



# Growing Canada's Rural Economies: Toward an economic renaissance in agri-food and other sectors

## Proceedings Report



**A one-day symposium hosted by the  
Canadian Agri-Food Policy Institute (CAPI)**

**Hilton Suites Winnipeg Airport  
Winnipeg, Manitoba | February 28, 2008**

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**Canada** 

## **Growing Canada's Rural Economies: Toward an economic renaissance in agri-food and other sectors**

### **Proceedings Report**

#### **Key Findings**

The Canadian Agri-Food Policy Institute (CAPI) recently hosted a one-day symposium to identify policies that could enhance economic activity in rural Canada. Held in Winnipeg, the aim of the symposium – with the aid of numerous experts – was to identify what is currently known on this issue, and highlight questions and topics that participants felt should be addressed. Presenters and their audiences came from a wide variety of backgrounds, from career academics to family farmers. Several key findings emerged. These key findings are described in more detail under section 7 on page 17 of the report.

The presenters raised a number of important considerations for growing Canada's rural economies. A key theme was the fact that agriculture is not a major contributor to rural economies. In predominantly rural regions, 7% of rural employment is in agriculture, increasing to nearly 12% when the complete agri-food chain is taken into account. Other economic sectors – such as manufacturing, health care, construction and the provision of goods and services at the retail level – are larger sources of employment. Therefore, policymakers must recognize the diversity of rural economies. A minority of participants expressed the view that agriculture remains a driving force of rural development, contributing significantly to the economic underpinning of non-urban areas.

Since rural areas are becoming so diversified, many of the symposium's participants felt that public investment needs to be placed in people and places, rather than sectors. Several speakers noted that a vibrant rural economy emerges from the unique assets in a region, which are its people and their entrepreneurial skills, the geography of the areas and its natural qualities, and proximity to major urban centres. Local initiatives that account for these community assets have been shown to help grow rural communities.

Therefore, some argued that the policy and regulatory framework should support innovation and entrepreneurship. Examples abound of successful rural agri-businesses and agri-food sectors that are based on innovation and entrepreneurship. Such an environment supports job creation, economic clusters, or amalgamated economies, particularly when these areas are able to attract capital.

In addition to stressing the need to support entrepreneurship, the presenters observed that infrastructure is a key building block for vibrant rural economies. This includes infrastructure to support transportation of goods, people, water, and (via broadband technologies) information. Historically, communities have developed around transportation infrastructure, and cannot grow when infrastructure is constrained.

Networking is another major piece of the puzzle. Networking throughout the supply chains and with senior levels of government can help rural areas to grow. Rural areas can benefit not only

from local governance initiatives, but also the amalgamation of programs and services that cover a wider area than a specific rural community.

The symposium revealed a number of factors that contribute to vibrant rural communities: rural Canada requires rural-focused policies and initiatives to help grow local rural economies. While agri-food policies should be kept separate from rural policies, clearly the policies and issues that affect the agri-food sector also affect the rural economy, such as regulations, infrastructure, availability of labour, and stewardship of natural resources.

The symposium noted that a number of organizations across Canada are undertaking initiatives to help grow rural economies. Such organizations include the Alberta Association of Municipal Districts and Counties, the Saskatchewan Agrivision Corporation, Western Economic Diversification Canada, The Centre for Rural Leadership, the Ontario Association of Community Futures Development Corporations, the Ontario Rural Council, and the Rural Development Network of Agriculture and Agri-Food Canada. Through mechanisms such as this proceeding report, CAPI will encourage organizations that have a rural mandate to focus on the issues highlighted at the symposium.

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## **1. INTRODUCTION**

The Canadian Agri-Food Policy Institute (CAPI) recently held a symposium to identify policies that could enhance economic activity in rural Canada. CAPI believes that a viable agricultural economy requires a robust rural economy. The project was entitled *Growing Canada's Rural Economies*.

The purpose of the symposium was to identify what is currently known on this issue, and highlight questions and topics that participants felt should be addressed. Over 70 participants attended, representing a broad range of interests: federal, provincial, and municipal governments, non-governmental agricultural organizations, universities, and industry.

In order to explore our current level of knowledge regarding rural economies, and identify topics for further exploration, CAPI invited 11 speakers. Barry Todd, the Deputy Minister of Manitoba Agriculture, Food and Rural Initiatives, gave the opening address. He identified numerous activities the Manitoba government is undertaking to maintain and stimulate the province's rural economies.

The **first session** was called Context Building: Rural, Clusters and Agri-Food. Three speakers spoke about how a rural economy is defined and measured. Ray Bollman of Statistics Canada spoke on the importance of agriculture to Canada's rural economy. Rob Greenwood of Memorial University spoke on sectors, regions, and rural-urban relations. James Milway, of the Institute for Competitiveness and Prosperity, spoke about rural clusters.

**Luncheon** speaker Bernd Christmas spoke about the efforts of one rural community, an Aboriginal community, to stimulate its economy and partner on projects with the private sector. Mr. Christmas is Senior Vice-President, National Practice Leader, Aboriginal Affairs, Hill & Knowlton Canada (Vancouver).

The **second session** focused on efforts in the U.S. and Europe to stimulate rural economic activity. Jack Geller, of Geller & Associates, spoke about economic development strategies for changing the rural economy in Minnesota. Mark Partridge, of Ohio State University, spoke about the diversity of rural America. José Antonio Ardavín, of the OECD, spoke about economic diversification, innovation, clusters and the new rural economy in OECD countries.

The **third session** focused on rural economic activity and agri-food. Red Williams, of the Saskatchewan Agrivision Corporation, spoke about the need for a strong rural infrastructure to stimulate economic activity. Brad Wildeman, of the company Pound-Maker, described the philosophy and growth of this rural-based agriculture company. Donald Johnson, Chair of the Rural Forum with the Federation of Canadian Municipalities, spoke of the need to support rural development.

