

1005-2106-6

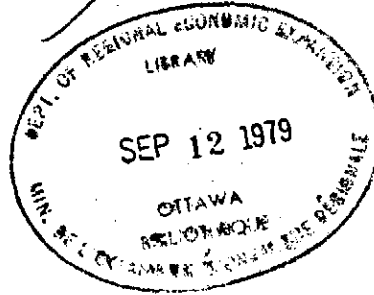
HN
110
A8
A82
C.2

SUPPORT FOR INDIGENOUS DEVELOPMENT

ASAL

SEP 29 1977

ATLANTIC REGION



PROGRESS REPORT - FINAL

Prepared

For

Department of Regional
Economic Expansion,
Moncton, New Brunswick
Contract No. 2106

by

Audlen Projects Limited
Chester, Nova Scotia
November 30, 1974.

HN
110
A8
A82



Government
of Canada

Gouvernement
du Canada

Regional
Economic
Expansion

Expansion
Économique
Régionale

OVERVIEW

"The views expressed in this report are those of the Consultant and are not necessarily those of the Department of Regional Economic Expansion. The report has been utilized as appropriate keeping in mind the goals and objectives of the Department."

FORWARD

The activities and analysis outlined in this report were undertaken over the period from January 1 to November 30, 1974, pursuant to the terms of contract 2106 signed between the Atlantic Region office of the Department of Regional Economic Expansion and Audlen Projects Limited of Chester, Nova Scotia. The terms of reference of the contract were:

"Generally, the Consultant is to undertake the development and testing of basic information, strategies and mechanisms related to regional projects in the areas of local communities development, services to entrepreneurship, and computer/communications in the Atlantic Region.

Specifically, the Consultant is to investigate the development opportunities in the Atlantic Region for the following:

- (a) Local Communities Development
The development of local communities by exploring methods to assist the Atlantic Region in the establishment of support and services systems for local communities through which they may organize and manage a process of directed change;
- (b) Services to Entrepreneurship
Services to entrepreneurship by fostering the development of an integrated and comprehensive set of support services which will promote and facilitate the growth of small business and new product development in centres throughout the Atlantic Region; and
- (c) Computer/Communications Industry Development
The development of computer/communications by developing the commercial skills and capacity in the computer/communications field so as to service

(ii)

centres throughout the Atlantic Region and to do so as a viable enterprise system which generates income and employment and which services the needs of Atlantic users."

This work was pursued under the direction of three senior officers in Moncton and in association with the field officers of DREE in the Atlantic Provinces. For two of the activities - Servicing Entrepreneurship and Local Communities Development - the Directors General in the provinces were responsible for those elements which were deemed to be essentially of provincial rather than regional concern.


In performing this work, Audlen Projects Limited has had the assistance of the following associates:

G. R. Hollingsworth	R. Tomlinson
T. Shevciw	D. W. Gallagher
D. Baker	H. Verge
R. Grazley	S. Langmaid
	N. Matossian

The company as well has received extensive assistance, co-operation and encouragement from many individuals in departments of the federal government; in the provincial governments in the Atlantic region; and from concerned individuals in the private sector. Dr. P. Briant and Dr. M. Doctoroff were associated with the company in the work related to Computer/ Communications Industry Development and Mr. C. Raymond of the Maritime Resource Management Service provided assistance in work associated with the Regional Communities Development activity.

Notwithstanding this assistance, Audlen Projects Limited remains responsible for the activities, analysis and recommendations developed pursuant to the contract and presents this report in fulfillment of the terms of that contract and the understandings related thereto.

Respectfully Submitted,



Leonard E. Poetschke,
President,
Audlen Projects Limited

CONTENTS

INTRODUCTION

PERSPECTIVE ON INDIGENOUS DEVELOPMENT.	1
1. Policy Setting	
2. Capability for Service	
3. Policy Issue	
4. Opportunity for Action	
BACKGROUND TO CONTRACT ACTIVITIES	6
1. Response to Findings.	
2. Objectives	
3. Approach	
4. Reporting Process	

ACTIVITIES

OVERVIEW	9
1. Opportunities for Action	
2. Activity Elements	
LOCAL COMMUNITIES (AREAS) DEVELOPMENT	12
1. Scope of Activities	
2. Managing the Developmental Process	
3. Developmental Data and Information Services	
4. Conclusions	
SERVICES TO ENTREPRENEURSHIP	19
1. Scope of Activities	
2. The Business Support System	
3. Private Sector Involvement	
4. Policy & Small Business	
5. Conclusions	
COMPUTER/COMMUNICATIONS INDUSTRY DEVELOPMENT	29
1. Background	
2. Action Taken	
3. Proposal	
4. Conclusion	

CONCLUSIONS

PERSPECTIVE ON DEVELOPMENT	32
INTERRELATIONSHIPS OF ACTIVITIES	33
ACTION FORMAT	35

ANNEX

TABLE OF REPORTS SUBMITTED	
----------------------------	--

SUPPORT FOR INDIGENOUS DEVELOPMENT

ATLANTIC REGION

(Final Report)

INTRODUCTION

PERSPECTIVE ON INDIGENOUS DEVELOPMENT

1. Policy Setting

Development policy in the Atlantic provinces has traditionally provided subsidies and loans to support investment in manufacturing to create jobs and income, and grants for physical works to make available essential services and facilities. In July 1973, with the conclusion of the policy review, the Department of Regional Economic Expansion began gearing itself for a more dynamic role in the development process. In addition to the former responsive measures the Department can now work actively with the provinces to initiate a range of co-ordinated measures and assistance for major development projects identified as providing opportunity for economic growth.

Because these are generally major projects with significant impact, federal and provincial officers can be assigned responsibility for developing and gaining agreement on an integrated set of policies and assistance to generate action. This may be action developed directly with the private sector interests such as is occurring with the Halifax waterfront, the Canstel project and others currently under review by DREE and the provinces. It may be action to integrate a range of policies and assistance in support of rationalization and increased productivity in a resource sector, such as the subsidiary agreement for forestry in Newfoundland.

These activities can provide the base for viable economic development. It cannot be assumed, however, that the employment and income generated by major projects or the increased productivity from resource

rationalization will automatically create a viable self-sustaining economy. The accumulating evidence is, rather, that it will not. Without the emergence of many small scale, linked, economic activities, resource rationalization leads to decreased employment and the spinoff potentials of major projects are never realized.* Since the activities are small scale, they cannot be pursued and supported individually. Their success depends upon the capability of the indigenous economy to serve their business needs as effectively as their competition outside the region is served.

2. Capability For Service

The economy of the Atlantic region does not service business needs effectively.** Rail transportation is high cost, accident prone, slow and unreliable. Air passenger services are inadequate to such an extent that the most efficient centre from which to service business in Atlantic region centres is Montreal. The second best is Toronto with Halifax a poor third. When supplies of materials are scarce in outside centres, the marginal Atlantic market is the first to be cut back and the last to be restored. Minimal stocks are available in the region and at the best of times delivery dates are uncertain.

Private sector services to business are limited and often lacking in specialist expertise required for product or business development. There are no venture capital firms operating east of Montreal and banks in the region seldom lend to small companies without personal guarantees. Consultant capability is limited in areas such as industrial design, and in areas where

* See discussion on Bridgewater, Page 14, of this report.

