other things, they should:

- take part in networking events and activities to promote the programs and mission of the different government departments and agencies;

- help regions and communities develop innovative and inclusive consultation tools that would reach the entire population, including residents of rural and remote regions;
- promote and coordinate issue tables to foster the inclusion of the various social and cultural groups in decision-making;
- better recognize the role of volunteers (individuals and organizations), without limiting that recognition to symbolic gestures such as plaques and medals.

More approval power for public servants in outlying regions

The participants suggest that public servants (especially in remote regions) be given more authority over project approval, that existing programs be better promoted through popular local communications channels, that customized local development strategies be established in partnership with local agencies and that businesses in remote regions be paired with universities.

Coordinating government action in major urban centres

The participants mentioned the importance in large urban centres of:

- coordinating federal and government funding to optimize the return on investment;
- prioritizing projects with multi-jurisdictional governance and adapting the programs to community need and not type of organization;
- providing incentives to encourage alliance-building among social, economic and political stakeholders;
- trusting well-established organizations to identify needs and solutions;
- evaluating the benefits of granting special status to Montréal businesses in funding programs for two main reasons:
 - i) they do not monopolize all of the available funding;
 - ii) projects can be targeted that foster Montréal's competitiveness among the major cities of North America and the world;
- considering a change in the mode of governance by studying the possibility of drafting and applying land development laws and regulations in coordination with the municipalities and two levels of government to avoid incongruities.

3.2 Clean growth and sustainable development

Sustainable development and the green economy were common themes in the consultations because of the economic opportunities participants see in four main areas: the circular economy, renewable energies, green technologies and the development of local consumption (Table 11).

Table 11. Clean growth and sustainable development – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Existence of Quebec models for the strategic alliance of environmental and economic stakeholders
	Conditions conducive to sustainable development in many industrial sectors (from the vantage point of energy and technology)
CHALLENGES	Economic stakeholders have limited financial leeway for investing in sustainable development
	There is a lack of knowledge about green profitability
	There are not enough incentives to encourage businesses to reduce their ecological footprint
	Funding programs change with every new government and therefore lack stability
	Public administrations do not have enough administrative, regulatory or policy tools for promoting sustainable development
	There is a gap between discourse and action in the transition to sustainable development
	Consumers are not adequately aware of the importance of changing their consumption habits
PROPOSED SOLUTIONS	Providing better financial and technical support to promote strategic alliances and joint initiatives
	Developing and supporting environmental certification and social responsibility programs
	Supporting innovative initiatives that promote sustainable development
	Establishing a strategic market development strategy
	Incorporating principles of sustainable development into CED's selection and performance assessment criteria

QUEBEC'S STRENGTHS AND CHALLENGES

A climate conducive to the alliance of environmental and social stakeholders

Quebec has favourable conditions for implementing a sustainable development approach. The strategic alliances among environmental and social stakeholders in the province take different shapes, and this makes it possible to create new forms of productive partnership, develop innovative intervention models, offer a wide range of highly specialized services and respond more effectively to challenges in different regions.

Conditions conducive to sustainable development

There has also been an increase in recent years of university and government activities relating to the circular economy. These have helped raise awareness among economic stakeholders and decision-makers about how this development model works and the positive benefits it can generate.

The regions of Quebec also have a range of established industrial infrastructure on which they can capitalize and benefit from technology centres in all of the main urban centres. The larger urban centres also have access to railway and waterway systems whose potential could be more fully exploited.

Businesses also have ready access to the resources they need. For example, they can opt for a renewable energy source such as hydroelectricity or rely on the assistance of about 1,000 local organizations working in the clean technologies sector. In short, Quebec's abundance of renewable resources and diversity of clean energy sources can be leveraged for the development of green technologies.