In the **fourth session**, facilitator John Groenewegen led the group in a discussion of next steps. Participants engaged in a robust discussion on several topics: What approaches are needed to create more economic activity? What policies, or changes to current policies and programs, will create more economic activity in rural Canada? How can the agri-food sector contribute to

a more vibrant rural economy? What agri-food policies or programs need to be developed, or modified, to facilitate higher levels of economic activity in rural areas? In terms of increased economic activity in rural areas, what agri-food policy research questions should CAPI pursue?

The balance of this proceeding report provides summaries of the presentations, and a summary of the group discussion and participants' views on areas to explore next.

## **2. OPENING REMARKS/ADDRESS**

### **Gaetan Lussier, Chair, CAPI**

Gaetan Lussier, the Chair of CAPI, welcomed all those in attendance, and set the scene for the symposium. He described how CAPI intended to undertake a project to identify policies that could enhance economic activity in rural Canada. CAPI's interest in this project is based on the belief that to maintain a viable agricultural economy, Canada needs a vibrant rural economy. For this reason, CAPI invited participants from a wide range of industries and fields. The symposium's objective was to identify what is known about the rural economy, and determine the topics that need further exploration. Ultimately, CAPI wanted help to devise a possible policy framework to guide a rural renaissance in Canada. Mr. Lussier then introduced Barry Todd, Manitoba's Deputy Minister of Agriculture, Food and Rural Initiatives. Mr. Todd has a long and distinguished career in agriculture, both as an academic and a public servant. He obtained a PhD from the University of Manitoba in Weed Science, and assumed a series of positions in agricultural research and policy. He became Deputy Minister in 2004. At the Ministry, Barry undertook a major reorganization in order to meet the evolving needs of the agriculture industry, farm families and rural communities. The reorganization created a new focus on value-added processing, additional income streams for agricultural producers and rural communities and enhanced food safety.

### **Barry Todd, Deputy Minister, Manitoba Agriculture, Food and Rural Initiatives**

Barry Todd, Deputy Minister of Manitoba Agriculture, Food and Rural Initiatives, extended a welcome on behalf of his minister, the Hon. Rosann Wowchuk. The Deputy Minister described initiatives in Manitoba to stimulate the rural economy. He stressed that the Manitoba government believes that rural communities must develop multiple streams of income from their resource base. For example, opportunities exist in the production of agricultural commodities, value added food products, agri-energy, agri-fibre, agri-tourism, and the provision of environmental goods and services. He emphasized the department's work in four areas:

- Northern Healthy Foods project, whereby fundamental gardening and nutrition skills are being developed among northern residents in response to the crucial need for low cost healthy foods;
- The Young Aboriginal Entrepreneur's program, whereby the government is providing assistance to young rural aboriginals in establishing successful businesses;

- The concept of value chains and value changes, whereby the government is committed to enhancing the return to producers while strengthening the processing capacity in the province;
- Buy Local, whereby the government is encouraging Manitoba companies that supply the Manitoba market to better equip themselves with the finances and expertise necessary to be successful internationally.

As well, he described the new Growing Forward policy currently being negotiated among the provinces and federal government, which will replace the Agricultural Policy Framework. Growing Forward will encompass funding for business risk management, environmental and research programs, value-added processing, and many other initiatives. Producers and others in the agriculture industry continue to be consulted as work continues on Growing Forward.

### **3. SESSION 1: CONTEXT BUILDING: RURAL, CLUSTERS AND AGRI-FOOD**

This session focused on putting rural economies in context. What is rural? How is a rural economy defined and measured? What are economic clusters? How do economic clusters form in rural areas? The session looked at agricultural output in terms of total rural economic activity and GDP, and examined the importance of other sectors.