** Weaknesses in the indigenous economy of the Atlantic provinces are outlined in the reports on Economic Circumstances and Opportunities for the region and the provinces, tabled in the House of Commons in April 1973. These reports are based on numerous in-house studies undertaken by DREE in the course of the Policy Review.

specialist skills are required for aspects of assessment of technical and commercial feasibility for preparation of business plans and for other aspects of business development and operation that need special attention. Well established and successful firms can gain access to such services, but with these service firms located outside the region, they are not actively promoting, nor are they accessible to small or newly forming ventures.

The communications sector is equally weak. The Canadian Broadcasting Corporation reduces its transmitting power, between sundown and dawn, and large numbers of people have limited or no access to national broadcasting - French or English. Many rural telephone exchanges are party lines, some still with hand cranks and even in populated areas such as South Shore Nova Scotia, direct long distance dialers are interrupted to give their number before connections are made. There are long waits for operators and connections are often weak and subject to disconnects. These are totally inadequate systems for modern data transmission technology and complicate even standard business and personal communications.

At the local level, cumbersome decision making machinery, financial dependency and limited access to essential technical competence, constrain leadership in local government. These factors create disadvantages and problems for potential development activity particularly in areas outside major cities. These problems are at least as disadvantageous for smaller scale development as for large. Yet, because the scale of operations is small, no special initiatives can be taken to meet the specific needs of each investment potential as is possible for a major project. In these circumstances the overall effect is discrimination against local small scale development.

There are other problems more subtle, but significant for small scale development. There is a lack of confidence in ability to organize and act. Assessments

of opportunity are pessimistic based on experience in fighting the deficiencies of the economic support system. There has grown up, in consequence of this situation and government policy responses to it, strong attitudes of dependency within the Atlantic region economy.

In this environment the opportunities for self-starting, self-sustaining business activity are limited, particularly for firms attempting to sell in markets external to the region. Large scale developments, made to happen through specific public sector intervention to override these problems, can provide an essential economic base. Without deliberate action to gradually improve the inherent capability of the regional economic support system, however, much of the real potential for economic development generated by large projects will remain unrealized and certainly out of reach of the majority of residents of the Atlantic Region.

3. Policy Issue

Indigenous development requires competitive access to essential materials, services, finance, technical expertise, and markets. It requires effective partnership with effective government at the local level as well as senior levels. It requires a growing sense of venture, change and self-reliance. Indigenous development, given opportunities generated by major projects, depends on competence.

Current operating policy of DREE and the provinces is essentially confined to policy and program support of major projects for the purpose either of creating jobs and income or of increasing productivity in the resource sectors. At issue is whether to attempt, as a matter of development policy, to supplement this action with direct and specific action to improve the capability of the Atlantic economy to foster and support indigenous development - action to improve transportation, distribution and communication; action to secure stable supplies of essential materials; action to improve access to finance and technical services; action to improve effectiveness of decision-making, leadership and response in the public sector; and action to achieve widespread understanding of the complementarity, but fundamental difference between assistance to generate economic activity and assistance to develop the capability of the economic support system of the region to foster and sustain competitive economic activity.

4. Opportunity For Action

During and subsequent to the policy review, studies were made of a number of areas where action might be initiated to strengthen the capability of the regional economic support system. Opportunities for action were identified for transportation, communications, steel, and housing. Approaches were outlined for possible action for local area development, and for product and small business development. These studies did not go beyond the preliminary stages, but they identified potential opportunities for government initiative.

Emerging from the work on transportation is the proposition that there is an unparalleled opportunity to create, largely with private sector capital, a transportation gateway in the region, giving Atlantic businessmen access to supplies and markets on terms that could never be duplicated by public sector support. The conclusions of the assessment were that this activity should be pursued vigorously. The direct jobs and income created will be an added development bonus, but the critical benefit would be the major and fundamental improvement in the competitive position of Atlantic firms dependent upon these services.

As with transportation, Atlantic region requirements for efficient communication services are as great as other areas, but the market at present cannot justify private investment sufficient to create a sophisticated system, nor can public expenditures be justified to any great extent. Again, however, emerging from the policy review was the identification of an opportunity to stimulate development of a computer/communications industry. Successful pursuit of this opportunity could engender private sector investment to upgrade communications service. Equally important, development of computer and software capability in the Atlantic region would ensure access of Atlantic region firms to sophisticated and evolving computer/communications technology which, in the coming years, will probably prove as important to the competitive position of Atlantic firms as transportation is at present.

The search for security of materials supplies, during the course of the review, led to the identification of the opportunity for steel production in the Atlantic provinces. The base steel project which emerged from the analysis was so large that the job and income component emerged more important than the regional supply considerations. Work on this project was thus launched immediately and it is to be hoped that in the final negotiations, sight will not be lost of the opportunity for the region to garner some rights to guaranteed deliveries of steel products essential to the stable operation of firms in Atlantic-Canada.

Opportunities were similarly identified with respect to housing and, to a more limited extent, air passenger services. Some in-house work was done to identify possible approaches with respect to building capability in the housing sector in the region, but no action has been taken as yet. For development of local areas and support to small business, most of the later work of the review was devoted to identifying possible approaches to building capability in these areas.

BACKGROUND TO CONTRACT ACTIVITIES

1. Response to Findings

The conclusions drawn from this work on development approaches were presented to the Atlantic provinces and to the field directors of DREE for discussion in October 1973. In general the responses were reserved. The priorities of the provinces, as expressed by the officials, were essentially directed to major projects particularly in the resource sectors. In the face of the work to be done in these sectors and in relation to major manufacturing project opportunities such as steel, offshore drilling activities and others, there was little enthusiasm to add to the work-load activities which were both complicated and were not likely to engender jobs and income directly and at an early date. With the exception of the initiative on computer/communications, which it was decided to move

forward as a regional project, the provinces proposed to delay action in other areas related to indigenous development and, in general, to treat such action as projects vying for priority in each province among other projects which might generate jobs and income.

In these circumstances there was no immediate possibility of launching an integrated effort at building the capability of the economic support system in the Atlantic region. Rather than abandon the concept, the regional office of DREE at Moncton decided on a pragmatic approach. Audlen Projects Limited was commissioned to explore approaches, opportunities, benefits, strategies and elements of possible action, project by project and province by province for three major initiatives identified as important elements in building regional capability to foster and sustain indigenous development. These initiatives included Computer/Communications Industry Development; Services to Entrepreneurship; and Local Communities Development which has since become more preferably known as Local Areas Development. While work was undertaken with all provinces, at present all of the Atlantic provinces are involved in the Computer/Communications initiative; Newfoundland and Nova Scotia in the initiative on Local Areas Development; and only Nova Scotia in Services to Entrepreneurship.

2. Objectives

The Atlantic Regional office of DREE, in commissioning this work, sought to maintain the momentum of the policy review activities in exploring the concept of support to indigenous development and the possible means to provide it. Had this momentum been lost amid the difficulties of re-organization and the priorities of drafting agreements for major projects, it might have been difficult to revive and in any case much time would have been lost.

