

# Industrial Development Subsidiary Agreement

A STUDY OF THE  
INDUSTRIAL COMMISSIONS PROGRAM  
IN BRITISH COLUMBIA (1978 - 1980)

MARCH 12, 1981

## Research Report



Province of  
British Columbia

Ministry of Industry  
and Small Business  
Development

HD  
3646  
C3  
S78

Government  
Canada

Gouvernement  
du Canada

Regional  
Economic  
Expansion

Expansion  
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**A STUDY OF THE  
INDUSTRIAL COMMISSIONS PROGRAM  
IN BRITISH COLUMBIA (1978-1980)**

**MARCH 12, 1981**

The Ministry of Industry, Small Business and Development of the State of British Columbia, and the Ministry of Industry, Small Business and Development of the USA have entered into a Subsidy Agreement which is helping to establish a program of industrial development in British Columbia. The program is administered by the Ministry of Industry, Small Business and Development of the State of British Columbia and the Ministry of Industry, Small Business and Development of the USA. The program is designed to help industrial development in British Columbia by providing financial assistance to industrial development projects. The program is administered by the Ministry of Industry, Small Business and Development of the State of British Columbia and the Ministry of Industry, Small Business and Development of the USA.

The responsibility for the content of this report is the consultant's alone, and the conclusions reached herein do not necessarily reflect the opinions of the Ministry of Industry, Small Business and Development of the State of British Columbia or the Ministry of Industry, Small Business and Development of the USA.

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The responsibility for the content of this report is the consultant's alone, and the conclusions reached herein do not necessarily reflect the opinions of those who assisted during the course of this investigation or the Federal and Provincial governments which funded the study.

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EXECUTIVE SUMMARY  
FOR  
THE STUDY OF THE INDUSTRIAL COMMISSIONS PROGRAM  
IN  
BRITISH COLUMBIA (1978-1980)

This study is an assessment of the structure, progress and success to date of the Regional Economic Development Commissions Program in British Columbia during the period 1978-1980. The Program, usually referred to as the Industrial Commissions Program, is one of four industrial development initiatives legitimized under the Canada-British Columbia Industrial Development Subsidiary Agreement (IDSA) signed in July 1977. Under this Agreement, designated Regional Districts within the Province receive government financial assistance at declining yearly levels (90%, 70%, 50%) for a three-year period to support the establishment and initial operation of Commissions in their region. Beyond the third year of operation, it was initially anticipated that the contribution from senior level of government would no longer be required. Eleven Commissions received their approval for funding during 1978, four in 1979, and five in 1980. Thus, twenty of the originally proposed twenty-two Commissions were approved by the end of 1980, although one of the twenty has subsequently disbanded.

The stated objective of these Commissions is "to coordinate, rationalize and promote economic development activities on a regional basis within the target area of the Province as defined by IDSA". On the basis of site visits and interviews with the relevant parties in each of the nineteen Commissions in operation when this study was initiated, we are able to conclude that the majority of functions originally specified for the Commissions have been executed with a large measure of success in most regions. We did, however, uncover some differences in expectations between senior government and regional government officials. Federal and Provincial officials anticipated that the Program would initially provide a greater grass roots awareness of, and the proper climate for, economic development. Regional District officials had anticipated more immediately quantifiable results in terms of jobs and the size of the local tax base.

Given the short period of time that most Commissions have been in operation, and the problem of disentangling the influence of the Industrial Commissions Program from other locational determinants of the business investment decision, it was recognized by nearly all concerned that short-term evaluation must be made on the basis of less rigorously quantifiable measures than new jobs and additions to regional assessment levels. The analysis of Program performance was based on the opinions and perceptions of those associated or impacted by the Program, as well as upon an assessment of the extent to which the list of eight Commission functions originally specified in the Program guidelines were satisfactorily carried out in the regions.

As experience with the Program deepens, it will become increasingly more appropriate to evaluate on the basis of those "harder" measures advocated by some of the Regional Districts.

With respect to organizational structures and styles, the Program guidelines provide the regions with considerable flexibility in determining the form of organization for their particular Economic Commissions. The Regional Districts were responsible for establishing the Economic Development Commissions, appointing its Board of Directors and Commissioner, and providing it, "sufficient authority to carry out the functions required of it ...". The resultant set of practices and institutions in each of the Regional Districts varies from extreme public sector involvement, in which the Regional District Board and the Regional District Administrator respectively serve as Commission and Commissioner, to a more private sector system, in which the Commissioner operates independently from the Regional District Administrator, and the Commission is dominated by, if not fully comprised of, non-elected representatives from the private sector. Various types of organizational models exist between these two extremes, reflecting the policy decision to allow a large degree of regional autonomy in the implementation of the Program. One observed consequence of this "laissez-faire" approach to regional

organization has been to highlight the importance of the personalities involved, at least in the early stages of the Program's development. We conclude that over the range of observed organizational models, the respective qualities, attitudes and relationships between the Commissioner and the Regional District Administrator play a very important role in determining the success of the Commissions Program.

While the institutional framework has been put in place for regions to participate more actively in planning, promoting and coordinating their future economic development, we conclude that some fine tuning and refinement of the Commissions Program is still required, and the senior levels of government should be prepared to play an active role in this process beyond their initial three-year commitment. We also propose that serious consideration be given by senior governments to a continued cost-sharing arrangement for a minimum of two additional years in each participating Commission. Also, specific suggestions were put forward with respect to the "opting out" provision, the education of regional officials concerning Program goals, the special needs of geographically diverse regions, the need for annual Commission objectives and regional economic development strategies, a clarified role for the Commission Board of Directors, and the need for better communication between regional and senior governments on respective economic development initiatives.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 RATIONALE FOR THE STUDY

This study is an assessment of the progress and success to date of the Regional Economic Development Commissions Program in British Columbia during the period 1978-1980. Under the Canada/British Columbia Industrial Development Subsidiary Agreement (IDSA) signed in July 1977, a joint federal/provincial program to assist the establishment and operation of Regional Economic Development Commissions was initiated for a three-year period. (This Program is usually referred to as the Industrial Commissions Program.)

The objective of these Commissions is "to coordinate, rationalize and promote economic development activities on a regional basis within the target area of the Province as defined by IDSA". This Program objective was consistent with an essential thrust of IDSA which was the promotion of a greater degree of regional balance in the economic development of the Province. Under the Agreement, designated Regional Districts receive government financial assistance at declining yearly levels for a three-year period to support the establishment and initial operation of Commissions in their region. Beyond year three, it was expected that the Commissions would "be sufficiently well established to permit their continuation without the need for further financial assistance from senior levels of government".

The first Agreement to provide funding to a Commission officially went into effect in February 1978. As of December 1980, there were nineteen Commissions in operation in British Columbia ranging in age from only a few months to nearly three years. Roughly half of the Commissions had been in operation for over two years when this study began.

With some of the early Commissions approaching the termination of the three-year assistance period, the federal and provincial governments commissioned a study to assess the development of the Commissions Program as a regional community service, and to document the role played by the Commissions in regional economic development in B.C. The overriding intent was to provide senior government with a base of information for making ongoing management and policy decisions related to the Program, and to determine the nature and extent of future assistance once the three-year funding terms begin to expire.

## 1.2 STUDY METHODOLOGY AND MAJOR CONCLUSIONS

The Terms of Reference for the study established some clear guidelines as to what subject areas were to be covered. These are set out in Table 1.1. Variations between Commissions and the economic, political and social environments in which they operate were recognized at the study outset. Moreover, the short length of time in which Commissions had been operating was a major consideration in determining the nature of the evaluation which could reasonably be undertaken. A rigorous assessment of Program performance with the use of quantifiable indicators (e.g. jobs created, increased assessment base, etc.) was deemed inappropriate. Both the recent formation of Commissions, coupled with the difficulty in linking Commission activities to concrete economic results, made such a quantitative analysis difficult.

Therefore, the study methodology basically involved the collection of facts, feelings, opinions and perceptions from the Regional Districts, the Commissions, the Economic Development Commissioners, the business community and the public. Interview guides were developed and tested. The nineteen Commissions presently in operation were visited, and interviews conducted with key officials

TABLE 1.1

SUBJECT AREAS TO BE ADDRESSED IN THE  
STUDY OF INDUSTRIAL COMMISSIONS PROGRAMA. Regional District

The Consultant should determine the perception and expectations of elected and senior staff officials of Regional District government toward the Commission service. Some comment should be made as to how these perceptions and expectations relate to the economic status of the various regions.

B. Industrial Commissions

The Consultant is to analyze all of the Commissions approved to date and summarize each one in terms of its structure, the number of Commission members, the activities and roles of the Commission members in promoting economic development, etc. The emphasis is on determining how each Commission has functioned, with particular reference to the involvement of private and public sector individuals.

C. Industrial Commissioners

The Industrial Development Subsidiary Agreement (IDSA) and the Industrial Commission Guidelines set out, from the point of view of the two senior levels of government, the various jobs of the Economic Development Commissioners. The Consultant is to ascertain how the Commissioners perceive their function and what support they receive from the local area, senior governments, the business sector and other organizations active in the area. Any inherent conflict between their role, as they see it, and the planning function of other government agencies is to be discussed.

D. Business Community

The Consultant should obtain some representative reaction from the business community as to the role of the Industrial Commission and its impact to date on the local area.

E. Public Perception

The Consultant is to sample public reaction to the Commissions Program and to determine whether the public is aware of the existence and services offered by the Commissions.

and representatives of the groups identified above. Approximately 175 individuals were contacted during the data collection phase and about 80% of the contacts were by confidential, personal interview and the remainder by telephone interview.

Our major conclusion is that despite many different organizational models adopted by the regions and the short period the Program has been in operation, the individual Commissions have made substantial progress toward satisfying the overall goal of the Program - "to coordinate, rationalize and promote economic development activities on a regional basis". The majority of the functions originally specified for the Commissions have been executed with a large measure of success in most regions. These achievements are discussed in detail in Chapter Three. While the necessary institutional structures to coordinate and promote economic development in the regions have been put in place, clearer operational objectives, roles and action-plans for the individual Commissions need to be formulated. We believe that the senior governments involved have a role in helping to "fine tune" the institutional framework they have helped to create. This is the next logical phase in the evolution of the Commissions Program in British Columbia. The recommendations contained in Chapter Five suggest some of the ways this role could be exercised.

Tangible results from a successful execution of economic development "activities" materialize over the long term, and often in ways that are difficult to link effectively with the original actions of the Commission. Furthermore, the Program provides benefits to all three levels of government. For these reasons, the majority of Regional District Boards do not feel that they can justify to their constituents that regions shoulder the full financial costs of the Commission in their area. Senior government financial assistance continues to be essential if the vast majority of Commissions are to remain in operation.