#### **Where is Agriculture Important to Canada's Rural Economy?**

**Ray D. Bollman, Statistics Canada**

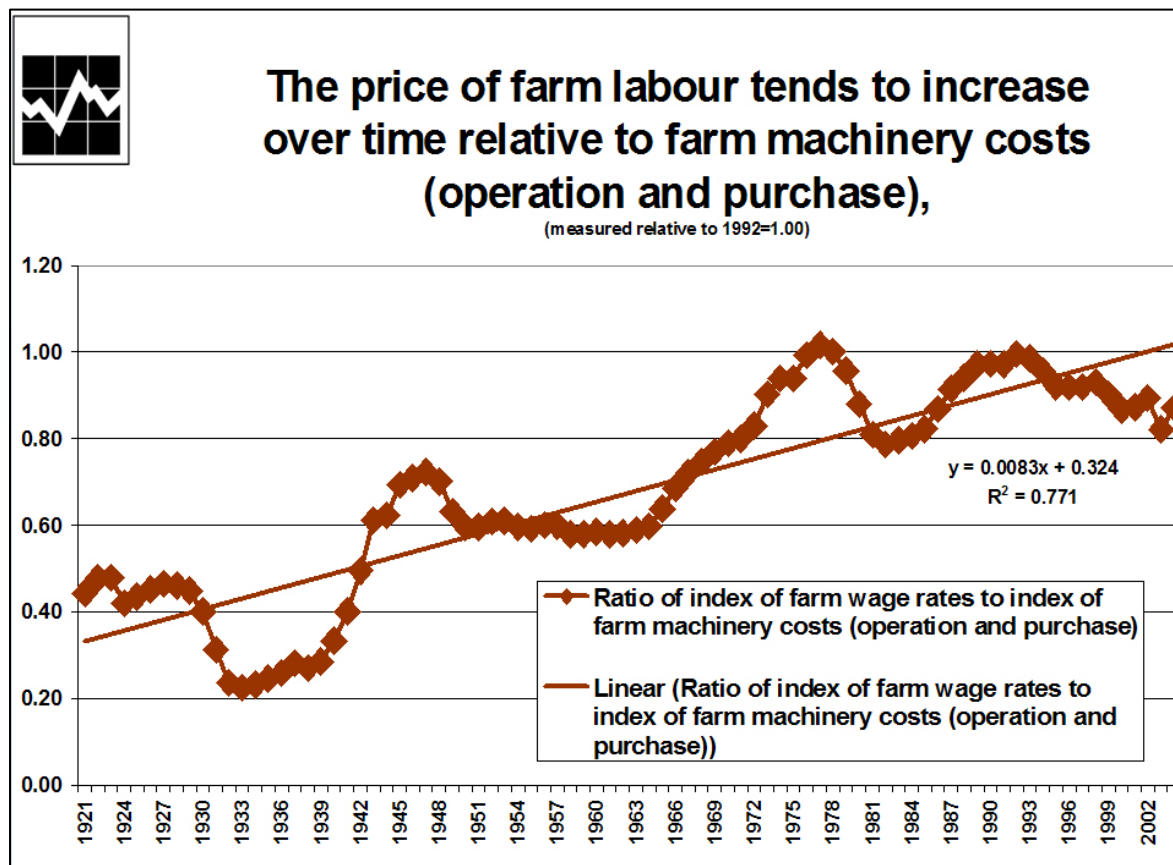
Ray Bollman explained that the idea of “urban” applies to a geographic unit. A geographic unit that is farther from a larger urban centre is “more rural” and a geographic unit that has a lower population density (i.e. fewer inhabitants per square kilometer) is more rural. Rural development includes all sectors in a given geographic space. Across OECD countries, a shift is occurring from subsidizing sectors to investing in the capacity of rural people to pursue their own development strategies. In Canada, the Community Futures program has been successfully pursuing this objective for over 20 years (Funded by the federal government, Community Futures Development Corporations are community-based, not-for-profit organizations run by local volunteers and staffed by professionals who encourage entrepreneurship and the pursuit of economic opportunities: <http://ontcfdc.com>).

Bollman showed how, overall, Canada's rural population is growing, but at a slower pace than the urban population. Therefore, the percentage of Canadians living in rural areas is declining. A major factor driving rural economies is the increase in the value of human time. Wage rates are increasing. This trend is good for labourers; however, it also means that primary sector producers (such as farms, mines and forestry sector enterprises) face ongoing pressure to substitute machines for labor. As a result, these sectors are shipping more and more goods with fewer and fewer workers. Rural communities face a declining workforce in these sectors. The challenge for these communities is to find something new to export (either a good or a service, like tourism) in order to maintain the level of the workforce in the community.

Where is agriculture important? Interestingly, only 68% of Canadian agriculture is in predominantly rural areas. Thus, if agricultural policy is intended to provide rural development,

32% will leak to predominantly urban and intermediate regions. Once agricultural policies get to predominantly rural regions, the recipients represent only 7% of the predominantly rural workforce (although these ratios vary across provinces). Turning the equation around, where is the rural economy important to agriculture? If policymakers don't look at the growing and processing of commodities, but instead look at the income sources of families associated with agriculture, they will see that families associated with larger farms receive a substantial share of their income from farming. The share largely depends on whether both spouses are employed in agriculture or whether one spouse works off the farm. On smaller farms, both spouses may be employed in an off-farm job, while the farming enterprise is run on a part-time basis.

Rural and small town Canada is competitive in manufacturing, to the extent that rural and small town areas are increasing their share of Canada's total manufacturing workforce. Although ethanol production is one proposed manufacturing activity, it will create few jobs. Employment in food processing is growing, but the workforce is predominantly urban.



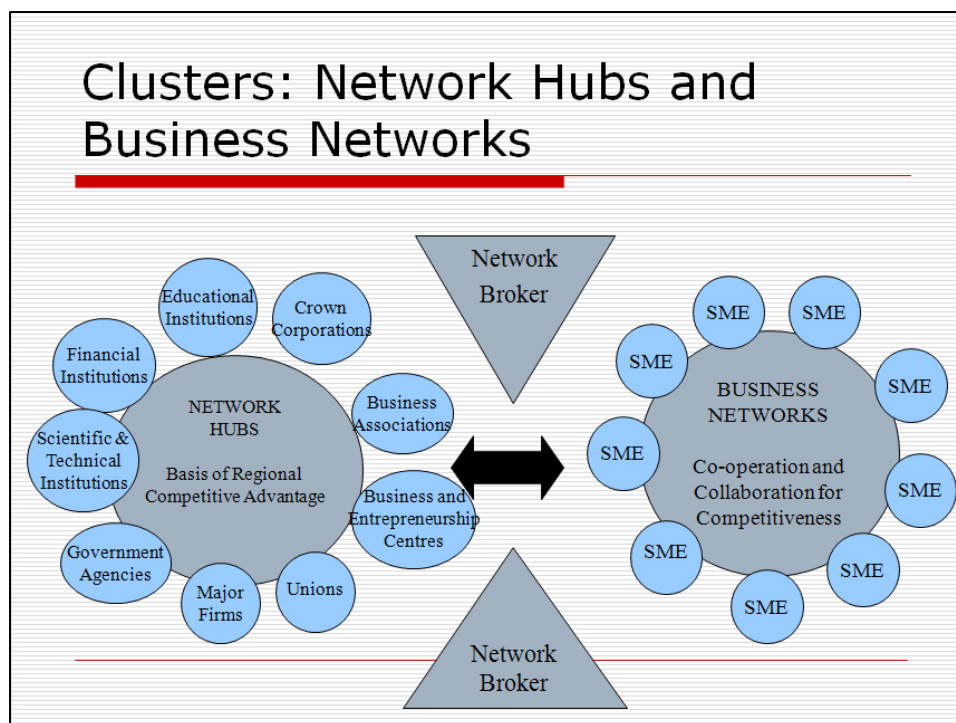


**Rural Development: Sectors, Regions and Rural-Urban Relations**  
**Rob Greenwood, Memorial University of Newfoundland**