The objective of the work undertaken was to test, by specific example, the potential, the issues, the action and the costs required to launch specific initiatives designed to strengthen the capability of the

regional economic support system. It was hoped that sufficient joint work would be done to permit DREE and one or more provinces to evaluate firm proposals for subsidiary agreements for one or more of the three initiatives encompassed by the work. This work would, by example, define the concept more clearly and would provide a more solid basis on which to re-open the broader policy issue of support for indigenous development.

Currently, initiatives derive their priority essentially from size of investment, numbers of jobs and income to be created and ability of the administration of government to deal with the specific problems to be resolved. The work on this assignment was undertaken to explore the proposition that initiatives and projects which reinforce an integrated effort to build the capability of the economic support systems in the Atlantic provinces would be a valuable additional element of development strategy and an additional basis for establishing priorities for development action in Atlantic Canada.

3. Approach

The work on this project was commissioned on the understanding that it was to be action oriented and not a study and analysis undertaken apart from the decision making processes of government and the private sector. Thus, while all project activity elements were explored and reviewed in all provinces, intensive work proceeded only where sufficient interest developed to structure some process of review and decision. The task force and work shop structure for computer/communications for example encompassed four provincial governments, nine private companies and seven federal departments. Some elements of the work on Services to Entrepreneurship and Local Communities Development, similarly involved many decision centres.

Thus, work activities were conducted in large measure through extensive discussions, reviews and assessments undertaken with departments of provincial governments and the federal government; district offices of DREE; local governments and development commissions; technical specialists in various fields; and companies and associations in the private sector. Studies and analysis that were undertaken were done so largely as an essential element of these work shop/task force activities.

4. Reporting Process

In the circumstances, work on this project has been carried out essentially as a series of activity elements all commonly related to indigenous development but, in their action setting, largely isolated from each other. In fact the work has proceeded essentially as nine separate projects, responsibility for which was allocated finally among six senior officers of DREE in the Atlantic region.

Operational reporting on the project has been provided through progress reports at intervals defined under the terms of the contract. The outline of project elements, which was agreed upon in February, was supplemented by a work summary report in August and progress reports were provided in June, August and October. Substantive reporting has been direct to officers named as responsible for each element and has been in the form of interim and final Activity Status Reports at appropriate milestones in the development of each activity element. A full list of reports submitted, together with their tables of contents, is appended to this final report.

The material which follows outlines briefly the work and findings in the status reports for the purpose of relating the findings to the issue of support for indigenous development. This final report attempts to re-establish the interrelationships between these activities, visualized when the work was originally commissioned, and to draw together the conclusions and recommendations - not as separate projects but as related activities in an element of development strategy directed toward building capability for indigenous development within the Atlantic region.

ACTIVITIES

OVERVIEW

1. Opportunities for Action

Numerous opportunities have been identified for initiating action to strengthen the capability of the economy of the region to support viable development.

As indicated in the previous section the transportation gateway, housing industry development, improved air passenger services, the steel production facility, now being pursued actively as a major economic development project, and other opportunities, all should be explored at some time to assess what they might contribute to this development objective.

For this first project, however, three activities were selected which were deemed to be least likely at those early stages of DREE reorganization to encounter serious difficulties in testing approaches and initiating action. These included an initiative in support of "Local Communities (Areas) Development"; an initiative to generate a range of essential supports and "Services to Entrepreneurship"; and finally an initiative to foster the development and growth of "Computer/Communications" capability in the Atlantic provinces.

2. Activity Elements

For the initiative on local areas development, the primary activity was to explore measures to provide federal-provincial assistance in initiating and maintaining a locally managed developmental process in groups of communities throughout the Atlantic region. This was explored tentatively in all provinces, but more intensive work was pursued in two. In Newfoundland, the rationale for action and the outlines of an approach have been developed for review for Mr. Harley McGee, Director General of DREE. In Nova Scotia, under the direction of Mr. Hector Hortie, Director General of DREE, work undertaken jointly through a DREE-Nova Scotia task force progressed to the point of preparation of a draft subsidiary agreement. A separate, but supportive element of this initiative has been the development of a concept and approach to ensure access of users to Developmental Data and Information Services. This element of the initiative was pursued at the regional level and is now the general responsibility of Mr. D. MacDonald of DREE, Moncton.

In the area of service to entrepreneurship, three aspects were investigated: the broad policy framework in which a

developing business operates; measures which might be adopted to encourage development in the private sector of services and technical competence which would support product and business development activity; and, finally, development of services and shared funding from the public sector to enable entrepreneurs to employ specialists to assess and test the technical and commercial feasibility of new ventures and to help prepare a business plan. This latter element, which has been named the "Business Support System", was explored tentatively in all of the Atlantic provinces and has been developed in detail in Nova Scotia under the direction of Mr. Hector Hortie, Director-General DREE, Nova Scotia. The other two aspects have been pursued at the regional level and have been the responsibility of Mr. A. McEwan.

The work on Computer/Communications Industry Development was directed to evolving a federal-provincial vehicle that could oversee the complicated and delicate work of fostering the development of Computer/Communications capability within the Atlantic region. All those involved agreed that an action context was essential and that a series of feasibility studies would accomplish little if anything. This work, which concluded with federal, provincial and private sector agreement on a course of action is now the responsibility of Mr. Giles Chaisson of DREE, Moncton.

The sections that follow report on each of these activity elements. They outline briefly the work that was undertaken; the general findings and the broad recommendations. These are reviewed in this paper primarily to provide the basis for assessment of the interrelationships among all of the activity elements. In general the basic proposition is that the activity elements reviewed, as well as many other potential initiatives, can make important and mutually reinforcing contributions to strengthen the capability of the regional economic system to support viable, indigenous development.

LOCAL COMMUNITIES (AREAS) DEVELOPMENT

1. Scope of Activities

The Local Areas Development initiative forms the foundation for action to foster locally based economic growth and local capability to influence the course and quality of development. The objective of intervention is to assist groups of communities organize to initiate and manage a process of locally directed change.

In exploring the possibilities for an initiative in this area, two separate but related activities were pursued. The first was to explore the rationale and means for joint federal-provincial action in managing the developmental process and to identify the essential elements of an effective system. The second was to identify the needs for data and information essential to this developmental process and to outline a means by which these needs might be met over time.

The following sections outline briefly the approach that was taken in pursuing these activities, the concepts evolved, the findings and the conclusions. The detailed presentation of this material is to be found in the activity status reports which have been submitted from time to time over the course of the work.

2. Managing The Developmental Process

The first task was to explore with each of the four Atlantic Provinces, the concept of a local developmental process as it would relate to a policy of support for indigenous development. These discussions established the degree of interest of each province in pursuing the initiative further and the manner in which more intensive assessments would be undertaken.

The essentials of the concept examined in the course of these discussions were that local development, in the context of a policy of building capability, is an entrepreneurial, venture-seeking, risk assessment process. It requires the support and service of managers, administrators and technical experts, but the process cannot be led by them. At the local level, therefore, this action requires a decision-making/leadership structure which can oversee the work of identifying local assets, opportunities and aspirations; can establish directions

of development contributing to and consistent with this local situation and with province-wide priorities; and can foster public sector - private sector action to assess and initiate investment activities consistent with the realistic directions of development emerging for the area.