### 1.3 ORGANIZATION AND APPROACH OF THE REPORT

The anticipated study outputs discussed in our original proposal are all contained in the remaining four chapters. The report itself is organized into five chapters. Chapter Two describes the original rationale for the Program and the goals and expectations expressed on behalf of both senior governments, the Regional Districts, the Commissions and the Economic Development Commissioners. Chapter Three outlines the various ways in which the Program has been put into practice in the Regional Districts. We discuss the basic types of organizational styles and structures which have evolved and review the roles of the major participants. Chapter Four concentrates on the results and impact of the Program to date. Actual results are compared to the original functions which were envisaged for the Commissions. The predominant reactions of those interviewed towards the performance of the Program to date are highlighted. Both the successes and apparent deficiencies are also outlined. Finally, Chapter Five highlights the key issues and problems which became evident during the course of the study and concludes with a series of recommendations for improving the Program.

Some additional introductory comments about the overall approach and scope of this report and the terminologies employed are appropriate at this juncture. By original design, the observation and analysis contained in the following chapters are general in nature and relate to the Program as a whole rather than to individual Commissions in particular. No attempt has been made to make comparisons, or evaluate the performance of specific Commissions. It was further agreed at the meeting to launch the study that summary descriptions of each Commission (in terms of number of members, Commission structure, etc.) were not necessary.

In addition, no public opinion survey of the Commissions Program has been carried out. It was agreed by the Industrial Development Committee, prior to the study, that interview efforts were better focused on the group most likely to have had some association with the Commissions Program, the business sector, rather than the public at large.

With respect to terminology, we have considered the phrases "Regional Economic Development" Commissions/Commissioners and "Industrial" Commissions/Commissioners as synonymous and they are used interchangeably. This is consistent with their interchangeable use in the published literature and guidelines concerning the Industrial Commissions Program. Rather than referring to it in full, the Commissions Program or simply the Program will be used hereafter to refer to the subject matter of this report. Furthermore, each region has a "Commission Board of Directors" which we refer to simply as the "Commission" in most cases.

## CHAPTER TWO

### THE PROGRAM BEGINNINGS - GOALS AND EXPECTATIONS

#### 2.1 EVOLUTION OF INDUSTRIAL COMMISSIONS IN CANADA

The evolution of industrial commissions in British Columbia closely parallels developments which have taken place elsewhere throughout Canada. Municipal development corporations or agencies have been widely prevalent since World War II. Industrial commissioners have primarily been concerned with the development and management of industrial parks, as well as steering firms through municipal red tape. Industrial "seek and find" activities were also part of this role. By the 1960's, most major urban and metropolitan areas were serviced by industrial commissioners.

The emergence of major federal government initiatives in the mid 1960's and 1970's to address the problems of regional economic disparity in Canada heralded a new era in the concept of industrial commissions. The traditional model of municipal commissions began to be applied to low growth areas and resource regions. The focus shifted from a narrow concern with manufacturing and "industrial" development to economic development in general which embodied sectors such as tourism and agriculture. The traditional roles of the municipal commissioners expanded to encompass areas such as provision of technical advice and counselling to local entrepreneurs, identification of job-creating opportunities and involvement in major infrastructure projects such as airports and ports. Commissions, particularly in the Atlantic provinces, began to evolve along regional rather than municipal or community lines.

The establishment of regional commissions as instruments for facilitating the economic growth and development of regions comprised a part of the Industrial Development Subsidiary Agreement signed between the federal government and the province of New Brunswick in 1975. This concept of regional development organizations funded jointly by the federal, provincial and municipal governments effectively served as the model for the present Industrial Commissions Program in B.C.

## 2.2 INTRODUCTION TO THE INDUSTRIAL COMMISSION PROGRAM IN B.C.

In 1974, Canada and British Columbia signed a General Development Agreement (GDA) which made provisions for specific, jointly funded activities to be undertaken to provide for the orderly, balanced development of British Columbia. In July, 1977 Canada and the Province signed the Industrial Development Subsidiary Agreement (IDSA) which outlined a general, coordinated strategy for promoting industrial development in the Province. A major objective of the strategy was "achieving a greater degree of regional balance in provincial economic development". The agreement provided for \$110 million in joint and coordinated programs of industrial development assistance which were to apply to a designated target area including all areas of the province except the Lower Mainland and Capital regions. One of the four joint federal/provincial programs was the Assistance to Industrial Commissions Program which earmarked \$2 million in cash grants for the establishment of regional economic development commissions. It had the smallest budget allocation of the four Programs, with \$59 million in low interest loans allocated for industrial infrastructure (e.g. industrial parks, advance factory space and malls), \$5 million in forgivable loans to small business under the Assistance to Small Enterprises Program (ASEP), and \$3.85 million provided for research and analysis activities such as market and feasibility studies.

All programs under this Agreement are coordinated by an Industrial Development Committee made up of representatives from the British Columbia Ministry of Industry and Small Business Development, the British Columbia Development Corporation, the federal Departments of Regional Economic Expansion and Industry, Trade and Commerce and the Federal Business Development Bank.

Regional Economic Development Commissions were to be generally responsible for the preparation of an economic development plan and the coordination of the industrial development and promotional efforts of the various communities within the Region. Table 2.1 outlines the Commission functions which were specified in the Program guidelines (and in funding agreements with the Regional Districts).

Regional Districts and groups of Regional Districts became the convenient vehicles for establishing the Program in the target areas of the province. Federal/provincial financial assistance was to be provided on a declining scale basis over a three year period which covered 90% of the Commission's approved eligible costs in year one, 70% in year two and 50% in year three. The Region was expected to provide the balance of Commission costs over the three year period, and the total costs of the Commission thereafter when it was expected that they would be sufficiently "well established to permit their continuation without the need for further financial assistance from senior levels of government". Eligible costs included the salary and benefit costs for an Economic Development Commissioner and support staff plus office, administrative, travel and promotion costs.

TABLE 2.1

COMMISSION FUNCTIONS AS SPECIFIED  
IN FUNDING AGREEMENT GUIDELINES

1. The preparation of a regional profile leading to the development, management and implementation of a regional economic development plan.
2. In agreement with the Ministry of Economic Development, initiate and coordinate such studies as might be identified as being essential to the attainment of economic development in the region. Where such studies are to be funded under the Industrial Development Subsidiary Agreement, the prior approval of the Industrial Development Committee is required.
3. The preparation and dissemination of promotional material and economic data for the region within the approved budget guidelines.
4. Promotion of the region for economic purposes on the understanding that commissioners and their staff would not be permitted to travel or conduct other promotional activities outside of the Province unless given explicit permission to do so by the Ministry of Economic Development.
5. Functioning as a regional contact for business development inquiries.
6. Provision of assistance to businesses in dealing with all levels of governments.
7. The preparation of an annual report and budget for the Industrial Development Committee.
8. The performance of other normal administrative duties.

An Economic Commission Coordinator position within the then Ministry of Economic Development was created and assigned the responsibility of administering the application process from eligible regions, and facilitating the establishment of Commissions consistent with the guidelines of the Program.

The Program effectively got under way in December 1977 when the Industrial Development Committee approved funding for Okanagan-Similkameen Regional District to form a Regional Economic Development Commission. Ten more Commissions were approved and commenced operations in 1978. Four Commissions received funding approval in 1979, followed by five in 1980, bringing the total to 20 approved Commission applications by October 31, 1980. With the exception of Squamish-Lillooet and Sunshine Coast, all the Economic Development Commissions originally proposed under the Program were approved by the end of 1980. Three of the Commissions approved in 1980 (Central Kootenay, Fraser-Fort George and Cariboo) did not have Economic Development Commissioners in place during the period of this study. (Site visits were made to all approved Commissions with the exception of the Sooke Electoral Area Commission which had disbanded just prior to the study.) Table 2.2 indicates the Commissions now in place and the dates of their approval.

### 2.3 EXPECTATIONS OF FEDERAL AND PROVINCIAL OFFICIALS

Discussions with both the federal and provincial government officials involved in the early stages of the Commissions Program did not yield a significant divergence in their expectations for the Program. It appeared that these levels of government made a conscious effort to let the Program evolve in each region as those locally responsible best saw fit. Both goals and guidelines of a very general nature were established for the operation of the Program. No fixed organizational framework and/or role descriptions

TABLE 2.2  
SYNOPSIS OF INDUSTRIAL COMMISSION APPROVALS

<u>Regional District</u>	<u>Agreement to Provide Assistance</u>
1. Okanagan-Similkameen	February 1978
2. Skeena-Queen Charlotte	February 1978
3. Central Okanagan	April 1978
4. Cowichan Valley	April 1978
5. North Okanagan	April 1978
6. Peace River-Liard	April 1978
7. Kootenay Boundary	May 1978
8. Bulkley Nechako	May 1978
9. Comox-Strathcona & Mt. Waddington	June 1978
10. Alberni-Clayoquot	July 1978
11. Thompson-Nicola	July 1978
12. Nanaimo	May 1979
13. Columbia Shuswap	May 1979
14. Sooke Electoral Area	October 1979
15. Kitimat-Stikine, Stikine & Central Coast	November 1979
16. Powell River	March 1980
17. Central Kootenay	July 1980
18. East Kootenay	July 1980
19. Fraser-Fort George	July 1980
20. Cariboo	August 1980



for the Commissions were imposed on the regions, nor was a prioritized list of clear objectives and policies developed by senior government to be followed by the regions. Such a "laissez-faire" approach on behalf of senior government was consistent with the philosophy underlying the Program of creating a "vehicle" for local participation and involvement in the economic development process.

Senior government officials tended to describe expectations for the Program in terms of creating "awareness" of the need and the proper "climate" for economic development and encouraging "grass roots" participation by individuals and communities in their region's economic development. In effect, they stressed objectives which are long-term, and whose realization is difficult to measure in concrete terms. Benefits in terms of creating a "pipeline" from Victoria and Vancouver to the various regions was also an advantage emphasized.

As is seen in Chapter Five, one of the drawbacks associated with this flexible, laissez-faire approach has been a lack of direction on the part of many regions how to proceed with the Commission function which senior government had financially encouraged them to set up. Their expectations for the Program were different as well and we discuss the variance in the next section.

#### 2.4 EXPECTATIONS OF REGIONAL DISTRICT OFFICIALS

The Commissions Program, allowed to proceed in the laissez-faire organizational philosophy discussed above, was essentially grafted to an existing system of regional government. The Regional Districts, through the Regional District Boards, have always, to varying degrees, been concerned with the regional economic growth process through vehicles such as their planning departments. In fact, the Commissions Program, in some cases, was viewed as a convenient funding

mechanism for economic development initiatives contemplated or already in existence in various regions. However, direct local government involvement in economic development was a completely new undertaking in most areas. As a result, it should come as no surprise that the overall goals and expectations for the Program among officials within a Regional District, and between Regional Districts, did display some significant variation across the province.

In almost all cases, expectations for the Commission function among Regional District officials were phrased in terms of tangible results--more business development, new jobs, and increased tax assessment base. The majority of Regional District officials stressed results in terms of economic development, and not merely the successful execution of economic development "activities" which had been set out in the original funding agreement (e.g. carry out an economic profile, coordinate and undertake studies, etc.).