Rob Greenwood focused on the idea that before policymakers start thinking about rural development, it's important to consider the four varieties of rural Canada. Each is defined by its relationship with cities. "Remote" rural areas have little connection on a daily basis with urban centres and although some are booming, they are subject to boom and bust when markets change or resources are depleted. "Amenity" communities, often dominated by retired citizens and cottage owners, are relatively new and are growing on their own. "Adjacent" (within commuting distance of a city) and "non-adjacent," areas, however, pose challenges. Society needs different policy and governance approaches for each one.

But it's not a one-way street; cities need rural areas, too – for water, food, and recreation. The best end result is an intimate relationship, bolstered by broadband telecommunications links, and built on a shared vision. In some cases, development may mean rural population growth. Conversely, a declining population could, in fact, be a sign of high productivity. The "cluster" and "network hub" strategies of development recognize this need to tailor and coordinate development strategies to the unique features of each rural-urban relationship.

Greenwood said that these cluster economies, and the local governments and regional governance processes that represent them, will need more power to steer development to their specific needs. Unfortunately, while federal authorities have been devolving powers to the provinces, the provinces have been reluctant to do the same for the local level. By comparison, local governments are much more powerful in province-less Nordic countries. When local and regional agencies do have the power, they can collaborate and tap outside resources. Only then can sensible development occur.



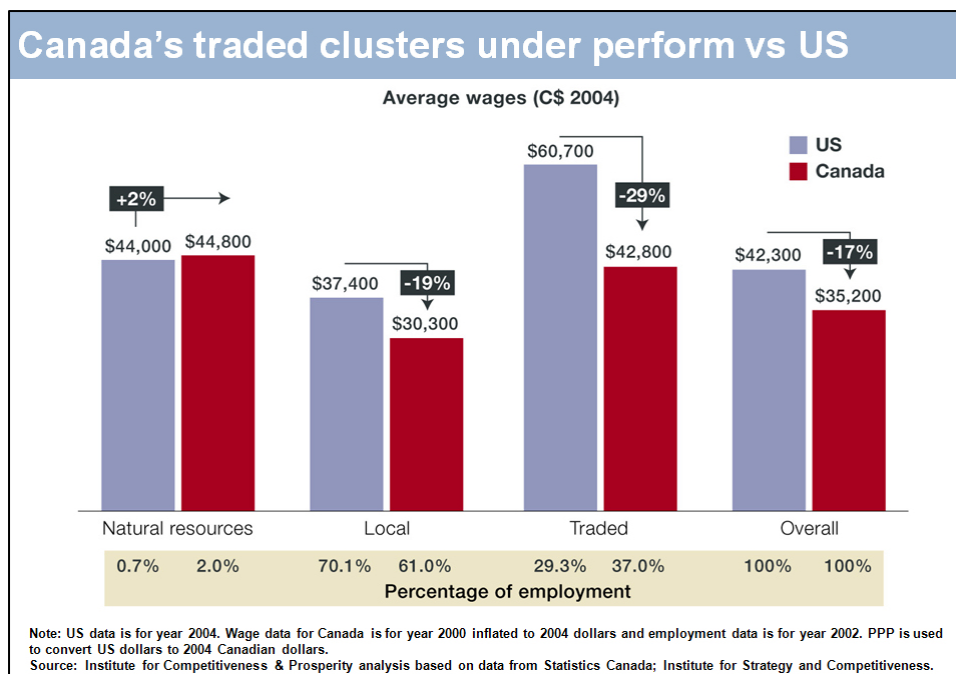
## Rural Clusters and Economic Prosperity

James Milway, Institute for Competitiveness and Prosperity

James Milway talked about the growing prosperity gap between the U.S. and Canada. In 2005, Canada's per capita GDP was 17.8% lower, and the gap has been widening. The key difference is productivity, particularly in urban areas. Canadians are working just as hard, but not as smart. The U.S. experience reinforces the value of "clustered" trading economies: geographic concentrations of interconnected companies, suppliers, service providers, and associated institutions in a particular field. Michael Porter of Harvard's Business School identified 41 such clusters. Wages tend to be higher in traded clusters, compared with natural resource industries and local employment.

Canadian clusters, while representing a higher share of overall employment, are less successful and pay lower wages than their American counterparts. There are four recurring explanations. First, the Institute finds that several clusters lack the intensity of competitive pressure to drive innovation. Second, Canada's small markets often mean less sophisticated demand from customers. Third, Canada's managers tend to be less well educated than their counterparts in the United States. Finally, Canada invests less capital, particularly information and communications technology, to make our workers and operations more productive. All four are harder to develop in rural areas.

However, success stories exist in Ontario's agricultural-related clusters. Guelph's research cluster has attracted world-class talent and Ontario has responded to greater competition by realizing better processing tomato yields than most US states. Canada has to follow these examples and develop smarter clusters by focusing on the strengths of each region and the opportunities from niche-market products, while improving ties with post-secondary education, and not shying away from competition.



#### **4. LUNCHEON SPEAKER**

CAPI invited a luncheon speaker who could provide a unique perspective on how a rural community – in this case an Aboriginal community – successfully made the transition from a relatively impoverished area with little opportunity into an economically successful and prosperous community.