These initial discussions also explored the means by which such a developmental process might be initiated and supported. In its essentials, the proposal is to supplement current development policies, which assume that the local developmental process will occur by itself, with direct action in support of the process. The approach would be to help local areas to organize a structure for developmental decision-making/leadership; help that structure to obtain the technical talent required from time to time to identify and assess opportunity; and provide assistance for organizing and implementing action.

The discussions on these elements in New Brunswick concluded in April with the decision not to pursue the matter further at that time. Discussions in Prince Edward Island were more positive, but also concluded without further action being taken. In Newfoundland, the decision was taken to explore the rationale for supporting this approach, its possible relation to overall development strategy for the province and its relation to current activities and policies of the provincial government with respect to rural development. In Nova Scotia a DREE-provincial task force was established to review all aspects of an initiative in this area with a view to developing recommended terms of a subsidiary agreement.

The findings of the work undertaken in Nova Scotia and in Newfoundland are set out in the activity status reports prepared for the Directors General, in these two provinces. In general, there was no evidence of necessary conflict between action to support local area development on the one hand and major projects and macro-policies being developed in the resource sectors on the other. To the contrary, evidence is accumulating that support for local development, apart from any other benefits, may be essential to garner the real benefits of major development projects and resource development strategies.

In Newfoundland, for example, it is clear that a resource development strategy based on concentration and centralization must sooner or later deal with the spatial implications on an explicit and practical basis. Area based developmental planning and action could be an essential part of this reckoning both in areas receiving population and in areas which must make their own way without benefit of major project action.

In Bridgewater, Nova Scotia the location of Michelin (which, incidentally occurred in response to local action) generated potential for substantial local economic activity and spin-off employment. A number of possible opportunities were identified and tested in the course of a short developmental planning effort in 1972. These activities served to generate investments in excess of \$8 million in the town and to create some 500 jobs. Failure to continue the process and to make available essential technical and project management skills for the area after this initial burst, however, has meant that only the more simple, straightforward projects went ahead. These represent less than half of the potential that was found to exist. In general, the activities that have not gone forward are those which had the most to add to improvement in the quality of life in Bridgewater.

In Newfoundland the concept of local area development is endorsed in the policies underlying the ARDA III Agreement. Operationally, however, support is marginal. The Department of Rural Development has been successful in establishing local area decision-making/leadership capability, but the total budget allocation is less than half a million dollars.* With no funds available for access to the technical and other skills required to pursue an active developmental process, most of the organizations focus their efforts on obtaining Local Initiative Program grants and on putting pressure on the provincial government for municipal and other grants. In the circumstances the decision has been taken in Newfoundland to take no further action on this initiative for the present.

In Nova Scotia, Mr. Hector Hortie, Director-General DREE, has initiated action to develop the terms of a

/15

*See Final Activity Status Report on Local Areas Development for Newfoundland.

subsidiary agreement for review in Ottawa and by the Provincial Cabinet. A number of areas in the province, already launched into the process at the early stages, are seeking support and assistance from the provincial government and should early agreement be reached, it is expected that action would follow quickly. It is proposed that an agreement be signed providing for expenditures to be shared with the province, amounting to a total of \$6.7 million over the period to 1980.

3. Developmental Data and Information Services

The least glamorous, pedestrian non-issue for consideration in association with a policy of support for local areas development is action to improve access to data and information for developmental purposes. Part of the problem no doubt stems from the limited need, at the policy level, to become embroiled in the nitty-gritty of data availability for decision making in action situations. Part of it stems no doubt as well from experience with the predeliction for rip-off in the development of grandiose data systems, primarily designed for the computer and the supplier rather than the user.

These problems notwithstanding, as DREE and provincial development attention shifts toward action on specific development initiatives, the aggregate, macro data serving policy analysis is no longer adequate. Moreover, to the extent that the department is able to encourage action in support of indigenous development, substantial local demands for data and information will emerge as well.

These emerging circumstances prompted the Atlantic regional office of DREE to have this element explored in a preliminary way. The objective was to outline a concept of decentralized user-oriented data and information systems and to identify steps that might be taken to evaluate such a system and bring it into operation. At the same time work was initiated to develop some sense of data requirements for the developmental planning process, particularly in relation to land use and other physical resource data.

The concept was explored in a workshop session and the ideas and proposals developed in discussion with a number of professional people. In its essentials the

approach is to establish a form of brokerage service for data and information as required for developmental and other assigned purposes. Rather than establish a massive central data bank, data would be maintained current by its generator-users and made available through a service centre to other appropriate users on request. Over time an extensive, self-maintained data and information network could be built up with a "competent intermediary" providing brokerage, analysis and, eventually, trading post functions between suppliers and users.

The activity status reports outline the concept and suggest action that might be taken to develop the details of operations, administration, costs and benefits. This material, which could be assembled over several months would serve as the basis for a decision on whether to take a direct initiative in this area.

The activity status reports outline, as well, the central role which the Maritime Resource Management Service plays in sourcing, manipulating and making available critical land resource data and information for developmental planning and action. Data requirements for particular projects were identified through case studies undertaken by MRMS and examples of these are reviewed in the report. Based on this joint work MRMS is preparing a full report on land resource data use and will be recommending specific action to meet these needs.

Discussions have been held with DREE in Moncton, with the Economic Analysis section of DREE in Ottawa and with officials of Statistics Canada. From these discussions it is clear that the concept proposed is both workable and desirable. It is also clear that the system proposed would improve significantly the ease of access to data essential for developmental decisions whether these involve major projects, resource development policy or developmental action at the local level.

4. Conclusions

The work done to explore the elements of an initiative to foster development in local areas across the Atlantic region has generated a number of significant

findings. These are set out in summary form to facilitate review and discussion.

First, at present there is little if any policy support for leadership in developmental activity at the local level in the Atlantic region. Apart from the ARDA program in Newfoundland, which supports organization but not action, the main vehicles of action at the local level are industrial commissions; town plans and regional master plans; subsidies to attract manufacturing operations; and occasional grants for studies and for physical infrastructure. Industrial commissions with their narrow focus on industry, are one more element of fragmentation at the local level. The town plan, as traditionally prepared, is a static instrument of control, not a dynamic instrument of development. Grants and subsidies, while often successful providing an essential base of activity, do not resolve the basic local problems standing in the way of orderly local development. In consequence, as in Bridgewater and other areas, opportunities generated by a major project or by an area's own resources are often not pursued.

Second, there exist substantial opportunities for development in areas across the Atlantic region which are generated by major projects; by emerging resource development policies; and by specific local assets. The scale of each individual possibility, however, is too small to justify a major public project and in the absence of support to local leadership, the problems standing in the way of action are not resolved. In consequence many opportunities for viable locally based development are lost.

Third, efforts to organize action to provide basic support for local development as a matter of deliberate policy, will face four major challenges. These challenges are:

- to understand the process;
- to live with it in government;
- to find the leadership; and
- to find the supportive skills.

Should it be decided to proceed on any scale, action would be required in each of these areas. The difficulties, however, would be substantially reduced by open,

political commitment at the federal level to the concept of support for responsible developmental action at the local level. Such legitimization would greatly assist efforts in developing understanding of the process and would help attract the essential local leadership and supportive technical skills to make it work.