Challenges for businesses

However, a number of challenges are delaying the adoption of sustainable development practices by Quebec businesses. According to the participants:

- businesses lack the resources (time and money) to explore new sustainable development practices and incorporate green technologies into their operations;
- they also lack information and knowledge about the economic benefits of these activities and the diversity of practices involved. Business leaders are often skeptical about the profitability of green technologies and many see sustainable development as an expense rather than a long-term investment. Green technologies are seen as not very cost-effective, and government incentives to promote their adoption are relatively limited;
- too little is being done to discourage the startup of businesses that have negative environmental impacts;

- there are not enough green technology training or trade programs available despite the presence of infrastructure favourable to the development of this industry;
- funding programs for sustainable development and green technology projects are sporadic, change according to the priorities of the government in power, and have eligibility criteria that are poorly understood (or poorly explained);
- products developed through university R&D, such as green technologies, are difficult to transfer to businesses owing to insufficient partnership between the university and business communities.

Challenges for local government agencies

Supporting sustainable development also poses a challenge for local government agencies. For example:

- these agencies lack the resources to fully account for the impact of their environmental and social measures based on precise indicators (achieved outcomes measured against targeted objectives). Without the benefit of comprehensive data and reports, it is difficult for them to establish sustainable development policies and go get the funding needed to put them in effect;
- environmental concerns often compete with other priorities that have a more immediate impact (e.g. productivity).

There is also a gap between what government institutions are saying about sustainable development and green technologies and what they are actually doing to get there. According to the participants, local government authorities:

- are lagging in updating regulations;
- have a low degree of knowledge about the legal and technical requirements of sustainable development practices;
- do not have the means to internalize the external costs of major projects;
- do not systematically reassess energy and water rates to discourage overuse.

Challenges for consumers

Lastly, consumers need to be encouraged to change their consumption habits. The participants feel that not enough is being done to make consumers better aware of the environmental and socio-economic impacts of the choices they make.

PROPOSED SOLUTIONS

Increasing financial and technical support

The participants recommend that governments prioritize financial and technical support for the building of strategic alliances and sectoral partnerships that draw on proven models and deliver both economically and environmentally (e.g. that of the Centre québécois de développement durable). It would also be important to increase financial support to local SMEs (major industrial projects, for their part, already benefit from other sources of funding). Additional ideas to consider would be:

- promoting Canadian and Quebec green infrastructure and social responsibility certification programs;
- providing financial support for urban farming projects;
- funding research on battery energy cold storage;
- scaling up centres promoting green technologies;
- funding projects that would help Canada meet its environmental targets;
- providing financial support for projects to extend the life cycle of products;
- providing incentives for intersectoral partnerships;
- funding studies on production chain optimization in the circular economy;
- providing incentives for reducing energy consumption in processes and transportation.

Initiatives promoting sustainable development

The discussions gave rise to a variety of other project ideas, such as the creation of:

- provincial contests for the implementation of inter-generational projects;
- research chairs on the circular economy and green technology integration;
- a test bed program (where government agencies would test green technologies) and a collective farm program.

Some participants would like to see changes of a more general nature. These include:

- using industrial ecology as a guideline approach for stimulating development in the regions;
- sending a clear signal of support for energy transition in Quebec (e.g. adopting policies and funding measures to that end);
- building a reputation for the Quebec economy as an environmental and social leader (e.g. a Quebec focused on clean energy and partnership).

Initiatives promoting trade

Since external market developments affect the growth prospects of regional economies, the participants believe the government should modify the trade rules to incite large corporations and stores to source locally. They also recommend better positioning the province's Nordic products on Canadian and international markets in order to maximize the economic spinoffs for regions with low growth potential. Also raised was the idea of developing strategic intelligence to gain a better understanding of what Canada's partners at the forefront of sustainable development are doing. This would be useful for identifying business opportunities and implementing policies and regulations that foster the emergence of new markets for low-emission goods and services.

Government criteria and policies

Lastly, the participants would like to see various changes, among them:

- modification of government procurement policies to include sustainable development criteria (e.g. taking the bidders' carbon footprint into account instead of simply selecting the lowest bid);
- establishment of an awareness, information, training, promotion and networking strategy to help SMEs put a sustainable development approach in place;
- inclusion of sustainable development criteria in funding programs;
- creation of support programs for the development of energy pilot projects and incentives for encouraging businesses to adopt clean technologies (e.g. grants, loan guarantees, tax credits or new regulations, procurement policies and certifications);
- long-term investment in every region's transition to energy independence and the sending of political and economic signals promoting the progressive shift toward local, renewable energy sources.