##### **Bernd Christmas**

Senior Vice President, National Practice Leader, Aboriginal Affairs, Hill & Knowlton Canada (Vancouver)

*(first person - abbreviated)*

This is a story about how to turn a poor, rural community into an economic success. Cape Breton Island, like the rest of the country, was once home to a vibrant aboriginal culture. Then came the coal industry, and my people were relegated to marginal lands – the proverbial swamp. I left to make some real money in the big city. But in 1996 I was asked to come back to my home community to work on aboriginal community development. Our corporation had an operating budget of \$4.5 million, a \$1 million deficit, and 20 employees, most of whom got the job through connections. I couldn't turn them down.

So I show up one day; it was April 1, 1996. I was wearing a Bay Street suit and tie. There was a band revolt. What use are ideas from corporate Canada? Going to law school must have made me dumber, not smarter, they said. But the Chief and the Council stood by me. They said they had hit rock bottom, so I couldn't make things worse. We were working against a system that tried to assimilate us. We needed non-aboriginals to understand us and work with us. So we started by introducing democratic principles, got rid of the deficit, raised the morale, and educated the staff and council about other notions of governance. And we taught them about the global marketplace.

We started publishing internal newsletters, created a website, and ultimately were the first community to post our financial statements on the web. For our troubles, 300 First Nation leaders told us we're making them look bad. We found the best people we could afford and assembled a team based on government and corporate knowledge, each one dedicated to answering the question: how will we make our community stronger? Well, the deficit went away, and by 1999 our revenues were up to \$12 million. Next, we got ourselves ISO certification. We were the first indigenous government in the world to do that.

Three days later, the Lockheed Martin Corporation approached us about collaborating on a bid to build search and rescue helicopters. Our task would be coordinating all the computer software. It was a contract worth \$200 million. At the time, we had a single IT staffer. But Lockheed Martin promised to help out, and help they did. Eventually, Lockheed had to withdraw from the bidding. But then Boeing called to ask if we could team up with their bid. They were asking us because Industry Canada said there must be true partnership. So we had a 50-50 chance.

We lost to General Dynamics, but learned from the experience. That year we brought in \$76 million in revenues. We built a convention centre. We started working with SNC Lavalin on building highways in New Brunswick. The list goes on and on and on. This is coming from a vision, explaining to people that you can do it, and never saying no to an opportunity. Sometimes, it's just a matter of a call. It's a lot easier to get the CEO on the line than you might think. We explain we're an Aboriginal community trying to become self-sufficient. The next thing we know, we have a main supplier for a convention centre. My point is that just because a rural economy doesn't have a lot of experience and assets, there's no reason it always has to be that way. Just don't take no for an answer.

## **5. SESSION 2: SOME EXTERNAL EXPERIENCES**

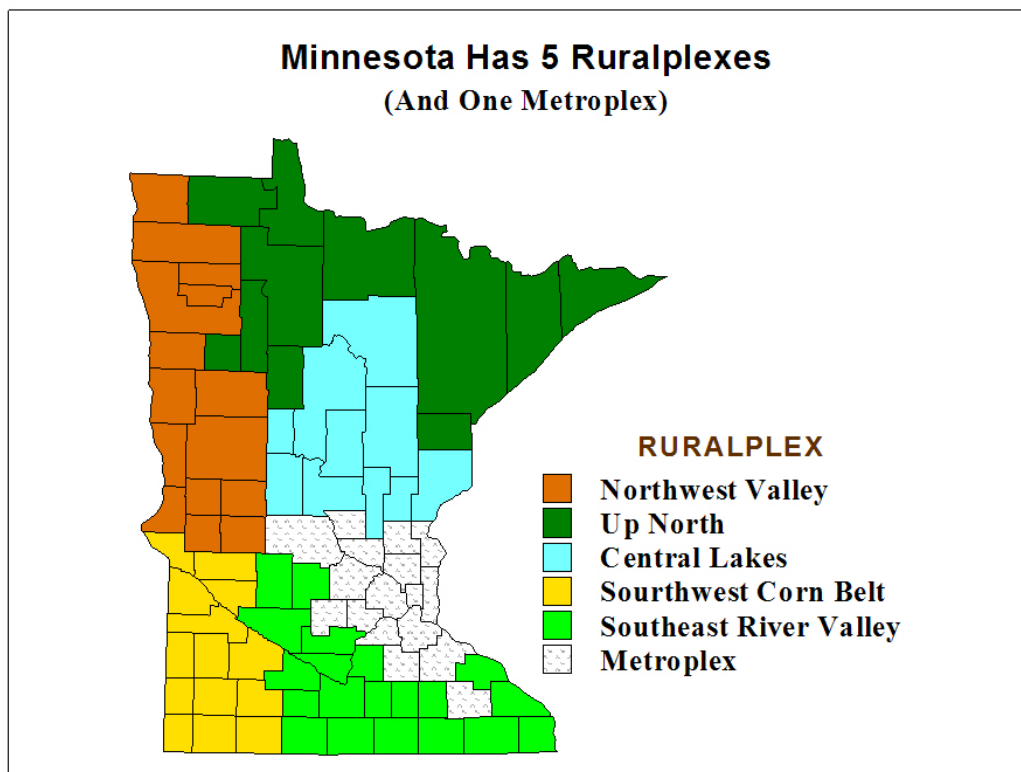
This session focused on efforts in the U.S. and Europe to stimulate increased rural economic activity.

### **Growing Rural Minnesota: Economic Development Strategies for a Changing Rural Economy: Jack M. Geller, Geller & Associates**

Jack Geller made a presentation on rural economic development in Minnesota, which is similar in many ways to Canada's Prairies. Geller asked participants to consider settlement patterns: the state has five "ruralplexes" and a single metroplex. Ruralplexes are unifying forces that bind networks of spatially separated neighborhoods defined by soil type, geology, climate and settlement patterns. Boundaries do shift, but slowly. The metroplex has 60% of the state's population and three-quarters of the income, higher wages and levels of education and ethnic diversity, and less poverty. But it is possible for rural areas to compete with these advantages.