There is one more aspect to be weighed in considering action in support of a local developmental process. With the demise of the special area program, with its infrastructure assistance to designated centres, there is now no encompassing policy focusing on area development. No assistance is available for an area except in conjunction with a major development activity.

This policy is sound in principle. The operational reality, however, is that in the absence of any other action, it serves to strongly reinforce serious discrimination in the Atlantic region against small scale, locally based development activity. Given the opportunities for small scale activity and the role such activity plays in developing the quality of life, this situation will be increasingly untenable. Failure to respond to it will result in the corruption of the principle of support related to results and the loss of much of the Departments efforts over the past year.

An initiative in support of local areas development could fill this vacuum without subverting the basic policy position of DREE. In areas where a dynamic locally managed developmental process is successful in identifying numerous small scale opportunities for investment, these might be deemed, in aggregate, to justify support for federal assistance for related infrastructure under a separate subsidiary agreement.

The difficult task would be to maintain the integrity of the developmental process. This process is an entrepreneurial searching for what an area can be and a dynamic decision process of making it become that. It requires leadership, understanding, trust, technical support, and easy access to data and information. The evidence is that it will not occur without deliberate action to support it, but that support must build self-reliance, not dependence.

SERVICES TO ENTREPRENEURSHIP

1. Scope of Activities

Work on services to entrepreneurship, managed by Mr. Gary Hollingsworth, constituted a central part of the activity initiated under this assignment. The objective of intervention is to foster development of integrated and comprehensive support services essential to the growth of indigenous business and new product development in centres throughout the Atlantic provinces.

In exploring the possibilities for intervention, three closely interrelated areas of action were investigated. The first area of assessment was the possibility of creating a business support system in each of the Atlantic provinces. Such a system would be designed to assist entrepreneurs through each of the steps of business formation and development, drawing in an integrated manner on the programs of support and services in the public sector and on services available from the private sector. The second activity element was to assess possibilities for initiating direct action to build up, within the private sector, greater capability to service the business development process both technically and financially. The third area of investigation was the impact of public policy on the development and growth of small business and an investigation of possibilities for DREE to promote changes which would improve the situation.

In line with the overall action orientation of this assignment, the work on these activity elements has been undertaken under the direction of different senior staff in DREE, with responsibilities in these areas, and in conjunction with provincial officials and the private sector. Detailed reports on these activities are contained in the activity status reports which have been provided to responsible directors in DREE at appropriate milestones in the development of each project. The approach that was taken in pursuing this work, the concepts evolved, the findings and conclusions are outlined briefly in the following paragraphs.

2. The Business Support System

As with local areas development, the first task was to explore the approach with each of the Atlantic provinces. The objective was to determine the degree of interest in the concept of a business support system as it would relate to a policy of support for indigenous development, and to determine how more intensive assessments would be undertaken.

Discussions on the need for action were based on the findings of the policy review and other assessments undertaken since that time. The conclusion is that there is little service or assistance available to an inexperienced entrepreneur in the Atlantic provinces in the formulative stages of an idea for business or product development. The PAIT program supports essentially large technical projects put forward by or linked with manufacturers with experience in producing similar products. Barely 1% of the PAIT funds spent in Canada reach the Atlantic provinces. Financial institutions such as banks, IDB and other mid term lenders will provide assistance where they can, but their real involvement begins with financial planning not with venture formulation and with technical and commercial feasibility studies. Less than two-thirds of the proposals that reach the IDB, for example, are in a form where the IDB can justify the effort to assist the entrepreneur reformulate and test the feasibility of his proposal. Many technical skills required for specific investigations are not available. For those that are available the costs are high and skills are required to know how to use them effectively.

The position advanced in the discussions was that to provide additional programs in an attempt to resolve these problems would more likely merely succeed in adding to the cacophony of federal, provincial and private sector programs and services presently available. The requirement is to assist the entrepreneur to restore harmony from the perspective of his own project, not to add to the noise. The proposal discussed, therefore, is to establish a system that will assist entrepreneurs

in gaining access to services and supports which will assist the entrepreneur to formulate and develop his venture to a standard which meets the needs of potential investors and lenders.

The first element of the system reviewed is a venture formulation office established in a local area, preferably as part of a local area development process, but not necessarily so. This office would serve as a centre for exchange and promotion of business ideas, for assisting entrepreneurs in preliminary formulation of proposals and, as appropriate, for assisting in bringing together individuals who might, together, form an entrepreneurial team to ensure a balance of skills in pursuing the business development proposal.

The "project" (the proposal and the entrepreneurial team) would be presented to a venture development officer, a provincial officer, who would become a coach to the entrepreneurial team. With his assistance, the entrepreneurial team would present the idea to a small board for a decision to proceed with a preliminary feasibility study. Using C.A.S.E., provincial expertise and private sector consultants the team, with the help of the venture development officer, would examine the venture and prepare a proposal outlining the cost and work to be done to test technical and commercial feasibility and to prepare a business plan. These would be considered by a Board established to review the work and recommend action, further preliminary review, or turn down. Larger technical projects would be assisted through PAIT and other government programs. The technical work for the majority of smaller projects would be assisted financially through the venture development office, using to the full the technical capabilities of the private sector. With the business plan prepared the team would be ready to negotiate financing. Consultation and technical assistance at this stage will be available through the financial counselling services to be established under the FBDB, or other private firms.

The discussions on these elements in New Brunswick concluded with the decision not to pursue this matter further at the present time. The province and the DREE office in Fredericton were exploring a number of specific

program supports and wished to continue with the work. In addition, DREE staff at Fredericton and the New Brunswick officials have endorsed the approach of the Research and Productivity Council. This approach is based on the supposition that, in the absence of entrepreneurial skills in the province, the best means to promote business and product development is to undertake the development phases in-house and then transfer the package to investors who can be trained as managers.

In Prince Edward Island discussions were begun, but were broken off in recognition that the timing was inappropriate in relation to the review of the Prince Edward Island Development Plan. The door has not been closed, however, and as the details become more defined through the work in Nova Scotia, it will be appropriate to re-open the question.

Discussions in Newfoundland moved forward rapidly in the early stages. Detailed sessions with the Newfoundland and Labrador Development corporation served to outline the specifics of a system* that might operate within the province. There was as well a preliminary definition of the roles of the corporation, the Department of Industry and the Department of Rural Development and an emerging definition of the relationship between the local areas development proposals and the business support system. This work was discontinued in July on the direction of the Director General DREE Newfoundland at the request of the Planning and Priorities Secretariat of the provincial Cabinet - the priorities of the province being currently directed toward major projects and resource productivity.

The early work undertaken in Newfoundland formed the basis for intensive discussions of the approach in Nova Scotia. The province and officials from the DREE office in Halifax established a joint task force to examine all aspects of the approach and to determine the elements of a business support system that would be appropriate to the situation in the province. The details of this work, findings and proposals for action are outlined in the Interim Activity Status report - Nova Scotia, prepared for Mr. Hortie of DREE. Mr. Hortie has since initiated action to develop the terms of a subsidiary agreement for review in Ottawa and by the Provincial Government. The initiative in its

*See Interim Activity Status Report on Services to Entrepreneurship DREE, Moncton, May 1974.

present form would provide for expenditures, to be shared with the province, amounting to a total of \$6.2 million over the period to 1980.