3.3 Labour

Labour was a central concern for all participants in the CED engagement activities. While workforce training is a provincial jurisdiction, this issue was the subject of numerous comments and suggestions that could prove useful to CED's partners, among them the Government of Quebec (Table 12).

Table 12. Labour – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Social and cultural diversity
	Presence of many workforce training and development actors in Quebec
CHALLENGES	Difficulty of recruiting and retaining skilled workers in remote regions
	Aging population
	Poor alignment between training programs and business needs
	Absence of retention strategies and action plans
	Poor awareness of programs and projects for workforce attraction and retention
	Stronger competition from other countries with lower labour costs
	Lack of local skilled labour in high-tech fields
	Under-use of new immigrants as a labour source
PROPOSED SOLUTIONS	Helping municipalities equip themselves with infrastructure, facilities and services to attract skilled labour
	Acting to better harness potential labour
	Raising the visibility of training programs
	Increasing funding for training programs
	Developing labour recruitment and coaching programs in partnership with local organizations
	Offering better financial support to businesses to help them hire highly skilled staff

QUEBEC'S STRENGTHS AND CHALLENGES

Diversity of the Quebec workforce and labour availability and attraction in rural and outlying regions

Quebec has a diversified, skilled, available and affordable workforce, but one that is not being fully leveraged for local and regional economic development. The labour pool includes a new generation of young graduates and entrepreneurs, foreign students, new immigrants and persons with mild cognitive or physical disabilities.

Attracting labour to rural and outlying regions is an ongoing challenge because:

- these regions have limited job opportunities;
- the labour profile does not always match the skills businesses are looking for;
- there are not enough post-secondary institutions in these regions;
- young people are less interested in working in traditional sectors such as mining, forestry and agri-food;
- the cost of setting up a new business in the regions is high;
- the population is aging;
- the massive layoffs periodically carried out by major employers create a climate of uncertainty;
- certain key services (e.g. reliable Internet access) are sometimes lacking.

Presence of various workforce training and development players

The existence of university centres and networks helps diversify opportunities for workforce training and development. The presence of industrial clusters and of entrepreneurship support organizations also facilitates skills development in the workforce. However, problems remain:

- the availability of training is growing at a slower pace than business needs;
- the most popular programs no longer meet the needs of the market;
- lack of funding is forcing institutions to keep only their general education programs and limit specialized training;
- without investment, it is difficult to improve the availability and accessibility of education and training programs in outlying regions.

Insufficient promotion of workforce attraction and retention programs

The many programs that exist for attracting and retaining labour in the regions should be better promoted, exploited and funded. For example:

- municipal advertising and marketing to promote the high quality of life in the regions;
- regional placement by teaching and training establishments;
- the adoption by some businesses of new practices such as telework.

Low capacity of businesses to compete for labour

The participants believe many businesses have a limited capacity to compete for labour. This is due mainly to:

- strong competition from businesses in regions and countries with lower labour costs;
- constantly evolving technologies that demand a skilled workforce and ongoing training for employees;
- high worker mobility and turnover in sectors with seasonal operations;
- administrative constraints that prevent the recognition of foreign diplomas.

PROPOSED SOLUTIONS

Actions should be taken with municipalities, local organizations, teaching establishments, businesses and labour to address these challenges.

Actions with municipalities

It would be important to:

- provide funding to municipalities to help them rapidly develop the infrastructure, facilities and services needed to attract and retain a skilled workforce;
- adopt regional recovery strategies when large job-generating plants make massive layoffs;
- support key labour recruitment and coaching organizations and capitalize on their knowledge of local workforce needs.

Actions with teaching establishments

The participants suggest:

- providing incentives to strengthen alliances between industries and universities or other teaching establishments;
- increasing funding for the establishment of training programs to keep pace with the fast-growing needs of businesses and Quebec society;
- better aligning training opportunities with available jobs on the labour market;
- improving the visibility of training programs by developing strategies targeting prospective labour (e.g. young people, new immigrants);
- supporting training programs in high-tech sectors and ensuring their availability in both official languages.