Geller explained that the key is to think of rural communities more as neighborhoods than economic entities. Families can live in one, work in another, shop in a third, and attend school in a fourth. So we can't just look at jobs, but a quality of life that depends on all the elements of a good neighborhood. Since 2004, the signs are good. Now 80% of Minnesota counties are stable or growing and small-business start-ups are rising.

Much of those success stories can be traced to Minnesota's main strategy, which is to build on existing assets, whether natural or introduced, by targeting industrial expansion, exploiting new opportunities such as alternative energy, and promoting entrepreneurial and small-business development. The Job Opportunity Building Zone Program, which provides tax incentives for rural investment, has created 5,000 jobs in 150 communities since 2004. Meanwhile, state mandates for renewable fuels and electricity have sparked vibrant ethanol, biodiesel and wind-turbine manufacturing industries.



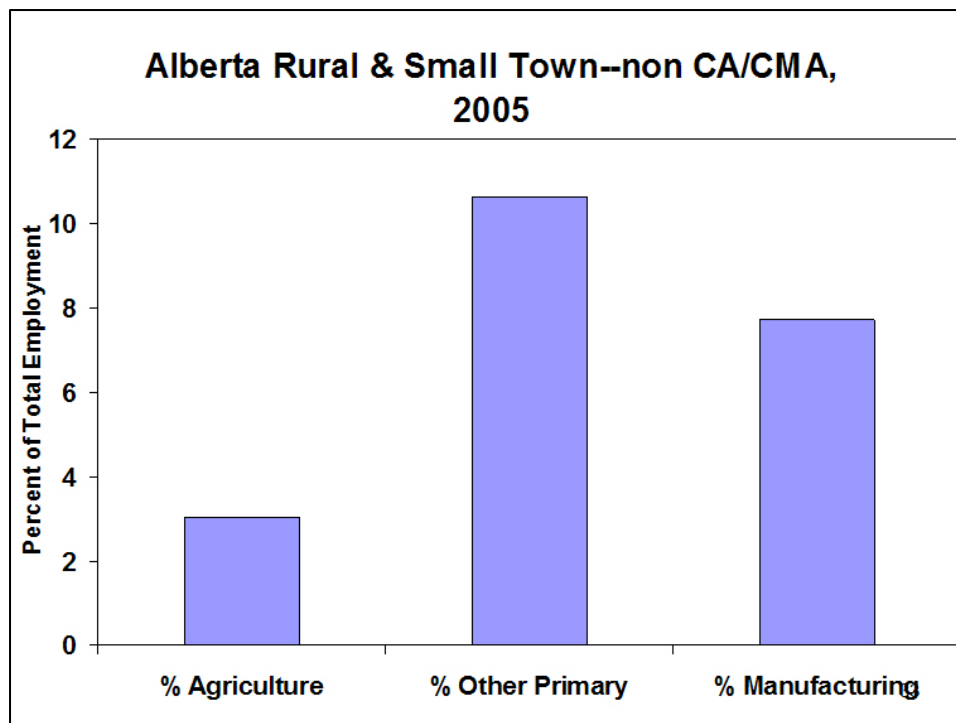
**The Diversity of Rural America:  
A Tale of Many “Cities”  
Mark Partridge, Ohio State University**

Mark Partridge gave a presentation on the diversity of rural America, emphasizing that recent history shows that rural America is not on the decline. There are fewer farms, but those farms are more productive and are complemented by new manufacturing operations, which now generate a quarter of rural income. In fact, rural America is still growing, although not as fast as the larger cities. So equating natural-resource policies with rural policy makes as much sense as equating banking policy with urban policy.

Partridge said that obsolete, sector-based policies must be replaced with place-based strategies that take into account the environment and the regional potential that comes from tightly linked rural and urban networks. For example, old-style thinking would have governments invest in more ethanol plants. But even after years of investment, they are responsible for just 0.01% of agricultural jobs. It's hardly a transformative trend, even if the U.S. media suggests ethanol is a boon to the industry. Rather, look at the demographics. If people are moving to a region, it's successful; if they're leaving, it's not. Even the hot spots of ethanol production in the mid-west are losing people. For a real growth potential, one should examine the knowledge economies.

Unfortunately, current governance structures don't acknowledge this new reality. As a result, rural America is divided from its urban partners by 19<sup>th</sup> century borders that fail to recognize that cities remain the engines of growth. Rural and urban areas must cooperate to build strong

economies. In view of this interdependency, some nations – such as France and Japan – are eliminating local governments in favor of regional authorities.