A critical divergence often appeared to exist between the level of expectations at the regional versus the federal/provincial level. Senior government appeared to be primarily interested in getting local areas actively involved in the development process, i.e. creating a favourable attitude towards, and "climate" for, economic development. Federal and provincial officials perceived a longer time frame than the regions before "tangible" results would materialize.

The regions, on the other hand, wanted tangible, short-term results which they could relate to their financial contributions. The pressure and concern for results intensified as the level of financial participation from the regions increased over the three years. If we use the analogy of regional economic development as a garden (one businessman's concept), we observe senior government interested in providing the garden and the seeds of "development", while the regions want their progressively more expensive gardener to

waste little time in producing a visible and bountiful crop of new jobs and tax base. This was in part due to their lack of understanding as to how much work must be done before a "crop" is produced.

Disagreement or a lack of consensus between Regional District officials and the Commissioner or Commission on the objectives and specific priorities of the Commission was a source of problems in several Commissions. For example, the Commissioner may have felt the priority emphasis should be placed on economic development plans and strategy, whereas the Regional District Board saw the Commission as essentially a promotional tool to attract business to the area. In other cases, the initial independence of the Commission was at odds with the practices and policies of the existing Regional District government. While certain personality and political conflicts are to be expected, part of the reason for such problems can be attributed to the lack of a clear and uniform understanding of the appropriate function of the Commissioner and the constraints under which he operates. Greater efforts in certain regions to orientate and educate Regional District officials to the appropriate roles and requirements of Commissions may have eased the introduction of Commissions more smoothly.

## 2.5 EXPECTATIONS OF THE COMMISSIONERS AND COMMISSION MEMBERS

Implementation of the Commissions Program within the regions initially led to the hiring of Commissioners by the Regional Districts. Many Commissioners were new to this type of position and came from a variety of professional backgrounds. Similarly, most Regional Districts were assuming a new function. Understandably, there was a considerable adjustment period initially as both Commissioners and Commission members set out to determine their role and duties. Commissioners together with Commissions did not, except in a few cases, develop a set of operational objectives for the position other than those generally outlined in the Program guide-

lines. The initial objectives most frequently mentioned, in a rough order of priority, were:

- develop a regional economic profile;
- respond to business inquiries and disseminate information;
- prepare an economic development strategy for the region;
- promote economic development for the region.

The development of a regional and community profile was invariably the most important initial objective of the Commission, and objectives switched to more of a promotional emphasis once the profile was completed. Probably the most notable variance between what Commissioners had hoped to accomplish as an objective, and what has actually transpired to date concerned the preparation of an economic development plan. Progress has been slow towards the achievement of this objective. Many Commissioners found that the demands on their time to respond to business inquiries about government assistance programs, industrial land, etc. were greater than initial expectations, and adversely affected the pursuit of other Commission objectives. Planning and the establishment of clear priorities has been lacking in many Commissions during the initial years of operation.

## 2.6 CONCLUSION

The concept of regional economic development commissions was a new, largely untried vehicle for promoting and coordinating development in B.C.'s regions. Municipal industrial commissions in urban areas with narrower focuses had existed before, but for almost all Regional District governments it represented a new undertaking. The expected results from the introduction of this program varied between the senior and Regional District levels of government.

Urgency for tangible results was much more pronounced at the local government level, much of it generated by an increasing financial burden.

The "laissez-faire" approach by senior government purposely allowed the Commissions to evolve for themselves in each region. The range and typical types of organizational styles, structures, and roles which evolved are the subjects of the next chapter.

CHAPTER THREE  
STRUCTURE, ROLE AND FUNCTIONS

3.1 INTRODUCTION

In the Program guidelines, considerable flexibility was provided the regions in determining the form of organization for their Economic Commissions. The Regional Districts were responsible for establishing the Economic Development Commissions, appointing its Board of Directors and Commissioner, and providing it "sufficient authority to carry out the functions required of it ..." This explains why the eventual organizational structures and styles which have evolved are not consistent among all regions. The particular philosophy, orientation and attitudes of key elected officials and staff in the Regional District towards economic development as a Regional District government function have been the principal factors in determining the organizational structures which have evolved.

The remainder of this Chapter identifies the three basic types of organizational forms which have evolved and describes the role and functions of the major Program participants.

3.2 DOMINANT ORGANIZATIONAL STRUCTURES AND STYLES

When the Economic Commissions Program was introduced into an existing structure of regional government, the resultant set of practices and institutions evolved very differently between regions. In most cases, they all share the basic ingredients of a Commissioner, a Commission Board of Directors, and Regional District Board of Directors

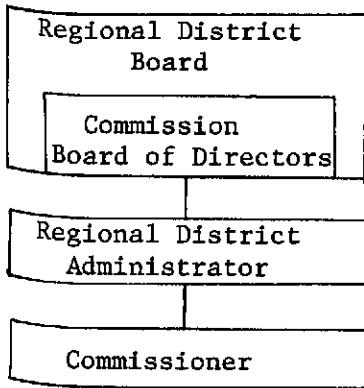
to which the Commission is ultimately responsible. However, reporting relationships, the composition of the Commissions and the degree of independence of the Commissioner tend to be major differentiating features among many Commissions. Figure 3.1 outlines the three dominant organizational structures, reporting relationships and differentiating characteristics of the Commissions. Each type is discussed below.

At one end of the spectrum, several Regional Districts have seen no need for an independent Commission and Commissioner as such. The Regional District Board and the Regional District Administrator effectively serve as the Commission and Commissioner, respectively. Commissioners usually operate with a lesser degree of independence under this system, report functionally to the Regional District Administrator or Regional District Planner, and may be termed officers or coordinators in the organizational hierarchy rather than Commissioners.

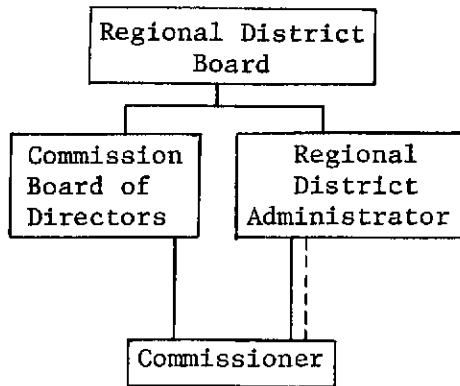
This type of structure has tended to develop in regions where the Regional District government has wanted to retain tighter control over the Commission and its activities. In some instances, it has evolved because development is seen not in terms of small secondary industry growth, but in terms of very large private (e.g. Alcan) and public (e.g. National Harbours Board) investment decisions. With the primary focus on large budget development, the scope for an independent Economic Commissioner and the need for local private sector interests are seen to be limited. In other regions, a "public sector" institutional model has evolved primarily out of the the desire of Regional District officials to integrate the function closely with their other activities such as regional planning. In at least two instances, the public sector model was instituted after some tensions and conflicts were created between the Commissioner (and/or Commission) and Regional District officials. There are at least four Commissions to which the public

DOMINANT ORGANIZATIONAL  
STRUCTURES AND CHARACTERISTICS  
OF ECONOMIC COMMISSIONS

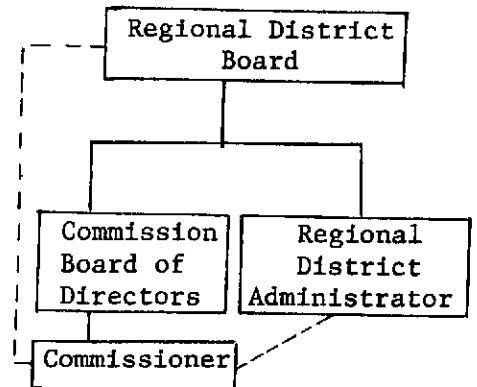
"PUBLIC SECTOR"  
MODEL



"BALANCED"  
MODEL



"PRIVATE SECTOR"  
MODEL



← LOW ————— MEDIUM ————— HIGH →

Independence of the  
Commissioner

← HIGH ————— MEDIUM ————— LOW →

Control over Commission  
by Regional District Officials

← ELECTED OFFICIALS ————— MIX OF ELECTED, NON-ELECTED AND VARIOUS INTEREST GROUPS ————— NON-ELECTED BUSINESSMEN →

Composition of the  
Commission

KEY: ——— Formal line reporting relationship  
 - - - - Informal reporting relationship  
 = - - - = A formal or informal reporting relationship depending on particular Regional District and Commission set-up.



sector institutional model effectively applies, and it appears more appropriate to some economic and institutional circumstances than others.

At the other end of the policy spectrum, we have a "private sector" institutional model in which private sector interests are the main guiding force for the Commission. The Commissioner operates functionally independent of the Regional District Administrator, and the Commission is dominated by, if not fully comprised of, non-elected representatives from the private sector. Commissions tend to be higher profile, and more an independent "advocate" of economic development concerns in the region. There are two Commissions which most closely resemble this organizational model.

Between these two extremes, the remaining thirteen Regional Districts have evolved institutional structures which we have labelled the "balanced" institutional model. Some are closer to the private sector model, and others closer to the public sector model. They basically feature a mix of private sector and local elected officials in their Commissions. Due to population distribution and geographic features of their regions, some have developed a sub-commission structure which attempts to generate the participation and involvement of individuals in member communities. Commissions may also feature the representation of interest groups such as labour, environmental and Native groups as members of the Commission. Where such Commissions fall on the scale is basically determined by the degree of control exercised over the function by Regional District officials and, conversely, the independence afforded the Commissioner. Some of the Commissions which fall in this group feature Commissioners who effectively report through the Regional District Administrator to the Regional District Board, and others who effectively report through their Commission and the Commission Chairman to the Regional District Board.

Is there one of the above models of administrative control which best serves the goals of the Commissions Program? There are constraints posed by regional economic variables and the existing practices and organizational features of regional district government which do not make one model universally applicable. While the theory of economic development commissions would likely favour an institutional structure more closely along the lines of the "private sector" model, there are some clear cases in B.C. where this would be unacceptable to existing Regional District governments.

It is obvious that a new institution imposed on an existing structure of government will not be accommodated in the same fashion in every case. Regardless of the organizational structure, we cannot dismiss the fact that the effectiveness of the Commission in a given setting is primarily dependent on the qualities, previous experience and shortcomings of the Commissioner. A Commissioner who is ineffective in carrying out his functions, regardless of the organizational framework in which he operates, can not meet the Program goals. For all practical purposes, Commissions at this stage in their development in B.C. are "one-man" shows. The critical role of the Commissioner is examined in the next section.

### 3.3 THE ECONOMIC DEVELOPMENT COMMISSIONER - AN OVERVIEW

Commissioners play the key role in all Economic Development Commissions and are the critical ingredients to success. The successes and the failures of Commissions are closely linked with the attributes, experience, dedication and shortcomings of the Commissioner. They inevitably set the tone and direction for the volunteer members who comprise the Commission.