Actions with businesses

Here, the participants recommend:

- helping startups, in their initial years of growth, offer competitive working conditions to new recruits and young professionals and supporting their training, mentoring and immersion efforts;
- supporting businesses looking to institute telework to help counter high labour costs in outlying regions;
- helping seasonal enterprises develop activities for off-peak seasons;
- assigning skilled public servants to manage major projects;
- ensuring the presence of an ambassador for Quebec SMEs at major recruitment and networking events in Canada and abroad.

Actions with prospective labour

The recommendations in this area are to:

- better control the use of foreign labour by ensuring its complementarity with the locally available workforce and by adopting a long-term vision of labour market needs;
- providing preparatory training to accelerate the workforce entry of new immigrants and persons with mild cognitive or physical disabilities;
- increasing partnership between businesses and universities to facilitate recognition of foreign diplomas;
- increasing the availability and funding of paid workplace internship programs for students and young professionals;
- developing programs to encourage and welcome the return to the regions of students and young professionals upon completion of their studies;
- extending the duration of student visas (to include the first years after graduation) and increasing Quebec's foreign student retention rate.



Photo : Roundtable of March 10, 2016, on *Innovation and Industrial Clusters*

3.4 Funding

Funding is a key issue for the regional economic development players and stakeholders that took part in the engagement activities. For funders and investors, it is one of the main ways to support initiatives that are likely to have a significant economic impact on the regions and to foster innovation and business development. For the various beneficiaries, it is critical to their activities (Table 13).

Table 13. Funding – Topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Varied funding opportunities through public, parapublic and private channels
	Large share of investment and capital concentrated in Montréal
	Existence of centres of excellence that attract external investments in the manufacturing regions
CHALLENGES	Programs often target pre-defined sectors, and most of the funding in outlying areas comes from government sources
	Program rules are rigid (projects must fit eligibility criteria)
	Because of their administrative burden on businesses, the programs are more accessible to established companies than to startups
PROPOSED SOLUTIONS	Providing more generous financial support for business support organizations, telecommunications infrastructure projects and technology projects
	Modernizing funding programs by accounting for the particular characteristics of the regions and business sectors as well as the stage of development of businesses

QUEBEC'S STRENGTHS AND CHALLENGES

Diversity of funding opportunities and attraction of investment in strategic hubs

Quebec businesses have access to a wide variety of funding opportunities through governments and private-sector organizations (such as financial institutions). A large share of the investment and capital is concentrated in the Montréal region, which is particularly well served in this regard. Its businesses therefore have privileged access to a broad array of funding sources. The other regions of Quebec benefit from the presence of centres of excellence (e.g. agri-food technopolis in Mauricie and university hub in Sherbrooke) that attract outside investment and support local entrepreneurs by helping them promote and finance their activities.

Narrow programs, insufficient funding and rigid criteria

However, the participants complain that:

- Quebec's entrepreneurial elite has little involvement in business projects in rural and outlying regions;
- grants are insufficient and tend to favour traditional industrial sectors over lesser-known emerging industries;
- not enough strategic investments are being made to modernize the processes for businesses;
- funding criteria are poorly adapted to the new entrepreneurial reality;
- funding needs far exceed available budgets for business startup and growth projects and innovation.

Constraints linked to business size and stage of growth

The consultation activities brought to light a number of challenges faced by innovative startups:

- funding programs are weighted in favour of loans rather than grants, which puts a heavy financial burden on the recipients;
- too few programs encourage the internationalization of business operations, products and services;
- applying for funding involves time-consuming administrative processes and businesses have to meet exacting requirements (e.g. have the financial backing of a private partner beforehand);
- businesses often do not have the means needed to develop and implement a marketing strategy because most of their resources are tied up in production.

Established businesses, for their part, have little leeway to test new processes and need greater financial support to be able to do so. The organizations and associations that deliver guidance, hosting or technology transfer services to these business clients also have limited financial capacity, which restricts their ability to provide long-range project monitoring.