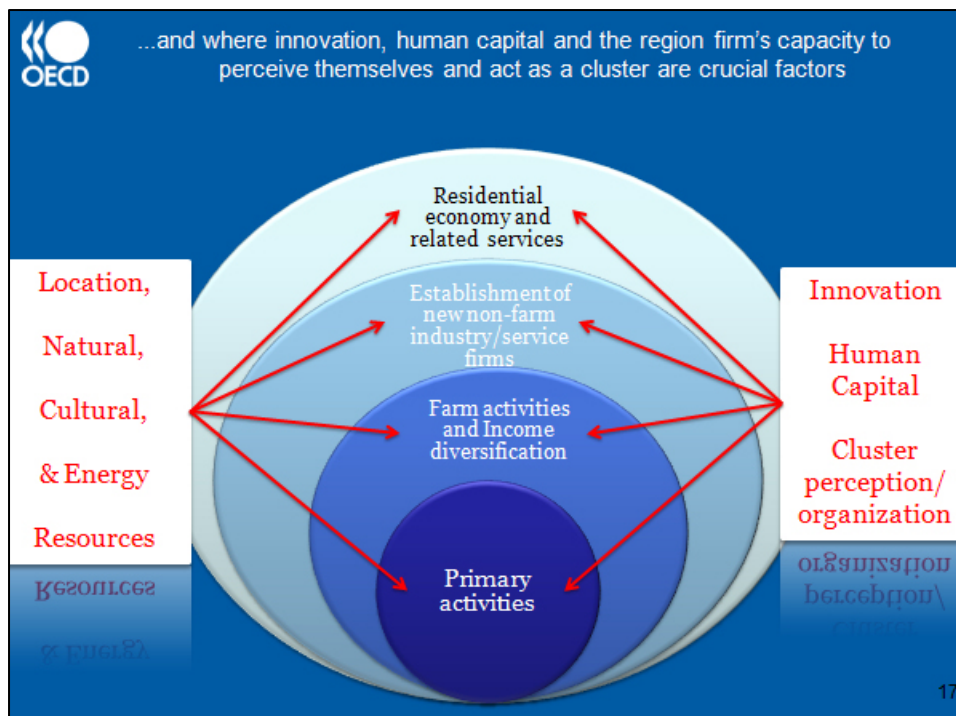
**Economic Diversification, Innovation, Clusters and the New Rural Economy:  
Experiences from OECD countries  
José Antonio Ardavín, OECD**

José Antonio Ardavín spoke about how “rural” is no longer synonymous with agriculture, and it no longer implies decline. The OECD made this finding in its studies of rural development across OECD countries. Most important are the focus on place rather than sectors and investments instead of subsidies. Where equalization payments and income subsidization for farmers were once common, the exploitation of a wide variety of unused resources from several levels of government and the private sector is now predominant.

In other words, economic diversification is the key. The trend is clear across the OECD, including rural Canada, where agriculture represented only 6% of employment in 2004. Evidence has shown that the more diverse the rural economy is, the higher the income and the stronger the population growth. Canada has a relatively large number of rural regions.

Ardavín said the OECD experience shows each region has its own natural, cultural and energy-resource assets, which determine the potential for primary industries, residential development, and farming. All rural economies can benefit, however, from improved infrastructure, such as broadband communications. Examples of successful rural development include the manufacturing districts of Italy and northern Mexico, rural tourism in Spain, renewable energy

production in Germany (wind) and Spain (solar), social and health services in Finland and the residential expansion of Scotland.



## **6. SESSION 3: RURAL ECONOMIC ACTIVITY AND AGRI-FOOD**

This session focused on direct experiences within Canada on the contribution of the agri-food sector to enhance rural economic activity.

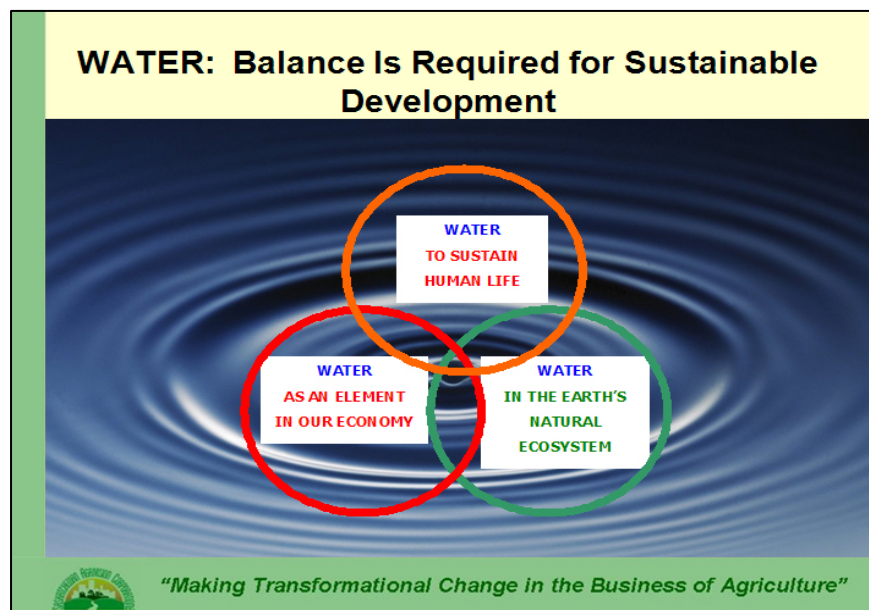
### **Rural Economic Activity: Saskatchewan Red Williams, Saskatchewan Agrivision Corporation**

Red Williams spoke about the experiences of Saskatchewan's Agrivision Corporation. The corporation grew out of the farm crisis, and the country as a whole can learn a lot from this experience. Williams said that the first thing government can do is put an end to benign neglect and patchwork policies. Such policies have caused Canada to fall behind instead of leading in advanced technology; the country relies too heavily on supplying raw materials from its forests, fields and mines. Canada can no longer afford to live next to the leader in entrepreneurship and only cautiously market itself.

What governments have done to transportation is a case in point. Though it is impossible to underestimate the value of good transportation networks, where are they? Cluster economies and rural development that are sensitive to the particulars of each region are all well and good, but without a way to haul goods, they will accomplish little. Neither the Trans-Canada Highway nor Canada's rail networks are adequate. Huge areas of northern Ontario and Quebec

need a way to move goods to market. Canada has an opportunity to take advantage of railway needs since the existing rail lines in the U.S. are overloaded.

Williams said that in the search for strategies to respond to climate change and make more efficient use of limited petroleum resources, passenger rail should also see a rebirth. With regard to climate change, Williams said the coming changes should be integrated into every development plan. Canada should be preparing to take advantage of melting snowmass in the mountains by capturing the water in reservoirs. Canada should also be looking for clean, alternative fuels for the heavy equipment that services our rural regions, once greenhouse gas emissions reductions begin. Above all, the country should ensure that all community development acknowledges the natural resources of the region and the limits they impose.