At the time of our interviews in the regions, the Commissioners (with two exceptions) had been in office since the formation of the Commission. The low turnover implied either that the regions were satisfied with the quality of the Commissioner's work or lacked the means of evaluating and removing the Commissioner if they were not satisfied. The results of our interviews indicated that on the whole, Commission members and Regional District officials were satisfied with Commissioner performance and saw no need to change. Changing priorities and requirements in some Commissions moved officials to question whether the individual hired originally would best serve the needs of the Commission in the future. It should also be noted that regional officials effectively have no formal benchmark to determine an acceptable level of performance because the Commissioner position is a new one. Indicators such as lack of complaints and concrete examples of Commissioner accomplishments in the majority of cases led to positive rating for his work to date.

The profession of Regional Economic Development Commissioner is a recent innovation and there are not great numbers of individuals who have experience and training in this field. The backgrounds of the Commissioners were varied. Only two of the seventeen Commissioners hired had previous experiences as Industrial Commissioners. Five had worked in the federal or provincial civil service with experience in economic development, and two others had worked primarily in regional government. Five had primarily industrial or commercial business experience, and several had been in owner/manager capacities. Two Commissioners had formerly been bank managers and one a journalist.

Seven Commissioners lived for a considerable period in the Region where they became Commissioners, and ten had come into the area

to assume the position. We were unable to find any strong correlation between either experience or prior residency in the region and perceived Commissioner effectiveness.

With respect to duties and functions, it was generally difficult for Commissioners to provide a breakdown of where they spent their time. No common definitions exist--e.g. when does dealing with an inquiry become promotion or business counselling? Table 3.1 provides a prioritized breakdown of the most frequently performed duties taken from Commissioner interviews. It is apparent from Table 3.1 that Commissioners spent a large part of their time acting as promoters, advisors, and expeditors of government assistance programs. Demands of the local business community tended to create this role for the Commissioner, and it was not necessarily consistent with the Commissioner's perception of his primary function.

Furthermore, most Commissioners tended to follow a similar development path. In almost every case, the initial priority emphasis was on the preparation of an economic profile. Commissioners devoted considerable time in year one familiarizing themselves with their regions and getting the Commission structure established and functioning. Some consistent means of handling and tracking inquiries was invariably put in place. Generally, it appeared to take until the third year before a promotional effort with brochures, etc. had materialized and Commissioners began to take a more "active" (rather than "reactive") role in formulating priorities, identifying opportunities and working to formulate an economic development strategy or plan for the region.

Because of factors such as the newness of the position and lack of time and resources to handle all possible duties, many Commissioners operated in a "reactive" fashion. They typically responded to inquiries and new initiatives (such as the Downtown Revitalization Program). There was a wide spread absence of annual

TABLE 3.1

MOST FREQUENTLY PERFORMED DUTIES AND ACTIVITIES  
OF COMMISSIONERS\*

#1 Activity:	Handle business inquiries and disseminate information (particularly government assistance programs).
#2 Activity:	Provide assistance to companies dealing with government, particularly related to applications for assistance programs.
#3 Activity:	Initiate and coordinate research and studies on the region (economic profiles and feasibility studies).
#4 Activity:	Perform administrative functions (prepare reports, organize Commission meetings).
#5 Activity:	Provide general business counselling
#6 Activity:	Perform promotional functions.

\* This breakdown is based on Commissioner responses to an interview questionnaire. It is meant to indicate those principal activities which presently occupy the typical Commissioner's time. It is not intended to be an exhaustive list.

planning where objectives, both short and long-term, were established as targets against which results could be measured.

As might be expected, most Commissioners, because of the wide latitudes in their Terms of Reference, tended to focus their roles and duties on the functional areas in which they were most comfortable. The entrepreneurial-oriented Commissioners spent much of their time helping prospective businesspersons put their business ventures together. Those with "number-crunching" and analytical strength, gathered and disseminated information and focused on inquiry-handling. Those bent towards public relations and promotion concentrated on building a high profile and "selling" the area to prospective investors, as well as ensuring they were perceived as performing an effective job.

In fairness, most Commissioners performed all functions (and more) to varying degrees, but the obvious emphasis was placed on the area which best suited their personal disposition and experience.

What attitudes and skills are associated with the most effective Commissioners? It rapidly becomes clear when one examines the typical roles and duties which Commissioners perform that success requires tremendous versatility. The "ideal" Commissioner has to be knowledgeable of business, be able to "sell" himself and his region, be able to communicate equally effectively with company presidents and budding entrepreneurs, and possess a fair degree of "political" acumen. One businessman said half seriously that the Commissioners should be able to "produce new jobs at the drop of a hat and be able to leap tall buildings with a single bound!"

In conclusion, the role of the Commissioners requires not only a high degree of skill and versatility but tremendous dedication.

We were thoroughly impressed by the hard work and long hours which we saw being committed to a task that often bears long-term results in an environment where short-term results are expected. The Commissioner's role is not one that can be carried out within a "nine-to-five" time framework. This coupled with heavy travel demands in many regions required a high level of commitment to the job.

#### 3.4 THE ECONOMIC DEVELOPMENT COMMISSION--AN OVERVIEW

The guidelines for the Commissions Program specified that the region was responsible for the establishment of the Economic Development Commission and the subsequent appointment of its Board of Directors. While a recommended job description of an Economic Development Commissioner was developed, it does not appear that the role and responsibility of members of the Commission Board of Directors were similarly fleshed out at the outset of the Program. Commissions that were relatively inactive and unsure of their role were one of the most consistent features across all regions. Some regions admitted that the prime reason for the existence of a Commission Board of Directors in their region was because it had been a specified condition of the financial assistance from the federal and provincial governments.

The senior levels of government have recognized the problem of inactive Commissions and are now taking steps to encourage greater involvement and participation from Commission members in an area which to many is completely new. To date, Commissioners have been the prime source of direction and focus on most Commissions, and this role is unlikely to change as long as a full-time professional reports to volunteers who may be inexperienced in the necessary requirements facilitating economic development in their regions.

The members of the Commission (Board of Directors) were appointed by the Regional District and/or the participating municipalities and unincorporated areas. The average number of members on the Commission was ten, and featured a range from five to twenty-four.

As noted in Section 3.2, the composition of the Commissions varied significantly, ranging from only members of the Regional District Board of Directors, through two-tiered Commissions and sub-commissions featuring both elected and non-elected officials, to a Commission comprised of only non-elected representatives of the private sector. On average, Commissions featured 60% of their members from non-elected ranks and 40% from elected municipal positions.

While the majority of Commissions attempted to hold monthly meetings, many were often less regular than that and a considerable number of Commissions experienced attendance problems. Reporting relationships to the Regional Board varied somewhat as well. Most frequently, the Chairman of the Commission was expected to report to the Regional Board. In other cases, a Regional Board member who served on the Commission in a capacity other than the Chairman was assigned the liaison function with the Board. In a few cases, the Commissioner submitted monthly reports directly to the Board and attended Regional Board meetings regularly. While minutes of Commission meetings were in quite a number of cases distributed to Regional Board members, the typical formal presentation to the Regional Board was done annually in conjunction with the budget approval process.

Commission members tended to perceive themselves in a "consultative" role, i.e. solely providing guidelines and general direction to the Commission. A role as "sounding board for



Commissioner ideas" was frequently mentioned as well. Those who saw themselves in a more "active" role were in a definite minority. An "active" role could be defined as one in which the Commission members were directly involved in the execution of Commission activities. Examples of this latter role included Commission members who were involved in Commission committees which examined areas like sector development strategies and client contact maintenance. A few Commissioners specifically structured their Commissions to include local businessmen from a variety of economic sectors who effectively were available as "resource" persons to meet visiting developers/ industrialists of their similar field. In summary, however, Commission members frequently adopted passive, advisory roles to the Commissioners and effectively served, as one member expressed, "to keep the Commissioner on the straight and narrow".

In addition to problems of inactivity, confusion over the role and responsibilities of Commissions vis-à-vis the Regional District government was cited on more than one occasion. Some Commission members in certain regions voiced some feelings of powerlessness because "we did not participate in the hiring of the Commissioner and we have no ability ultimately to determine budget levels. The Commissioner takes his direction from those who control the purse strings, not us." Commissioners, in some cases, had to contend with two masters--Regional District officials such as the Administrator, and members of the Commission. This depended on the degree to which independence and appropriate authority was vested in the Commission.

What were the attributes of the more effective Commissions? There is no conclusive answer to whether elected officials or businessmen necessarily constitute the best Commission members. A clear distinction between the two groups was often hard to make as many elected officials in the Regional Districts were also businessmen. We found some businessmen who contributed effectively,

and some politicians who were poor contributors, and vice versa. It appeared that the primary ingredient of a successful Commission member was an interest and willingness to get involved and to be a hard-working contributor to the work of the Commission. This fundamental requirement does not appear to have been met in all cases. The uncertainty of roles and responsibilities has been a major contributor to inactive Commissions.

In addition, desirable attributes such as a regional non-parochial attitude, an understanding of the requirements of business, and the lack of a short-term "political" preoccupation with results were frequently mentioned by those interviewed. Both businessmen and elected officials could score highly on the basis of these attributes.

An additional facet of their existence with which Commissions must contend is the fact that they are politically accountable to the Regional District for an increasing share of their budget. An effective means of representing Commission activity to the Regional Board is a pre-requisite of continued support. Some of the Commissions have found this need is best met by having at least one active member of the Commission, not necessarily the Commission Chairman, as a Regional District Board member. Local representation on the Commission from participating areas, be it a non-elected or elected official, will become increasingly important as contributions increase from these communities to support the function.

Large, geographical areas of responsibility for the Commission have in at least five cases led to an attempt to establish a sub-commission structure to facilitate the participation of member municipalities. The experience to date has not met with a great deal of success and it appears that problems of inactivity and lack of direction by Commission members are amplified when the real catalyst, the Commissioner, spreads himself too thin. The challenge of building effective Commissions in the years ahead will be in

finding some means of balancing the need for effective coverage and community input within the Regional District with the available resources of the Commission, i.e. the Commissioner.

### 3.5 THE REGIONAL DISTRICT ADMINISTRATOR AND BOARD--AN OVERVIEW

Regional District governments in B.C. were the chosen partners for implementing this federal/provincial-conceived Program. The fact that the structure, role and administered functions of Regional Districts are by no means consistent in this Province has contributed to variations in the way the Commission function has been adopted and implemented. Variations in geographic size, population concentrations among rural and urban areas, degree of internal political tensions among participating areas, and the particular management approach and attitude toward economic development held by key Regional District officials, all have determined the types of Commissions that have emerged.