PROPOSED SOLUTIONS

The participants suggest improving financial support, modernizing existing programs and accounting for regional particularities to help address these challenges.

Providing more and fairer funding

The participants noted the importance of:

- increasing funding to the organizations that group and support businesses. This should be done before creating any new structure or program;
- better supporting the deployment of digital technologies and telecommunications infrastructure to help improve the productivity of businesses;
- better promoting innovation and succession training.

Other solutions include giving projects more level treatment in the funding process (a company should not be penalized for its sector, size or stage of growth) and developing funding models that favour grants over loans, especially for pre-startups, startups and businesses looking to innovate.

Modernizing existing funding programs

In this area, the suggestions include:

- using funding programs to support collaborative projects (e.g. projects for the acquisition of shared equipment or infrastructure) and allowing the combination of small projects;
- providing financial assistance for joint studies or business plans to promote economic diversification of the regions;
- implementing a preventive program (the terms of which would have to be determined) to allow for anticipated support to businesses before they find themselves in a precarious situation;
- setting up loans programs for SMEs in ethnocultural communities to better harness the workforce potential of immigrants and provide job opportunities in key sectors where there is a shortage of local labour;

- softening and simplifying the eligibility criteria, administrative requirements, repayment terms and accountability rules of programs;
- establishing a generic set of criteria for all sectors and regions as well as a more specific set of criteria adapted to the different contexts of businesses;
- streamlining administrative rules in the case of funding renewal;
- taking the long-range profitability and community impacts of a project into account in funding decisions— not just its return on investment;
- providing funding to startups without requiring a prior guarantee of private financing;
- developing intervention strategies for periods when the exchange rate is unfavourable.

Identifying and acting on regional particularities

To better account for regional particularities, the participants propose:

- giving equal treatment to any project (irrespective of sector) that has the potential to generate a positive return on investment in less than 24 months as well as significant long-term economic benefits;
- prioritizing projects with strong growth potential by offering them a funding guarantee;
- lightening the administrative burden for business support organizations and helping them promote their activities within their regions;
- providing tax credits to local businesses to help them attract the skilled labour required to meet their needs;
- funding transportation to help lower costs for businesses;
- ensuring intergovernmental cooperation to better administer existing programs and ultimately maximize funding to businesses.



Photo : Roundtable of March 10, 2016, on *Innovation and Industrial Clusters*

3.5 Infrastructure

Transportation and telecommunications infrastructure and urban and regional facilities serve households as well as producers of goods and services. The availability and quality of these resources have a major impact on the economic activities of Quebec businesses and regions. Various issues relating to this theme were raised by participants (Table 14).

Table 14. Infrastructure – Summary of topics discussed

CATEGORY	TOPICS DISCUSSED
STRENGTHS	Existence of diversified urban infrastructure and facilities
	Low construction costs given the abundance and proximity of natural resources, access to energy and a motivated workforce
CHALLENGES	Transportation and telecommunications infrastructure is lacking and does not reflect the changing market or evolving needs of the emerging generation of entrepreneurs
	The municipal infrastructure in many growth-generating urban centres is aging
	Infrastructure projects are being carried out without adequate consideration of climate change
PROPOSED SOLUTIONS	Developing a broader and more generous funding program for infrastructure
	Establishing a prioritization strategy based on the modernization of infrastructure, coordination of action and maximization of socio-economic and environmental benefits

QUEBEC'S STRENGTHS AND CHALLENGES

Uneven availability of infrastructure in the regions

Infrastructure assets vary from region to region. In the metropolitan regions of Montréal and Québec City, the density and diversity of transportation and telecommunications infrastructure and availability of community facilities allow for the accommodation of large-scale events. These regions, along with Quebec's other large urban centres, also benefit from the presence of universities and general and vocational colleges (CEGEPs).

Rural and outlying regions, for their part, have access to a vast network of ground, water and rail transportation that allows them to connect with Canadian and international markets without having to transit through Quebec's major cities. Infrastructure building and expansion costs are comparatively low due to the abundance and proximity of natural resources, the ready availability of energy and the presence of a labour force that is ready to work.