3. Private Sector Involvement

A fundamental proposition of the initiative on services to entrepreneurship has been that the bulk of these essential services could and should be provided by the private sector to the benefit of its own account. As indicated in the introduction to this report, to generate capability within the Atlantic economy to support indigenous development will require, among other things, much improved access to finance, to technical skills and to other business services.

The need for these services, which would be accentuated by a public policy commitment in support of indigenous development, creates important opportunities for private sector action if means can be found to stimulate such action. It was the objective of this activity to explore the possibilities for generating elements of such action which would be viable and profitable in their own right and at the same time enhance the services available for local business. To this end preliminary assessments have been made of the feasibility of generating action in two areas: venture capital and an early development and growth center. The activities and findings for each of these projects are outlined in detail in the Activity Status reports submitted to DREE Moncton.

3.1. Venture Capital

Virtually all commercial or public-commercial financial assistance available for start-up and expansion of business in the Atlantic region is through debt instruments. There are no venture capital firms operating east of Montreal and while a number of institutions have made tentative probes into equity support no determined march has been noted as yet. At the same time opportunities appear to exist for stepping up the rate of business and product development in the region through equity contributions which reduce debt/equity ratios to levels which fledgling firms can sustain.

Introduction of the business support system would increase this demand substantially by increasing the number of well prepared fully documented projects emerging in search of capital. It would also enable much more effective negotiating on equity trades since both the entrepreneur and the investor would have a much more reliable estimate of real value of the project.

The approach taken was to investigate the interest in the financial community and among other potential investors in tying in formally with the business support system. Discussions were held initially on the assumption that as the system came into operation projects for which the entrepreneurial team were seeking participation would be circulated to a network of firms in the financial community. The firms would undertake to review all proposals received and to inform the venture development office about deficiencies and other reasons for turn down.

A second possibility, which developed rapidly, was to establish a venture capital firm based in Halifax and operating in the region. This would require the establishment of a fund managed by a local team competent to assess risk and negotiate proposals for review and funding. The proposal which evolved and was presented for discussion would establish a fund of \$5 million contributed by local investors, central Canada venture capitalists, institutions, and possibly the Canada Development Corporation.

In reviewing these proposals, discussions were held with many individuals in the financial community in Toronto, Montreal and Nova Scotia. From the first meetings it was clear that, in large part, the interest stemmed from the business support system and the opportunities to which it would give rise. Accordingly, for the present, the interest is focussed on Nova Scotia where action on this initiative is being moved forward rapidly and no discussions with institutions or businessmen were held in the other Atlantic provinces.

The names of those interviewed are contained in the status report but, in general, they included senior executive officers of four banks and Roynat in Toronto, Montreal and Halifax; senior and chief executive officers of six venture capital firms; and a number of the more prominent members of the business community in Halifax. All of these people have indicated a strong interest in active participation in venture financing, particularly in association with the emergence of the business support system. Discussions were held as well with senior officers of the CDC and the corporation has invited a formal proposal. This is being developed within the private sector. While some assistance may be required to undertake more detailed feasibility study, it is anticipated that the private sector will take the initiative to move this project forward.

3.2. Early Development & Growth Center.

The first few years in the life of a newly formed business venture are the critical years which determine the success or failure of the enterprise. The degree of dynamism and growth of such an enterprise, although largely dependent on the nature of the entrepreneur, is also very much affected by the environment in which it is physically located. In other words, the accessibility of these young enterprises to administrative, management and technical services as well as close association with other entrepreneurial ventures cannot help but to have a significant and positive influence on their own development and growth.

The concept of an Early Development and Growth Center is nothing more than simulating the advantages experienced by larger firms in terms of reducing in relative terms their impact of overhead as an element of cost by bringing together several small companies under one roof and sharing common basic services. It is proposed that an older building such as the old Abattoir in the Halifax-Dartmouth area would best serve the needs of such a center. After undertaking the necessary basic renovations, the old Abattoir might be leased to a local industrial real estate developer under specific conditions

to ensure the objectives of the center is maintained.

Further work is required to develop an implementation strategy if the Abattoir is deemed available for such a purpose.

4. Policy & Small Business

Government policy including legislation, regulations and administration generally has a pervasive influence on the development and operation of small business. An effort was directed toward examining some of the more prominent issues more closely in order to identify key areas where policy or administrative change might improve the general climate for small business growth in the Atlantic region.

A policy workshop was held in St. John's, Newfoundland last February 23, 24, and 25. The purpose of this workshop was to solicit the views of a select group of small businessmen in the region as to which areas of policy might receive serious consideration by government in order to achieve a significant, positive impact on the development and growth of local small businesses. Three significant areas of policy development, where little or no work is currently underway, surfaced as a result of this workshop and would require deliberate action to:

- (a) develop and enhance entrepreneurial skills and attitudes within the region;
- (b) assist in improving access of small business to labor and improving labor productivity; and
- (c) assist small businesses in gaining access to market and supplies.

Prior to the policy workshop Drs. Potter and Kawaja from Sir George Williams University were engaged to examine a mechanism whereby investors would be motivated to make more capital available for investment in small and new ventures. The result of this effort was the "Income Bond" proposal which was presented at the workshop and received unanimous support of the participants. The design of the Income Bond should incorporate sufficient flexibility to permit varied or open-ended durations, variable interest rates, and different possibilities as to the cumulation of both principal and interest. In other words they should possess all the inherent flexibility of preferred

shares while remaining an expensable item against earnings. If the instrument is overly standardized then the full brunt of institutional risk-ranking will have to be carried by the rate of interest.

It has been recommended that DREE pursue this issue jointly with the Ministry of State for Science and Technology as well as the Department of Industry, Trade & Commerce who have expressed a similar desire and interest.

5. Conclusions

There is little government support for activities associated with venture development and of this support little is relevant to company formation. Where government does move to intervene there is a propensity for each agency to "take on the whole job" causing significant overlaps and duplication of effort. In general, such programs are directed to resolving specific problems rather than to service a process. Wherever there appears to be a gap the tendency is fill the gap rather than explore the possibility of promoting private sector involvement.

The purpose of the Services to Entrepreneurship initiative is to attempt to resolve this serious situation. Business support system as proposed for Nova Scotia has established specific roles for regional development organizations (e.g. PICORD), the Nova Scotia Department of Development and the FBDB. It utilizes to the maximum the CASE and PAIT programs of IT & C. The Income Bond is a simple measure to motivate private sector investment. The response of the private sector to the proposal for the Venture Capital Fund and the Early Development and Growth Centre proves that they will accept a challenge.

It has been concluded that encouragement to local business formation and expansion can make a significant contribution to employment and income growth and to development generally. The business support system being evolved in Nova Scotia will increase the capacity to use funds. The formation of a Venture Capital company will increase substantially the institutional capacity to assess risk and place investment funds effectively. The income bond can increase substantially the investment funds made available to this system for direction to business development and expansion. These three measures together could generate significant development activity.

COMPUTER/COMMUNICATIONS INDUSTRY DEVELOPMENT

1. Background

Businesses of all kinds are linking up to computer terminals for financial control, inventory control, production control, information access for corporate planning and for many other purposes. In the Atlantic provinces, there are many centres where the best communication link obtainable is through a hand crank telephone or a 2-way radio. As the region falls further and further behind this rapidly advancing technology, the deficiencies of this critical element of the economic support system for indigenous development will have insidious but widespread, cumulative detrimental impact.