The Regional District Administrator has, in most cases, played a critical role. As principal appointed officer of the Regional District, he/she has a large say in the fate of the Commission. Typically, Administrators were the key figures in preparing and negotiating the initial application to receive funding for the Program. The Commissioner is an employee of the Regional District and the Administrator, together with the Board, determines who will be hired, how he will operate, to whom he will effectively report and what status he will be accorded. While the successful receipt of federal/provincial funding entailed some initial negotiation on Commission structure and reporting relationships, Regional District officials had the capacity to exercise considerable day-to-day control over Commissioner activities in the field. A small number of Administrators did use the power available to them and the result was an organizational set-up which we labelled the "public sector" institutional model in Section 3.2.

At the very least, Administrators were all involved in the annual budgetary process. To some it meant merely receiving the budget prepared by the Commissioner and his Commission members and forwarding it to the Regional Board for approval. Some Regional District Administrators also participated extensively in the formulation of annual budgets, sometimes to the exclusion of Commission input in rare cases.

Other than the budgetary exercise and overseeing time cards and salary and expenses matters, there was considerable variation in the degree to which the Administrators controlled the activities of the Commissioner. In the majority of cases, the Commissioner was left relatively free to do his job as he best saw fit. He was often afforded the status of a department head on equal footing with the Planning Director and Chief Building Inspector. Some were more independent of the affairs of the Regional District government and had storefront offices completely separate from the Regional District.

Relationships between the Commissioner and other Regional District officials such as the Planning Director generally tended to be free of friction. There appeared to be a fair amount of cooperation and frequent contact on matters such as industrial land use and zoning issues. In certain situations, disagreements over land use issues were arbitrated by the Regional District Administrators.

The Regional District Board is the institution in which ultimate authority for the Commission function is vested, and to whom the Commission must effectively answer. In all cases, the Board gives its approval to the annual operating budget of the Commission before it is submitted to the Federal/Provincial Industrial Development Committee. Generally we did not find a high

degree of awareness among Regional Board members of the specific activities and work of the Commission unless he or she was a Commission member. The Board typically received an annual report of the Commission, and, in a few cases, regular monthly reports on Commission activities.

Initially, each Regional District's letters-patent under the Municipal Act had to be altered to permit the regions to assume this economic development function. In most cases, this had included a provision which allows electoral areas or municipalities to "opt in or out" of financial support for the function annually. The problems this creates in terms of instability, concern for short-term results, and a community-oriented rather than a regional focus for the Commission are discussed in Chapter Five.

The particular make-up of the Regional District Board and the distribution of votes among member areas has, in many cases, greatly affected Commission activities. Domination of a Regional District by one major municipality (which has the bulk of the population and, therefore, the majority of votes on major issues), had varying effects on the focus of the Commission. In one case, we found a Commission which focused most of its efforts on this dominant community. In another case, the Commissioner concentrated his efforts on the rural electoral areas which he felt had a greater need for Commissioner services. While we have not examined in depth the impact of municipal and Regional District politics on the Commission, we do feel many of the inherent political tensions and rivalries within the region strongly flavour the activities of the Commission. While Commissions have been founded on the principle of instilling a regional outlook on economic development, we still found many Commissioners having to be concerned with servicing the individual needs of the participating municipalities.

### 3.6 CONCLUSIONS

Much diversity is evident in the organizational structures and styles which accompanied the introduction of the Commissions Program as an extension of Regional District government in B.C. No one organizational structure is ideal for all regional circumstances, just as no one Commissioner is appropriate for all situations. Perhaps more than any other factor, the respective qualities, attitudes and relationships between the Commissioner and the Regional District Administrator have determined the evolution of the structure, roles and functions of the Commissions Program in B.C.

CHAPTER FOUR  
PROGRAM RESULTS AND IMPACTS

4.1 INTRODUCTION

The analysis of Program performance involves comparing results to objectives and expected outcomes. Our evaluation of the performance of the Commissions Program focused on two principal areas:

- the opinions and perceptions of those associated with or impacted by the Commissions Program,
- the extent to which the eight Commission functions specified in the Program guidelines and funding agreements had been satisfactorily carried out in the Regions.

Our conclusion is that there is strong evidence to support the contention that Program expectations of senior government have largely been met. Many of the functions specified for the Commissions Program have been satisfactorily addressed in most of the Regional Districts. Moreover, the majority reaction of those interviewed who had some association with the Commissions Program was positive.

Before providing the support for these conclusions, we will briefly discuss some of the issues and problems associated with evaluating the performance of government economic development initiatives such as the Commissions Program. We will also discuss some of the possible performance indicators and their limitations.

A successful program evaluation requires a clear and consistent set of objectives (both explicit and implicit) to which program performance can be compared. As noted in Chapter Two, senior government officials and individuals in the Regional Districts did not all appear to share the same set of expectations regarding what and when results for the Commissions Program would materialize. Guidelines developed by senior governments established Program objectives in terms of coordinating and promoting economic development "activities" in the regions. Establishing the appropriate "climate" and institutional framework to assist the process of economic development in the regions was emphasized as a key objective of federal and provincial officials. Senior government officials viewed this framework as an initial requirement before tangible, job-creating results would occur. Furthermore, the perceived time frame for "hard" results to materialize was realistically a longer one in the case of senior government. For example, evidence of satisfactory Program performance in the initial years might be provided by examples of regions actively participating in compiling an inventory of regional resources, and performing studies of development opportunities in order to prepare effectively for future economic development.

On the other hand, officials in the Regional District were less concerned with "inputs" to the economic development process and more concerned with seeing the Program produce short-term "outputs" in the form of new firms established, jobs created and a larger tax base. These differing sets of expectations must be considered when judging Program performance. They have critical consequences for the future of the Program if financial assistance from senior government does not continue. This issue is addressed in Section 4.4 of this chapter.



There are additional difficulties associated with measuring the impact and performance of the Commissions Program which were acknowledged at the outset of this study. One of the primary problems is the short length of time in which the Commissions have been in operation. The 11 oldest Commissions in existence have been in operation less than three years; the three most recent ones did not have a Commissioner in place during the study. The remaining five Commissions had operational lives which ranged from four months to two years.

Success in the position of Economic Development Commissioner depends, to a large degree, on public exposure and a credible profile in the business community. This takes time to establish especially if the Commissioner is a new resident to the area. The young age of the Program also has significance when compared to the timeframe of many business investment decisions. It is not uncommon for 24 to 36 months to pass by the time potential sites are examined and construction begins in the chosen location. This timing problem has been one factor which has contributed to a typical observation of officials in the field that "we have yet to see any major tangible results like new business start-ups which can be largely attributed to the work of the Commissions Program in our area".

There is also further difficulty in trying to use performance indicators such as "new firms established" and "jobs created" as a measure of Program success. It is hard to determine the impact which any Commissioner or Commission member has had on any new business activity in a particular region. Would the firm have been established or new jobs created without Commissioner support? This is an issue which has been prevalent in many evaluations of government economic development assistance programs. Commissioners typically act in a responsive or reactive role with respect to new business opportunities that emerge in their area. Many of the

factors determining business activity levels in resource-based regions are outside of the sphere of influence of the Commissioner. Much of his effort in providing information on available incentives, assisting the selection of a site, and cutting bureaucratic red tape is generally of a low profile, and possibly confidential nature in some instances. This makes it difficult for Regional District officials to determine how instrumental such efforts are in assisting firms to establish or expand. Nevertheless, some officials were anxious to use quantitative indicators such as new firms established as a measuring stick for justifying regional expenditures on the Commission. This inevitably becomes more of a concern when the Regional District's financial contribution to the Program grows larger. It appeared that these indicators would constitute the "bottom line" in many cases for deciding to continue support of the Program if senior government assistance was discontinued.

In a few isolated cases, Regional District officials appeared to be using the number of government grants local firms received (e.g. ASEP and TIDSA) as an indicator of Commissioner effectiveness. The inability of the Commissioner to determine the fate of applications was not always recognized. In fairness, the majority of Regional District officials had a fair idea of the limitations which both local economic prospects and the often slow nature of the economic development process placed on the performance of the Commission.

Given these issues and the difficulties with quantitative indicators, we essentially focused our efforts on a more qualitative assessment of Program performance. The following sections in this chapter highlight how people perceived the effectiveness of the Program, and to what extent one could conclude the originally specified functions for the Commissions had been successfully carried out.

#### 4.2 OPINIONS AND PERCEPTIONS ON PROGRAM PERFORMANCE

In our survey of attitudes towards the program and its perceived effectiveness to date, we put considerably more weight on those eleven Regional Districts which established Commissions in the first year of the program - 1978. All these Commissions (except one) have had Commissioners continuously in place for at least two years. However, two years is not an appropriately long duration to expect significant results from a Program of this nature. It also became clear during our interviews with regional officials that concern for results from the Program became progressively greater as the financial contribution from the Regional Districts increased. The 10% financial contribution in the first year was accompanied by a concern simply to see the Program get established and groundwork such as an economic profile undertaken. The second year's 30% financial contribution tended to elevate concern for where the Commission was heading. When 50% of Commission costs were being shouldered by the Regional District in year three, there was a heightened concern for evidence and feedback that the Commission was accomplishing something.

The predominant reaction to the performance of the Commission was positive for approximately 90% of those individuals who had some association or contact with the more established Commissions. This group included regional district and municipal elected officials and staff who were aware of the Program. Asking local government officials their impressions of the work of the Commission to date would generate typical responses such as:

"I think the Commissions Program is a good one and is serving a useful function in this region, but the benefits are largely intangible so far".

"The Commissioner has removed the considerable burden of handling economic development inquiries from the rest of my (regional district) staff. Before he came along, we had neither the time nor the resources to respond adequately to them."

"The regions would not have the concept of industrial parks and the possibility of infrastructure assistance from IDSA (Industrial Development Subsidiary Agreement) so far advanced at this time without the efforts of Commissioner."

"I haven't heard any complaints about the work of the Commission or Commissioner."

"He (the Commissioner) has developed an economic profile of the area, but I can't point to any new firms that he's been responsible for attracting. Now he may have helped some firms get some government grants, but I'm not aware of any cases in particular."

"The Commissioner has been a real catalyst in bringing together groups with common development concerns."

It was quite apparent that many of those interviewed felt there was value and long term benefits to the region of having someone charged with economic development responsibilities. There was also a widespread consensus that two years was too short a time to see any substantive results from the Commission.

Businessmen who were aware of the services of the Commissioner were similarly positive about the Program. There were numerous instances encountered where businessmen who had been assisted by the Commissioner felt that the help received was instrumental in causing a project to materialize. In some cases it may simply have been one of making a prospective entrepreneur aware of potential sources of financial assistance. In other instances, the Commissioner was able to assist in locating and assembling reasonably priced land for a new plant location, or identify and help secure markets for a new product, or successfully assist an entrepreneur revive a business idea. While our sample of businessmen interviewed may be slightly biased towards the firms that had been successful in receiving government financial assistance, we feel the general consensus of those who had contact with the Commissioner was very supportive of the function.