The participants noted a number of challenges relating to transportation infrastructure:

- the ground, rail and airport infrastructure and facilities that enable people and goods to circulate freely among the regions of Quebec are insufficient;
- funding for the construction of new and upkeep of existing infrastructure is inadequate;
- the infrastructure programs currently offered by the two levels of government are too complex and their administrative procedures and funding criteria vary too much from one level to the other;
- the infrastructure is aging and communities do not have the financial resources needed to do all of the upkeep and improvement required;
- climate change response measures are not being systematically implemented in infrastructure upkeep and improvement projects, neither in terms of the use of more weather-resistant and sustainable materials nor in the planning of transportation systems that could replace cars.

Telecommunications infrastructure

The participants noted that in many areas outside the metropolitan regions, the lack of reliable access to high-speed Internet and cellular services is a key problem resulting from the absence or inadequacy of telecommunications infrastructure. This limits the ability of regions to attract new entrepreneurs who have specific technology needs.

Proposed solutions

Expanding infrastructure funding programs

Given the growth-building role of infrastructure in regional economic development, the participants believe that it would be important when reviewing the existing infrastructure funding programs to open them up to more projects and provide more generous funding. To that end, they recommend the adoption of an agenda that could include such measures as:

- increased funding for the implementation of telecommunications infrastructure province-wide;
- incentives for telecommunications and Internet service providers to expand their coverage areas;

- design of a tax measure to help subsidize telecommunications and Internet services in rural regions through tax revenues (local self-financing);
- funding for municipalities to support their efforts to integrate new technologies into the various community facilities on their territory;
- higher investment in the diversification of transportation modes to facilitate the circulation of both people and goods;
- consolidation of transportation infrastructure linking large urban centres to small rural and outlying communities;
- continued and improved partnerships among economic stakeholders to maximize the impacts of investments currently being made in Quebec's metropolitan regions to make public transportation more accessible, affordable and efficient.

Implementing an infrastructure investment prioritization strategy

According to participants, a strategy should be put in place for prioritizing infrastructure and community facility projects that would:

- focus on refurbishing and modernizing existing infrastructure and facilities before considering new projects;
- leverage interoperational (e.g. roads, energy, telecommunications), intergovernmental (e.g. federal-provincial-municipal) and intersectoral (e.g. public-private) coordination;
- evaluate the socio-economic and environmental benefits of projects (e.g. impact on workforce retention) and adapt the funding programs to the specific needs and realities of the different regions.

Lastly, it would be important to rapidly deploy infrastructure that gives businesses access to the labour, inputs and goods they need. A similar initiative is proposed for the tourism sector to help expand the tourist base and make Quebec's attractions more competitive and enticing.



Roundtable of April 6, 2016, on
Clean Technologies

CONCLUSION

CED LAUNCHED ITS ENGAGEMENT STRATEGY SO THAT CITIZENS, ENTREPRENEURS, ORGANIZATIONS, RESEARCHERS AND OTHER DEVELOPMENT STAKEHOLDERS COULD JOIN IN A PRODUCTIVE DIALOGUE ON THE ECONOMIC DEVELOPMENT OF QUEBEC REGIONS. THIS REPORT SUMMARIZES THE COMMENTS SHARED BY MORE THAN 1,000 PARTICIPANTS.

This exercise was an opportunity to gauge the key issues of the day, pinpoint the many strengths of Quebec and its regions, identify the different challenges they are facing and explore avenues that can set Quebec regions on the path to greater economic development.

The main principles that emerged from the findings confirm that what the Government of Canada has set out to do through its priorities and what the participants believe needs to be done are entirely in sync:

- Leveraging innovation and entrepreneurship as drivers of economic growth;
- Basing government actions on the reality in Quebec regions ("place-based");
- Capitalizing on the regions' comparative assets and advantages;
- Ensuring the complementarity of municipal, provincial and federal interventions and collaboration with economic development stakeholders;
- Supporting and promoting the establishment of a green economy.