It can be predicted that the economic and social problems generated in the Atlantic region by being a marginal part of the transportation and distribution systems of North America will be minor compared to the impact of being a marginal part of the North America computer/communications economy. Accordingly, a policy commitment to support for indigenous development would have to place the development of computer/communications industry capability in the region in a position of top priority.

These were compelling reasons for DREE to begin an investigation of possible means for initiating action in this area. During the summer and fall of 1973, exploratory discussions were held with the provinces, the private sector and officials from some interested departments in Ottawa in an attempt to identify an approach which might be taken to deal with this basic and critical issue. From these discussions emerged the outlines of a possibility for making the most of the Atlantic region market opportunities and other important institutional factors to facilitate the development of a viable computer/communications industry sector in the region.

The benefits from such action would be extensive if it could be made to work. The establishment of a viable industry would mean that the private sector, rather than the public sector could carry the bulk of the investment

required to upgrade the physical communications capacity in the region. Growing R & D capability in information handling and computer systems development would generate significant knowledge, skills and systems which will be increasingly important generators of income. The existence of such facility would ensure easy and low-cost availability to local business, governments, institutions and citizens in centres all across the region of data handling, analysis and communications systems based on emerging technology. With system development occurring in the region, there would be, as well, opportunities for export of software and perhaps some hardware products. Finally the establishment of network capabilities to handle developmental data and information would expand enormously the potentials of a user based data system and outlined in a previous section.

2. Action Taken

The system as envisaged would consist of a number of interrelated elements including:

- an application software development capability
- community data processing centres
- user and supplier training and development; and
- data communications network with operating system software and hardware developed to standards which could be applied nationally.

Initially it had been proposed that these be explored in a co-operative effort with a major computer and software company. Such a close liason with a major international firm, however, would have raised serious questions regarding sovereignty in an area of national significance.

The task then was to evolve a concensus in the Atlantic region among provincial governments and the private sector and among federal departments in Ottawa as to the desirability and means of pursuing the development of computer/communications capability in the Atlantic provinces. This involved extensive discussions in Ottawa and throughout the region, developing, modifying and rechecking ideas and proposals for action.

At the provincial level there was early and firm consensus that the objectives could be achieved only in an action situation and that a series of feasibility studies out of context of any decision-making process would be a waste of time. This prompted the inclusion of the local private sector in the discussions at an early date and was the basis of the most frank and open discussion with other departments in Ottawa.

The outlines of a proposal were presented in draft form to DREE in March and were revised in line with the views of the department. The revised proposal was reviewed by representatives from the four provincial governments, three of whom were named by Cabinets, by the nine companies involved in the private sector in the region and by the seven federal departments represented on Work Group 20 in Ottawa. The proposal was endorsed in writing by each of these groups, presented for review by the Directors General of DREE Atlantic region and submitted in its final form in the Activity Status Report to DREE Moncton in April, 1974.

3. Proposal

The essence of the proposal was to establish a mechanism which could give direction to work activities; could take responsibility for obtaining federal and provincial policy decisions as required in the course of the work; and could oversee the organization and application of technical resources as required for selected work elements. These elements and the work to be undertaken are set out in detail in the Activity Status Report.

The mechanism to be established was to be named ATCOMP. Policy direction would be provided by an Initiatives Group, representing the participating governments and agencies and responsible for obtaining policy decisions from their respective authorities on agreed action. They were to be supported by a small full time Work Team which would be responsible for organizing and directing major activities. Action Groups would be established by the Work Team for each work package, drawing on technical resources from the public service, from industry and from universities

and consulting firms. The intention was to make funds available to be allocated by ATCOMP for planning and organizing action. Specific action arising from this process would be funded from the private sector; from ongoing programs for government; or through special measures provided for under subsidiary agreements. x

4. Conclusion

The primary benefit to be gained by success in this initiative would be a regional network, linking into a national network, with high technology, high information capacity, and extensive software capability and training capability within easy and casual reach of firms, governments and organizations in centres all across the Atlantic region. It was not intended that this be achieved through a massive program infusion of government funds. Rather it was intended that step by step, utilizing the developing market potential as extensively as possible, a group such as ATCOMP could manage the gradual evolution of such a system.

The relative simplicity of the institutional structure and as yet undeveloped major vested interests, appeared to present an opportunity for the region to operationalize a technology for networking that could be applied across Canada. Departments in Ottawa saw the project as a means of unblocking policy impasse by providing field for action. The local private sector was aware of the potential for rapid but orderly growth of their activities in a dynamic and expanding industry and are aware that, without concerted action, there is limited opportunity for them in a peripheral region in a field of rapidly advancing technology.

Above all else, there is an unprecedented opportunity for the Atlantic region to be on the leading edge of a technology that will form the very fibre of the economy and society for the next century or longer. Instead of its usual place on the periphery of someone else's system, the Atlantic provinces can create for themselves a place in that system that will ensure a quality of access to computer-communication-information services to business, government and people equal to that of anywhere in North America.

CONCLUSIONS

Each activity element, explored in the course of this assignment, can be examined on its merits as an individual initiative, standing in a line with other initiatives and vying for priority attention. Each can be viewed, as well, as a component of an integrated strategy to build the capability of the economic system of the Atlantic provinces to foster and support viable indigenous development.

It is in this latter context that the activity elements were selected and it is the objective of this report to attempt to re-establish that perspective. Even at DREE, Moncton, which commissioned the work to explore this broad issue, there existed no mechanism to manage the contract as an integrated package. Six separate senior officers were responsible for one or more different elements. It was considered that examination in detail of specific elements could provide a pragmatic basis for evaluating benefits and for evaluating the implications of a policy commitment in support of indigenous development.

PERSPECTIVE ON DEVELOPMENT

The evolving policy of DREE has brought about a shift in focus from passive program support, through subsidy, to active intervention in search of opportunity for initiating major development projects. This activity, together with action to assist in rationalization of production in the resource sectors, is designed to create a strong economic base for the Atlantic region.

This entrepreneurial approach to industrial growth however, has not yet been extended to the broader opportunities for development of the Atlantic region economy. In discussing the implications and the possibilities for expanding the horizons of this effort, there are three elements that confuse the issue.

The first element of confusion is the tendency to regard industrial growth as equivalent to development

of the economy. The second problem is that, even with agreement that these two aspects need not be synonymous, there is an inherent assumption that industrial growth, if it is large enough, will automatically create the conditions for viable development of the economy. Finally to the extent that it is admitted that not all issues may be resolved, those issues left over are viewed as problems to be resolved in the traditional manner of providing subsidies through various general problem solving programs. Transportation and housing for example are currently regarded as serious "problems" for which subsidies are being made available.

In reality, however, at the broader economic level, the same reasoning applies as the Department currently applies at the micro level. The PROBLEMS of the economy, in most cases, through entrepreneurial/political leadership action can be turned into OPPORTUNITIES for broad based regional development. The Transportation Gateway turns the transportation "problem" into an incredible opportunity - not for the direct jobs it will create (which would be significant) but to improve the basic economic competitive position of all importing and exporting firms in the Atlantic provinces - presently there or ever to come. The business support system is a public-entrepreneurial response to perceived widespread opportunities for business development. The shortage of venture capital creates an opportunity for formation of a venture capital firm. The currently weak and relatively obsolete computer/communications system in the Atlantic region presents an unparalleled opportunity to leap frog over the immense investments in the already dying third generation computer economy of other regions.