In terms of Program impact, however, we did not generally find a high awareness level among the business community with respect to even the relatively more established Commissions. One reason for this may be attributed to the young age of the Program and the fact that many Commissioners were new to their regions. Commissioners who had the highest profile among their business community tended to be those who had been active and established businessmen in the region prior to becoming Commissioners. There is no doubt some truth to the contention that individuals are unaware of what assistance is available until they have some cause to require help. This feature is common to many government assistance programs, and the Commissions Program is not a likely exception.

With respect to the minority of opinions (approximately 10%) which were neutral or negative to the Program, there were some common

features. Criticism and complaints rarely challenged the very existence of the Program, but typically were focused on operational concerns such as funding provisions and Commissioner priorities.

Some of those with dissident opinions shared a common philosophy that the private sector made business investment and location decisions regardless of the promotional efforts or information services of any Commissioner. "If an opportunity existed, the private sector would seize upon it..." was a typical viewpoint of this group. Active government intervention in the economic development process was not seen as required. Furthermore, bigger firms would have their own means of gathering information and would deal directly with Vancouver or Victoria regarding government assistance. A typical conclusion of such an argument was that the Commissioner was "an unnecessary extension of the bureaucracy who simply provided a high-priced information service to small local business". This attitude was definitely a minority one, and runs counter to the reality of a growing involvement by municipalities and regions throughout North America in the aggressive promotion and pursuit of industry and jobs.

Another frequently-heard comment was that "I'm not aware the Commissioner has done anything constructive". In certain cases, this was essentially a communication problem where either the Commissioner had done an inadequate job of reporting his activities and/or the local official had not bothered to keep informed and abreast of developments. To a large extent, it appeared true that those Commissions which were perceived by those interviewed to be performing adequately did an excellent and consistent job of reporting their activities and ensuring that their involvement with any job-creating projects was well exposed. To modify an old adage, it was critical not only to perform adequately the Commissioner

function, but to "appear" to be doing an effective job. In more than one instance, the confidentiality aspect of client dealings hindered the ability of Commissioners and Commissions to communicate effectively their efforts and initiatives.

As a general observation based on all the regions, one could not conclude that more negative opinions on the Program came from officials and constituents of the rural electoral areas versus municipalities. Some unincorporated areas have opted out of supporting the Commission function because officials did not perceive any direct benefits accruing to their region. It was felt that any new industry, jobs and assessment base would centre around municipal areas. However, some of the municipal officials in regional districts dominated by one large or a number of larger municipalities did not always feel that a regionally-oriented Commissioner best served their community's needs.

In summary, positive reactions to the Program were in the overwhelming majority. From this discussion of opinions and perceptions of those interviewed, we continue in the next section with an assessment of the extent to which the original functions established for the Commissions by senior government have been accomplished.

4.3 PROGRAM PERFORMANCE IN TERMS OF THE ORIGINAL FUNCTIONS  
OUTLINED FOR THE COMMISSIONS - SUCCESSES AND DEFICIENCIES

Assessing Program performance in the context of the original eight functions outlined for the Commissions provides a convenient means of highlighting some of the achievements as well as the deficiencies of the Program to date. Table 2.1 listed the functions which were outlined both in the Program guidelines and the funding agreements signed with the Regional Districts. Our analysis suggests that considerable progress has been made towards the goals of "coordinating, rationalizing and promoting economic development activities" on a regional basis within the IDSA target area. Some of the case examples discussed below are intended to illustrate the types of benefits which have accrued to senior as well as regional levels of government through the Commissions Program. The achievements to date support the contention that activities supportive of economic development at the regional level are being handled better now than they were before the Commissions Program came into effect. This in itself constitutes one important measure of program effectiveness. Each of the eight major Commission functions will be discussed in turn.

- "the preparation of a regional profile leading to the development, management and implementation of a regional economic development plan."

Regional economic profiles have been prepared for every Commission which has been in existence for at least a year. In at least one case, an updated profile was not undertaken of a major sub-region within a regional district because one had been



undertaken several years earlier. Preparation of economic profiles was in almost all cases the initial priority of the newly-hired Commissioner. Many of the Commissions have assumed the task of periodically updating their profiles, and they are a key form of promotional mail-out material. The profiles provide a useful overview of the region, its natural resources, demographic and labour force features, major industrial sectors, market data, and community and government services, including energy, transportation and communication facilities. Industrial land availability, government assistance programs and possible economic opportunities may also be highlighted. Regional profiles represent a distinct upgrading of regional data bases for many areas in the province. However, the type of material contained in regional economic profiles does not easily lend itself to the formulation of regional economic development plans.

To date, no regional economic development plans or strategies have been established. Part of the reason may in fact be the short duration of the Program to date, but there does not appear to be much discernible progress being made towards the formulation of development plans. British Columbia is not alone on this account among other provinces which have similar Commissions programs. New Brunswick experienced the same problems with the regional profiles prepared for its Commissions, and generally concluded that typical profiles did not provide the quality and nature of information necessary for the strategic decision-making involved in economic development plans. This problem and recommended action to overcome it is addressed further in Chapter Five.

- ". . . initiate and coordinate such studies as might be essential to the attainment of economic development in the region."

The initiation of development opportunity studies has been more of a priority in some Commissions than it has been in others. Since the inception of the Commissions Program, nine planning, opportunity identification and feasibility studies at the initiation of Commissioners have been funded under the Industrial Development Subsidiary Agreement's Research Program. Table 4.1 lists the studies and regional profiles that have been specifically financed under the IDSA Research Program.

It is apparent that some Commissions have been more active than others in subscribing to the Research Program. This tends to reflect the different priorities of Commissions. While the number of studies other than profiles may appear low, it must be emphasized that at the most we are looking at a two and one-half year time span with initial priorities focused on having a regional profile undertaken.

As of November 30, 1980, there were approximately 13 other applications from Commissioners made to the IDSA Research Program which have either not received approval or decisions have been deferred because of incomplete information. Furthermore, this list is not an exhaustive one of the research and studies which Commissioners have initiated, undertaken and coordinated. Three Commissioners on Vancouver Island have cooperated in staging a symposium on transportation policy for the Island. Similarly, at least two Commissioners have prepared reports on energy resources within their areas. In total, these studies undertaken to date are a reflection of regional input in the planning and promotion of economic development.

TABLE 4.1  
 IDSA RESEARCH PROJECTS  
 INITIATED BY ECONOMIC DEVELOPMENT COMMISSIONERS

APPLICANT	SUBJECT	DATE APPROVED	FED/PROV. FUNDS APPROVED
Peace-River Liard R.D.	78 impact conference	30.01.78	\$ 1,500
Comox-Strathcona & Mt. Waddington R.D.'s	Mt. Waddington profile	22.06.78	\$ 8,000
North & Central Okanagans and Okanagan Similkameen	Economic Study	27.07.78	\$37,496
Fort St. John Aircraft Maintenance Ltd. (Peace River-Liard R.D.)	Market study for an aircraft maintenance facility	05.04.79	\$16,428
Thompson Nicola R.D.	Regional profile and opportunity identification	12.12.78	\$15,000
Cowichan Valley R.D.	Regional profile	12.12.78	\$14,400
Alberni-Clayoquot R.D.	Regional profile	12.12.78	\$10,000
Kootenay Boundary R.D.	Regional profile	09.03.79	\$ 7,462
Bulkley Nechako R.D.	Regional profile	17.05.79	\$13,000
			Continued ...

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 IDSA RESEARCH PROJECTS  
 INITIATED BY ECONOMIC DEVELOPMENT COMMISSIONERS

APPLICANT	SUBJECT	DATE APPROVED	FED/PROV FUNDS APPROVED
Skeena-Queen Charlotte R.D.	Kelp study	05.04.79	\$105,700
Okanagan Similkameen R.D.	Liqueur distillery feasibility board	05.04.79	\$ 17,700
Skeena-Queen Charlotte R.D.	Queen Charlotte profile and economic assessment	11.07.79	\$ 10,000
Central Okanagan R.D.	Industrial land analysis	11.07.79	\$ 20,000
Peace Wood Products Ltd. (Peace River-Liard R.D.)	Study for a plywood/LVL mill at Taylor, B.C.	19.07.79	-
Skeena-Queen Charlotte R.D.	Marine industrial mall study	21.12.79	\$ 30,000
Columbia-Shuswap R.D.	Regional profile	21.12.79	\$ 12,800
Nanaimo R.D.	Regional profile	15.02.80	\$ 8,500
Cowichan Valley R.D.	Tidewater log handling facility study	21.04.80	\$ 12,000
North Okanagan Commerce Inc.	Anderson Industrial park study	11.07.80	\$ 8,000
Okanagan-Similkameen R.D.	Okanagan-Similkameen industrial land study	11.07.80	\$ 20,000
Regional District of Kitimat-Stikine	Regional profiles for Kitimat-Stikine, Central Coast and Stikine	15.10.80	\$ 18,000

- "the preparation and dissemination of promotional material and economic data for the region . . ."

As noted above, the regional profiles have been both a source of economic information and promotional tools. Seven Commissions have also produced specific brochures to date and most Commissioners have it earmarked as a priority. Virtually all Commissions which have been in operation for any appreciable length of time have packages of regional information which are regularly disseminated in response to incoming enquiries. This material serves as an essential tool of business development efforts, and portrays a regional orientation not especially prevalent prior to the Commissions Program.

Some innovative approaches have emerged as well, with several Commissions having developed, or in the process of developing, audio-visual presentations. Commissions budget approximately \$2,000 to \$5,000 on average per year for the preparation of brochures, information pamphlets and publicity which represents roughly 5% -7% of their typical operating budget.

- "promotion of the region for economic purposes on the understanding that Commissioners and their staff would not be permitted to travel or conduct other promotional activities outside the Province unless given explicit permission to do so by the Ministry of Economic Development."

With few exceptions, Commissioners have engaged in promotional activities such as speaking engagements at service clubs. For the most part, these activities have been within the local region. The personal disposition of the individual Commissioner has determined to what extent he participates in media events such as

"hot-line" shows and after-dinner speaking. Commissions generally have not carried out expensive advertising campaigns, but have restricted themselves to articles and advertisements in provincial publications such as B.C. Investment News and B.C. Business. While there was occasional concern expressed by both the Commissioners and others interviewed for what was perceived as provincial restrictions on promotion activities, the provincial responsibility in out-of-province promotion was generally acknowledged. The majority of Commissioners felt that the "shotgun" approach of advertising in national publications was not cost-effective.

- "functioning as a regional contact for business development inquiries."

This, in all but a few cases, was the priority role for Commissioners. An estimated 3,000 serious business development inquiries were handled in 1980 by the 15 Commissions which had Commissioners in place, and at least an equal number of a more general information or research oriented nature. An average of between 50%-75% of these inquiries were generated from the local region. It was readily apparent that Commissioners were filling an important gap. They served as a convenient focal point for business inquiries which reduced the demands on other municipal officials. Their role as a "one-stop information source" provided for the expeditious servicing of client needs.

Although a detailed breakdown was not computed, it was clear that many of the information requests concerned available government assistance programs. There is little doubt that Commissioners have served to increase local private sector awareness of government programs and in effect helped to "market" a host of business assistance programs.