The high degree of participation and wealth of information received illustrate the extent to which the public and regional economic development stakeholders care about the future of Quebec regions and their development.

The implementation of this Engagement Strategy marks the starting point of a long and constructive dialogue. Its results confirm the importance of the strategic role CED plays in furthering the economic development of Quebec regions and the key priorities of the government's agenda.

GLOSSARY

A - C

AGRI-FOOD

The full range of business activities associated with the production, processing, development and packaging of agricultural products intended for human and animal consumption.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=6698> (In French)

AGRITOURISM

A form of tourism in which customers stay in accommodations on working farms.

http://www.btb.termiumpius.gc.ca/tpv2alpha/alpha-fra.html?lang=fra&i=1&srchtxt=agrotourisme&index=frw&codom2nd_wet=1 (In French)

AGROFORESTRY

A rural land use management system in which trees or shrubs are grown around or among crops or pastureland, for an interaction that produces economic, environmental and social benefits.

https://www.agrireseau.net/agriculturebiologique/documents/Agroforesterie_au_Quebec_final_fr.pdf (In French)

BUSINESS ACCELERATOR

Typically a for-profit organization owned and operated by for-profit venture capital investors, who intend to generate returns from equity-based investments in their client firms.

<http://www.canadabusiness.ca/eng/blog/entry/4877/>

BUSINESS INCUBATOR

An organization that nurtures young startup firms by providing them with office space, assorted services, consulting support and training until they become autonomous and by promoting relations with established companies.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=6662> (In French)

CANADIAN INNOVATION COMMERCIALIZATION PROGRAM

The Canadian Innovation Commercialization Program (CICP) was created by the Government of Canada to help kick-start businesses and get their innovative products and services from the lab to the marketplace.

http://www.btb.termiumpius.gc.ca/tpv2alpha/alpha-fra.html?lang=fra&i=1&srchtxt=programme+canadien+commercialisation&index=frw&codom2nd_wet=1

CENTRE/NICHE OF EXCELLENCE

An organizational environment in which an assemblage of organizations, on a defined territory, are engaged in related and interdependent activities and work in partnership and in competition with one another, in a sector where a region has succeeded in standing out by virtue of particular expertise and products and where researchers and skilled labour are employed.

<https://www.economie.gouv.qc.ca/objectifs/informer/creneaux-dexcellence/> (In French)

GLOSSARY

C - H

CIRCULAR ECONOMY

An economic approach within the scope of sustainable development that draws on the notions of green economy, product-service system, economy of performance and industrial ecology (where the waste or by-product in one industrial process is used as an input in another).

http://www.btb.termiumpius.gc.ca/tpv2alpha/alpha-fra.html?lang=fra&i=1&srchtxt=%C3%A9conomie+circulaire&index=frw&codom2nd_wet=1

COLLECTIVE ENTREPRENEURSHIP

The association of businesses organized under a legal status that permits collective ownership, as in the form of not-for-profit organizations or cooperatives.

<https://www.cdec-centrenord.org/economie-sociale-definitions/> (In French)

COLLEGE TECHNOLOGY TRANSFER CENTRE

Applied research centres recognized by the ministère de l'Éducation, du Loisir et du Sport and affiliated with Quebec CEGEPs and colleges. Part of the Réseau Trans-tech, these centres provide technical support, technological development, and information and training to businesses to help further the development and execution of innovation projects and the implementation and dissemination of new technologies.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=2141> (In French)

ECONOMY OF SCALE

Reduction in the unit cost of a product as the volume of production increases.

http://www.btb.termiumpius.gc.ca/tpv2alpha/alpha-fra.html?lang=fra&i=1&srchtxt=%C3%A9conomie+d%27%C3%A9chelle&index=frw&codom2nd_wet=1

FREE TRADE AGREEMENT

Treaty between two or more countries to eliminate tariff and non-tariff barriers that can hinder trade.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=101> (In French)

GREEN/CLEAN TECHNOLOGY

The range of industrial techniques designed to reduce or prevent all forms of pollution by rationalizing the use and management of raw materials and energy sources.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=4635> (In French)