These and other opportunities exist for public sector-entrepreneurial ventures which can serve to build the inherent capability of the Atlantic region economy. This would add a significant dimension to current efforts to generate an economic base without any significant increase in cost.

INTERRELATIONSHIPS OF ACTIVITIES

All of the elements explored in the course of this assignment are complementary to each other. The optimum

benefits will accrue through action to move each one forward with one eye on the interrelationships to take whatever advantage can be gained.

Effective organization for developmental action at the local level will create a requirement for data and information. It will provide as well, the base for local venture offices and will be a dynamic source of projects entering the business support system. The growing local demand for information services related to development, the business support system and increasing needs to build up local data services, will generate a rapidly growing market to be served by a fledgling computer/communications network.

The business support system, as it begins to operate, will provide encouragement to areas to examine their local situation to identify assets and opportunities for development. The increased flow of viable projects will require financial service which the venture capital project can provide and obviously the venture capital project will be much more viable with the business support system in place. Similarly the early growth centre will derive much of its viability from the support system and will service that system as well. The increased requirement for technical services will generate a decentralized market of substantial proportions which will increase both skills and diversity of employment in centres across the region.

The computer/communications industry capability will permit older and emerging firms within the Atlantic region to have easy access to essential technology and in turn the rapidly growing market can provide opportunities for development of the industry. The computer/communications capability carrying user generated information on a network will, over time, become a valuable asset to local areas managing their own development.

In a similar manner the links can be traced directly between these activities and those which might be launched for the transportation gateway; housing and communities; air passenger traffic and numerous opportunities to initiate investment in critical supply and service areas. In this perspective many projects which

might be accorded low priority for job creation may be well worth pursuing in the interest of broad development objectives.

ACTION FORMAT

A deliberate commitment to an entrepreneurial pursuit of opportunity, at the broader level of regional development, will require some extensions and modifications of departmental action. The first requirement would be a much streamlined administrative capability. A program under management control can move at whatever pace is set for it. Opportunities on the other hand will not generally wait around and once momentum is gathered, delays and the disruption of arbitrary decisions will soon destroy credibility. At the very least, serious delays will take the dynamic edge off any project and while it may still go forward the frustration will nullify any credit which would be due to the department.

A second major shift affects the allocation of responsibility. While responsibility for an industrial development project on its own may be easily assigned, the same is not true for a regional development venture. Responsibility for building regional capability cannot be assigned in a special position but rather must be the responsibility of all senior staff working in harmony on various and changing aspects.

Finally, and most important, the major component of the entrepreneurial venture is political leadership. The successful experiences with steel, with the Halifax waterfront and other major issues already bears this out. There is a dispiring need for understanding - understanding of the process and the opportunities - understanding at the local level of the difference between zoning and developmental planning, of the need for leadership and access to highly qualified expertise. Much can be accomplished by an understanding, responsive and dedicated administration, but the onus for decision making in a venture situation is on the entrepreneur.

ANNEX A

ACTIVITY STATUS REPORTS SUBMITTED

REPORT	TO	<u>SUBMITTED</u> DATED
<u>SUPPORT FOR INDIGENOUS DEVELOPMENT</u>		
WORK PROGRAMME	Moncton	Feb 26
PROGRESS REPORT	Moncton	July 31
STATEMENT OF WORK	Moncton	Aug. 23
PROGRESS REPORT	Moncton	Sept. 30
FINAL REPORT	Moncton	Nov. 29
<u>LOCAL COMMUNITIES DEVELOPMENT</u>		
<u>DEVELOPMENTAL DATA AND INFORMATION SERVICES.</u> Combined report on data and Information System Concepts and Land Use Data Priorities. (Interim)	Moncton	Sept. 24
<u>MANAGING THE DEVELOPMENTAL PROCESS - NOVA SCOTIA.</u> - Summary of work; outlines of a system or support to the developmental process; experience and impact of current activity; and recommendations for substance of a subsidiary agreement. (Interim)	Nova Scotia	Oct. 15
<u>MANAGING THE DEVELOPMENTAL PROCESS - NEWFOUNDLAND AND LABRADOR</u> - Summary of work; rationale for intervention; issues; experience and impact; and elements of an initiative. (Interim)	Newfoundland	Oct. 25
<u>DEVELOPMENTAL DATA AND INFORMATION SERVICES.</u> - Documentation of data needs for development based on MRMS case studies and development of concept of brokerage service. (Final)	Moncton	Nov. 27
<u>MANAGING THE DEVELOPMENTAL PROCESS - NEWFOUNDLAND.</u> Outline of factors to assess in review of ARDA III in relation to local areas development	Newfoundland	Nov. 26

SUBMITTED

REPORT

TO

DATED

SERVICING ENTREPRENEURSHIP

<u>PROGRESS REPORT to APRIL 30, 1974.</u> Assessment of Federal and Provincial Interest and Possible Areas for Intervention. (Interim)	Moncton	June 14
<u>SMALL BUSINESS POLICY - POLICY ISSUES.</u> Report on assessments of impact of specific policy issues on small business development in the Atlantic Provinces. (Final)	Moncton	Aug. 9
<u>SMALL BUSINESS SUPPORT SYSTEM - N.S.</u> Outlines rationale and elements of a system to assist product and business development in Nova Scotia. (Interim)	Nova Scotia	Aug. 26
<u>STRATEGY AND WORK PROGRAM for development of a proposal to build institutional capability in the private sector to service the needs of small business.</u> (Final).	Moncton	Oct. 4
<u>"INCOME BOND" Assessment of the income land as a financial instrument to encourage small business investment and proposals for action on the part of DREE.</u> (Final)	Moncton	Oct. 7
<u>SMALL BUSINESS SUPPORT SYSTEM - N.S.</u> Sets out checklist for a draft subsidiary agreement. (Final)	Nova Scotia	Nov. 29
<u>VENTURE CAPITAL - Report on assessment of interest of financial community and business community in establishing a venture capital fund in association with the business support system.</u> (Final)	Nova Scotia	Nov. 29
<u>EARLY GROWTH CENTRE - Report on feasibility and procedure for establishing an early growth centre in Halifax.</u> (Final)	Nova Scotia	Nov. 29

REPORT	TO	<u>SUBMITTED</u>	DATED
--------	----	------------------	-------

COMPUTER/COMMUNICATIONS

<u>COMPUTER/COMMUNICATIONS INDUSTRY DEVELOPMENT.</u> - Summary of work completed and recommendations for establishing and operating ATCOMP. (Draft)	Moncton		March 5
<u>COMPUTER/COMMUNICATIONS</u> - As above incorporating decisions by DREE, views of four province committee and views of private sector. (Draft)	Moncton		Apr. 2
<u>COMPUTER/COMMUNICATIONS INDUSTRY DEVELOPMENT</u> - Summary of all work and detailed recommendations and support from the seven federal departments in Work Group 20. (Final	Moncton		Apr. 8