- "provision of assistance to businesses dealing with all levels of government."

Commissioners have served as effective resource people in the regions who have improved liaison and access between the local business community and decision-makers in senior government. As noted above, they have been instrumental in making people aware of the requirements in applying for assistance under a variety of government programs. They equally served the needs of senior government by providing a "pipeline" to the field for officials of departments such as DREE and MISBD. Several instances were noted in which Commissioners had been requested to act as a substitute for a provincial official who was unable to make a local meeting. Such a quasi-government agent role is an important function of Commissioners which should not be ignored. Commissioners also serve useful roles in representing the interests of business development to municipal and regional district government. Involvement in zoning issues appears quite widespread. Attendance of the Commissioner at Technical Planning Committee meetings of the Regional District in a number of cited cases had been largely responsible for land-use rulings in favour of economic development interests. At the very least, the Commissioner serves as an informed voice for economic development which was not evident in the same regions in the past.

- "preparation of an annual report and budget for the Industrial Development Committee"; and
- "the performance of other normal administrative duties"

Both these latter two functions fall under the heading of normal administrative functions. There was no substantive evidence that

these duties were being neglected. However, the quality and effectiveness of annual reporting methods varied between Commissioners. The development of a proposed model for an annual report might assist Commissions in more effectively communicating their activities and results to the Regional District Board, the public, and senior government. This is discussed further in Chapter Five.

In addition to the above eight functions specified in the Program guidelines, there are several other notable roles which Commissions have undertaken which measurably contribute to the goal of "coordinating, rationalizing and promoting economic development activities on a regional basis." Commissioners, in many instances, have served as a source of initiative and coordination in bringing various groups and individuals together within regions to address common development concerns or opportunities. In some cases, this has materialized in the role of an ombudsman involved in reconciling the interests of environmentalists, labour unions, and pro-development supporters. In other instances, it has meant being the catalyst behind downtown revitalization efforts. In yet other situations, the Commissioner has been instrumental in bringing about the establishment of an association of independent loggers to collectively tackle common marketing and resource supply concerns.

Related to this coordinating function is the active role which some Commissions have played in preparing "briefs" to senior levels of government which represent regional viewpoints on economic development-related concerns. Commissioners have prepared briefs on energy concerns, transportation policy including airport development, and tourism development strategies for their regions.



A final but certainly not insignificant role, which was not originally incorporated in Commission functions, was the active involvement of Commissioners in land assembly and industrial park development efforts. Eight of the Commissioners indicated a significant level of involvement in trying to establish municipal or regional industrial parks. This typically involved working with local government officials as well as with agencies such as the British Columbia Development Corporation and the Industrial Infrastructure Program of the Industrial Development Subsidiary Agreement.

#### 4.4 WOULD THE PROGRAM CONTINUE WITHOUT SENIOR GOVERNMENT SUPPORT?

One means of measuring the "bottom-line" impact and perceived benefits of the Program was to ask the regional officials what would happen to the Program in their area if financial assistance was further reduced or eliminated. The typical (and not unexpected) response was the Program would not continue without senior government support.

In the majority of cases, regional officials concluded that it was too early to assess the results of the Program. Tangible results from a successful execution of the economic development functions discussed in previous chapters materialize over the long term, and often in ways that are difficult to link conclusively with the original actions of the Commission. A research project and Commission brief on the need for an industrial railway system in a prime forestry-based region may not by themselves create one new job. But if it eventually results in some improvement in the transportation system which maintains the competitiveness of existing forest-based industry in the region, a significant loss of jobs may be prevented.

Regional district officials contended that often the intangibility of results made it difficult to justify the Commissions Program to the electorate. Economic development was not viewed as an "essential service". It was not a mandatory legislated function of Regional Districts like planning, and when budget slashing took place, economic development activities would likely be cut before visible improvements such as regional parks or a new swimming pool. Quotes such as "it would be a long time before the Regional District Board put it (the Commission function) fully on the back of the constituents to fund" or "I wouldn't bet money on the outcome of a vote to continue the Commissioner function" were representative of normal reactions of Regional District officials. Further, it did not appear simply to be a case of the appropriate political bargaining stance for regional district officials facing potential loss of senior government revenue. Many officials contended that should the level of subsidies be reduced beyond the 50% level, participating municipalities would not raise their contributions to maintain the same budget level. Although the threshold of necessary senior government assistance varies, these responses are analogous to similar surveys of participating municipalities in Commissions Programs of both Quebec and New Brunswick. Senior government support appears to be essential if regional commitment to the Commission program is to be maintained.

There was a striking consensus of opinion on the part of the majority of Regional Districts that a 50/50 cost-splitting formula for at least an additional two years would be acceptable to their respective Regional Boards. In the small number of cases, where continuing federal/provincial participation was not deemed as critical, a major municipality or other organization would be willing to pick up the function if the region dropped it.

The question of the level and type of senior government involvement in the Commissions Program is specifically addressed in the next chapter.

4.5 HAS THE COMMISSIONS PROGRAM HELPED ACHIEVE THE OBJECTIVES OF THE INDUSTRIAL DEVELOPMENT SUB-AGREEMENT?

The objectives of the economic development strategy articulated in the IDSA included:

- increasing the opportunities for productive employment and, more generally, ensuring greater balance between actual employment and the numbers of people actively seeking work;
- maintaining and enhancing the real incomes of British Columbians;
- providing stability of employment and real incomes in the Province; and
- achieving a greater degree of regional balance in Provincial economic development.

When taken together, these objectives point towards the goal of increasing secondary manufacturing and other employment opportunities in the less densely populated areas of the Province. Without the benefit of some detailed analysis, it is difficult to determine:

- whether a greater degree of regional economic balance and employment opportunities has been achieved over the life of the IDSA agreement, and
- to what extent the Commissions Program has been responsible for these results.

British Columbia is essentially an open economy whose economic growth is to a great degree dependent on international markets for its primary resources. The spatial distribution of growth is to a great extent determined by the location of resources such as forests and minerals. It is unlikely that the work of Commissioners who primarily cater to investment intentions of local small business will have an appreciable impact on the provincial balance of economic development. Many Commissioners, however, have established the focus of their efforts to try to diversify the local economic base which could both increase "opportunities for productive employment" and provide "stability of employment and real incomes". While the proper institutional framework has been established, the tangible results of the Commissions Program in terms of the establishment of new firms and jobs are not widespread to date.

One benefit which should not be overlooked is the favourable impact which the Commissions Program has had on federal-provincial assistance programs including other IDSA initiatives. Commissioners have been key subscribers to IDSA Research funds which have been used to identify and assess potential employment opportunities in the target area covered by IDSA. Moreover, they have provided a valuable public information service on the various Agreement programs such as ASEP. While no formal responsibility was initially established, Commissioners have been quite involved in helping communities take advantage of the Industrial Parks Assistance Program. While some may argue that it should not be a priority concern of the Commissioner to "sell" IDSA programs, it is clear that if the Agreement is eventually deemed to have been a successful one, the Commissions Program will have contributed significantly to the achievements of the other IDSA Programs. The contributions made by the Commissioner in the promotion of TIDSA and ARDSA are not insignificant as well.

## CHAPTER FIVE

### KEY PROBLEMS, ISSUES AND RECOMMENDATIONS

#### 5.1 INTRODUCTION

In this chapter, we identify the most frequently identified issues and problems associated with the Commissions Program which emerged from our interviews and observations. The implications of these problems are addressed and recommended action to overcome them is proposed.

#### 5.2 PROPOSED FUTURE FUNDING ROLE

Our primary conclusion is that the Commissions Program to date has made significant strides towards accomplishing the objectives and functions originally envisaged for it in the short life of the Program. The institutional framework has been put in place for regions to participate more actively in planning, promoting and coordinating their future economic development. Some fine-tuning and refinement of the Commissions Program is required and the senior levels of government should be prepared to play an active role in this process beyond their initial three-year commitment. The Commissions Program has served them well, but many of the benefits derived over the first three years may be lost because the Commissions are not "sufficiently well established to be able to continue without assistance from senior levels of government". One possible solution to this critical funding issue is for the the senior levels of government to continue the 50% regional and 50% federal/provincial cost-sharing arrangement for a minimum of two additional years in each participating Commission.

As discussed in Chapter Four, senior governments benefit by having access to Commissioners who serve as "pipeline" to the field and who often act in a quasi-government agent role for economic development matters.

While the actual distribution of tax and income generating benefits between the three levels of government is difficult to determine without further study, it is clear that all share in the consequences of a successful Commissions Program. New industry will be taxed by all three levels of government and a long-term 50/50 cost arrangement may indeed reflect the anticipated benefit ratio.

The 50/50 formula was suggested often by the participating Regional Districts. Continued senior government support for the Commissions Program for an additional two years would impart some needed continuity and stability to the Program over which time participating regions may better be able to gauge the results and impact of a Program which, by its very nature, yields benefits over the long-term. Three years was definitely not a long enough period in the view of most Regional District administrations to experience the type of results which would justify assuming the full cost of the Program regionally. We further believe an additional two years of senior government financial support would facilitate the fine-tuning which could eliminate many of the problems highlighted below.

### 5.3 PROBLEMS ASSOCIATED WITH USING REGIONAL DISTRICT GOVERNMENT AS THE VEHICLE FOR IMPLEMENTING THE PROGRAM

The advantages are significant of having an existing Regional District system of government through which a regional or community-oriented program, such as this one, can be implemented. Nevertheless, there are problems created, some of which are amenable to action and change and others that likely will remain features which detract from Program success.

As an appendage of Regional District government, Commissions invariably suffer the effects of structural problems and political tensions within the regions which can adversely affect the successful execution of the Commissions Program. Rivalries between participating municipalities and persistent parochial attitudes are factors which the Commissioner must take into account when carrying out his functions. These types of traditional behavior can not be erased in two or three years by a new institution espousing a regional outlook. The Commissioners will always have to contend with the concerns of local area representatives who want the industrial park, the regional airport or the new processing plant to locate in their area. There have been some excellent examples of regional cooperation such as the jointly-staged transportation symposium by the three Vancouver Island Commissions. But many Commissioners expressed frustrations in trying to satisfy all the participating members of the Regional Districts, rather than simply the region in total.

One particular feature of the funding provisions for the Commissions Program within the Regional District tended to place considerable constraints on many Commissioners. Most Regional Districts have an "opting-out" provision by which participating municipalities and electoral areas can decide annually by means of a by-law whether they want to financially support the Commissions Program for the upcoming year. Eight Regional Districts share the problem of communities or electoral areas which do not financially support the Commission function. This has created problems of instability and uncertainty for the Commissioner from year to year. It can have the tendency to place unrealistic pressure on a Commission to produce concrete results in every participating area each year. As a result, Commissioners might focus on short-term gains at the expense of long-term benefits.

An additional consequence of certain areas opting-out of the function is that it increases the proportionate financial burden of those remaining areas supporting it.