HUMAN CAPITAL

The collective capabilities, knowledge and skills of individuals, acquired through education, training and experience.

http://www.btb.termiumpius.gc.ca/tpv2alpha/alpha-fra.html?lang=fra&i=1&srchtxt=capital+humain&index=frw&codom2nd_wet=1

GLOSSARY

E - S

INDUSTRIAL AND TECHNOLOGICAL BENEFITS (ITB) POLICY

The Industrial and Technological Benefits policy ensures that Canada's investments in defence goods and services foster the long-term growth and viability of the Canadian defence sector; promote the growth of Canada's key producers and suppliers, including small and medium-sized enterprises, in all regions of the country; improve innovation through technological research and development in Canada; and bolster the export potential of businesses in Canada.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=4626> (In French)

INDUSTRIAL CLUSTER

Geographic concentration of interconnected companies, government institutions, research institutes and universities working in a particular industrial sector, such as in telecommunications, life sciences or nanotechnology.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=6197> (In French)

INDUSTRIAL PARK

An area designed and zoned to house manufacturing, distribution and service enterprises.

http://www.btb.termiumplus.gc.ca/tpv2alpha/alpha-fra.html?lang=fra&i=1&srchtxt=parc+industriel&index=frt&codom2nd_wet=1

KNOWLEDGE ECONOMY

An economy founded on knowledge and technological innovation as the drivers of growth and wealth creation.

http://www.btb.termiumplus.gc.ca/tpv2alpha/alpha-fra.html?lang=fra&i=1&srchtxt=%C3%A9conomie+du+savoir&index=frw&codom2nd_wet=1

NET MIGRATION

The immigration to less the emigration from an area; in other words, the difference between the number of people moving into a given area versus those moving out of it.

<https://monitoringdesquartiers.brussels/indicators/bilan-migratoire-avec-le-reste-de-la-region/> (In French)

SMART CITY

A developed urban area that uses new electronic and digital technologies to improve its citizens' quality of life through optimized management of urban housing, transportation, energy and communications infrastructure.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=17022> (In French)

SOCIAL ECONOMY

Economic activities carried out by community organizations (associations, cooperatives, mutuels, etc.) with a goal of solidarity and collective well-being as opposed to profit-seeking.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=4626> (In French)

GLOSSARY

S - V

STARTUP

A young innovative, dynamic and typically fast-growing business.

http://www.btb.termiplus.gc.ca/tpv2alpha/alpha-fra.html?lang=fra&i=1&srchtxt=start+up&index=frw&codom2nd_wet=1

SUSTAINABLE DEVELOPMENT

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

http://www.btb.termiplus.gc.ca/tpv2alpha/alpha-fra.html?lang=fra&i=1&srchtxt=d%C3%A9veloppement+durable&index=frw&codom2nd_wet=1

TECHNOLOGY SHOWCASE

A demonstration centre intended to give suppliers in the field of information and telecommunications technologies the opportunity to showcase their products and services; to inform government departments and agencies, parapublic organizations and State-owned corporations of the existence of products and services available on the market; and to give enterprises the opportunity to do business on the public and parapublic market, thereby furthering their growth.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=13249> (In French)

TEST BED

A platform for testing innovative new products and processes.

<http://www.linternaute.com/dictionnaire/fr/definition/banc-d-essai/> (In French)

VALUE-ADDED PRODUCT

A product that has higher value because it stems from an innovation, has undergone special processing and distribution, or fits into an emerging niche for which there is an opening in the market.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=10089> (In French)

VALUE CHAIN

All of the activities, from the receipt of raw materials to post-sales support, that together create the value of a product.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=13249> (In French)

VENTURE CAPITAL

Capital that is invested in high-risk ventures and whose returns are typically based on how well or how poorly the venture performs.

<http://www.thesaurus.gouv.qc.ca/tag/terme.do?id=1939> (In French)



Roundtable of March 23, 2016, on the
Transition to Digital and Web Technologies



Canada Economic
Development
for Quebec Regions

Développement
économique Canada
pour les régions du Québec

Canada 