We attended one Regional Board meeting where the fate of the Commission in year three hung on the decision of the Regional Board Chairman whether or not to support the function financially. A pulling-out by the Chairman's area would have induced many other areas to opt-out, while increasing the financial burden on the remaining participants. The problem was resolved by the Chairman deciding to give the Program one more year to produce results.

The problem with eliminating or altering the annual "opting-out" provision is that it was often necessary to get sufficient approval among Regional Board representatives to institute the Commissions Program in the first place. One Regional District Administrator asserted that in his region the annual opting-out provision was critical in getting the support of a majority of represented areas who feared that the function would only benefit the one dominant municipality in the Region.

The question of opting-out has similar features to the classic "free rider" problem of economics which applies to all public goods such as parks and national defense. It is in everyone's interest to downplay his (and hence financial) commitment for a public good on the assumption that it is going to be provided anyway. While certain municipalities will no doubt benefit more in terms of increased assessment base from economic development in the region, it is difficult to argue that even small rural communities or incorporated areas do not share the same benefits from the provision of increased job opportunities in the region.

A decision to continue federal/provincial financial support of the Program for at least years four and five may ease some of the instability created by the opting-out provision. At the time of the study, eight Commissions had sub-areas which were not financially supporting the Commissions Program. The trend over time, however, appeared to be towards having non-participating areas opt-in to the



Program rather than vice versa. An additional two-years of financial support may further assist this trend. (One prospective new "convert" to the Commissions Program involves a previously non-participating area in which a new processing plant was established. The Commissioner had been instrumental in helping this business get established.)

While we have not explored the implications with respect to the Municipal Act, we do recommend:

All three levels of government represented in the Commissions Program should examine the problems caused by the annual opting-out provision available to participating communities, and take steps to reduce the instability and uncertainty it creates for the successful execution of the Commissions Program. The possibilities of eliminating the annual opt-out clause in any extension of Commission funding beyond year three or making the Economic Development Commission a legislated function for all Regional Districts (similar to regional planning) should be given consideration.

The geographic size and economic diversity of many Regional Districts was one of the most often quoted sources of problems for Commissions and Commissioners. In all those cases, Commissioners felt that they did not have the resources in terms of manpower to provide adequate coverage to all the areas in their territory. Regional Districts do not always appear to be the most logical means of defining a geographical territory for a Commission function. Too large and diverse an economic area has caused several Commissioners to spread their efforts too thin. More adequate resources and staff support are appropriate in many cases, especially in those regions where full-time secretarial help is currently unavailable.

Inquiry-handling, as noted in Chapter Three, is the most time-consuming function of most Commissioners. The ability to delegate more of that requirement to a subordinate (or subordinates if

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Inquiry-handling, as noted in Chapter Three, is the most time-consuming function of most Commissioners. The ability to delegate more of that requirement to a subordinate (or subordinates if

sufficient demand existed) would free the Commissioners' time to service their territories. The majority of Commissioners contended that they were unable to get out of the office as much as they would like. Greater efforts to institute an effective enquiry-handling system might permit this. We recommend that:

The three levels of government in their annual operating budgets should give special concern to ensuring Commissioners have adequate clerical/secretarial back-up to help handle inquiries and other functions.

An additional area of problems was sometimes created by the integration of the Commissioner's function with other Regional District services. Administrative officials from participating Regional Districts had to implement and administer economic development services which did not often fit the mould of their other activities. Demands on the Commissioner to be relatively more independent and flexible in terms of working hours and travel has created internal tension in some Regional Districts. Furthermore, the "high-profile" and "non-bureaucratic" image which is often an important part of establishing and maintaining credibility within the local business sector may not be consistent with the requirements and expectations for other Regional District employees.

No more than a half-dozen Commissions have separate store-front offices located outside the Regional District offices. While we feel that this approach has considerable merit in possibly increasing the readiness of the business community to make use of the services, we hesitate to recommend it formally for all regions. There is some merit in providing a "one-stop" information service within the Regional District office where individuals can readily get information and access to planning and building permit concerns as well as economic development assistance. Furthermore, a downtown business location in a major municipality may not sit well with other participant communities funding the services. There would also be

easier access for the Economic Development Commission to information gathered for regional planning purposes, and some efficiencies in office-administration if the Commissioner's location was retained within the Regional District's offices.

5.4 DIFFERENCES IN PROGRAM EXPECTATIONS BETWEEN SENIOR GOVERNMENT AND REGIONAL DISTRICT OFFICIALS

As discussed in Chapter Two, in many cases, there is a critical divergence between federal/provincial and regional officials as to what should be the appropriate measuring stick for evaluating Program performance. To reiterate the analogy of the garden, senior government is primarily concerned with having the proper "seeds" for economic development sown in the regions, while regions want a bountiful "crop" of new jobs and industries in quick fashion which they can relate to the efforts of their gardener. A good understanding of the particular constraints inhibiting the economic development of each region was not always readily apparent. Regional Districts faced a real dilemma of trying to justify expenditures on economic development to their constituents while often being unable to point out concrete visible short-term results of the Program in their area. We recommend:

The senior levels of government make a greater commitment to the education of regional officials, Commission members and the public as to the value of services such as the Commission Program in facilitating the economic development of their regions.

The session being planned by the MISBD Coordinator of Economic Development Commissions for the spring of 1981 which will involve Commission members, Regional District officials and Commissioners is one means of encouraging this education process.

5.5 ABSENCE OF GOALS, OBJECTIVES AND STRATEGIES AT THE COMMISSION LEVEL

Planning and the establishment of objectives has not been a priority activity in many Commissions to this point. Most areas have initiated the process by having economic profiles done, but no Commissions have carried it further to the point of establishing specific economic development strategies. This is perhaps the greatest area of deficiency in terms of the original functions envisaged by senior government for the Commissions Program. There are some good explanations for it, however.

The nature of the material contained in the economic profiles did not easily lend itself to the formulation of economic development plans. The young age of the Program is a factor as well. New Brunswick Commissions are just beginning to produce regional economic development plans and strategies and their similar program was established in 1975. Furthermore, the technical and information resources required to execute this planning process may not be available within each Commission. Some external technical support may be required. The value of such an exercise will be to identify some clear actions which must be undertaken to facilitate development of the region's economy. Commissions will then evolve into more of an "initiating" rather than "reactive" role.

To assist this planning process, we recommend:

Senior levels of government should seriously consider committing resources to help Commissions carry out the development of regional economic strategies and plans. This could be accomplished by making technical and staff resources available to Commissions to assist them in the planning exercise. One possibility would include making an individual with economic planning skills available to the Commissions to help define the requirements of the process and get it underway. IDSA Research funds could be used to fund the costs of making such facilitators available to Commissions.

Along with developing regional economic development plans, Commissions and Commissioners would benefit from placing more attention on setting annual objectives. This would establish much needed clear priorities for their activities, and benchmarks for measuring performance. This might also improve their credibility to Regional District Boards. In light of this need, we recommend:

All Commissions should annually approve and review a comprehensive set of objectives which are communicated to the Regional District Board. Senior governments should give consideration to establishing this as a mandatory requirement for receiving financial assistance beyond year three of the Program.

#### 5.6 INACTIVE COMMISSIONS

One of the most widespread problems in many of the regions was that Commission Board of Directors were not all active in providing support and direction to Commissioners. Part of the problem arises out of the fact that the role of the Commission member is not well-defined, and that, in some cases, Commission Boards appear to have been established because it was stipulated in the funding agreement. Furthermore, strong and effective full-time Commissioners, or dominant Regional District Administrators have in some cases negated the role of the Commission. Experiences in the more successful industrial and economic commissions throughout North America point to the essential value of active participation of local residents, particularly local businessmen, in fostering economic growth. We therefore recommend that:

A policy statement clarifying the roles and responsibilities of Commission Board of Directors should be developed by senior government in concert with the regions. The regular program of education and consultation among Commissioners should be extended to include officials from both the Commissions and the Regional District.

#### 5.7 CONFIDENTIALITY AND COMMUNICATION ISSUES

Confidentiality problems of various types were apparent in many regions. The confidential nature of many client contacts with the Commissioner and the inability to discuss potential developments with Commissions and Regional Boards was a contentious issue. It led to accusations "that the Commissioner was unduly secretive" by Regional District officials and board members who want to be kept informed about potential developments in their area. It also created problems for the Commissioner trying to justify his existence and substantiate his accomplishments. In extreme cases, it led to serious concerns about "whether the Commissioner worked for the Province, the Regional District, or businessmen".

The need to preserve confidentiality is an essential attribute in dealings with the business community. Unfortunately, this need did not always seem to be recognized by those to whom the Commissioner was accountable. In fairness, better activity reporting methods on behalf of Commissioners would have helped eliminate some of the concerns that arose.



We found that confidentiality was less an issue in those Commissions which had developed effective reporting methods that contained more than statistics like the number of inquiries, etc. To correct this problem, we recommend:

The Commissioners, together with MISBD technical support, should develop a uniform model for an effective annual report

Another dimension of the confidentiality/communication problem relates to the issue of Provincial development intentions. There was considerable concern voiced by Commissioners about being poorly informed of the MISBD's and other departments' development plans and policies. Some Commissioners felt isolated in the field and not attuned to provincial priorities which had a bearing on their regional efforts. Comments such as "Does British Columbia have an economic development strategy?" or "How come we never get any feedback on the results of these Pacific trade missions by Ministry staff?" were not infrequent. (We must add, however, that Commissioners had few complaints about the number of development inquiries channelled their way through MISBD in Vancouver and Victoria.) We recommend that:

Both senior levels of government should make a greater effort to keep Commissioners and Commissions informed of their provincial economic development initiatives and the relationship of such initiatives with those of the regions.

One frequently mentioned complaint was that the role of the Commissions/Commissioners in helping firms establish themselves and acquire government assistance was not acknowledged in official press releases from DREE and/or MISBD announcing grants.

This did little to enhance the profile or acknowledge the value of the Commissions Program in the regions. This is especially critical given the importance of Commissioners being "perceived" as effectively executing their economic development functions. Therefore, we recommend:

Senior levels of government should make greater effort to acknowledge the work of Commissions and Commissioners in press releases from their respective departments.

5.8 DESIRE OF COMMISSIONERS FOR A BETTER ORIENTATION AND CONTINUED TECHNICAL TRAINING

The role of Economic Development Commissioner is a relatively new profession and the majority of B.C.'s Commissioners have not had previous job experience in this area. There was a frequent need expressed by Commissioners for continued technical training. We recommend that:

The newly formed Economic Development Council of British Columbia, together with senior governments, should assume the principal roles in catering to the technical and educational needs of Commissioners and other members.

We further believe that there should be a longer, more extensive orientation period for new Commissioners which would include some time spent in the provincial and federal ministries concerned with economic development. This was a need expressed by many of the incoming Commissioners. We recommend:

The senior levels of government should initiate a more comprehensive orientation program for new Commissioners.