### **Pound-Maker Brad Wildeman, Pound-Maker**

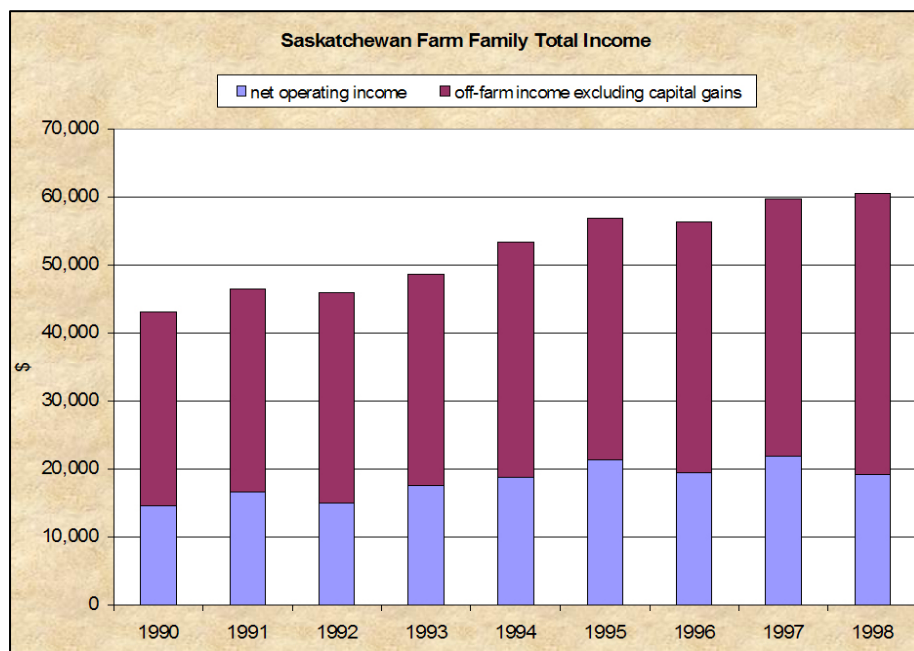
Brad Wildeman spoke of the experiences of the company Pound-Maker. Saskatchewan's agricultural sector, he explained, is in trouble. It brings in just \$90 per acre, the lowest in the country. As a result of that – and falling employment levels due to farm consolidation and mechanization – populations are dropping in rural areas. Only communities with at least 5,000 people see any growth, and the lone exception to this trend is found on First Nation reserves. Meanwhile, non-farm income for farming families is growing. So if Canada is interested in rebuilding communities, it's not enough to create wealth; society must find a way to create new jobs.

Wildeman said that Pound-Maker found a formula for building healthy communities by taking advantage of our most abundant resource: the starch of grains. They take that starch and turn it into cattle feed and ethanol. In Pound-Maker's favour is its relative isolation – this is an industry not welcomed into densely populated areas – and readily available labour.



Pound-Maker's first goal is profit, but success in that department alone won't help strengthen a community and give it a future. To do that, the company made members of the community its shareholders. To them, and the company's 50 employees, Pound-Maker returns its profits (80% of which comes from US markets). The employees reside locally because of their jobs. Otherwise, they would leave. As well, 71% are involved with their family farms.

In addition, Pound-Maker has a road maintenance agreement with the regional municipality. The company respects the environment, testing wells to ensure the neighbors' water isn't being contaminated by the company's activities. It also runs a composting service. The company makes its environmental records open to public review. In 2002, it won an environmental stewardship award. Responsible corporate stewardship is the way to build strong communities, not with social programs designed as economic development policies, but by making the needs of industry and the community one and the same.



**Rural Matters!**

**Donald Johnson, AAMDC**

Donald Johnson spoke about how rural Canada needs to take more pride in its contribution to the country's economy. In many ways, rural communities are the economic and philosophical foundation of the country. And yet, finding support for rural development is anything but easy. Municipalities get only 8 cents of the average tax dollar. And with those 8 cents they have to find a way to cover the costs of critical infrastructure. Property taxes simply aren't enough.

Today, a \$125-billion infrastructure shortfall exists, because successive governments haven't paid attention to it. There are ways to fix the problem. For example, municipalities should get a share of the tax on diesel fuel, because it's trucks that damage their roads.

Johnson said "Rural Matters" has been working to improve rural Canada's lot for 100 years now. Its latest conference, "Forging Healthy Canadian Communities," was held July 5-8 in Edmonton at the Shaw Conference Centre. At the conference, the organization met with governments of every level to work on policies to support rural communities across the country. High priorities were opportunities for youth, aboriginal people, and seniors.

RURAL MATTERS POLICY DEVELOPMENT ROUNDTABLES – DRAFT PROPOSAL	
ENVIRONMENT STREAM	CLIMATE ROUNDTABLE
	AIR, WATER AND LAND ROUNDTABLE
ECONOMIC & INDUSTRY STREAM	ECONOMIC, LABOUR, POPULATION STRATEGY ROUNDTABLE
	INDUSTRY SECTOR ROUNDTABLE
INFRASTRUCTURE STREAM	CORE INFRASTRUCTURE ROUNDTABLE
	SOCIAL AND SERVICE INFRASTRUCTURE ROUNDTABLE
GOVERNANCE AND SUSTAINABILITY STREAM	LEADERSHIP AND GOVERNING STRUCTURES ROUNDTABLE
	CAPACITY BUILDING AND COMMUNITY SUSTAINABILITY ROUNDTABLE

## **7. SESSION 4: WHERE TO NEXT?**

### **Group Discussion**

#### **Facilitated by John Groenewegen**

Following the presentations, facilitator John Groenewegen led participants in a discussion about where to go next in pursuit of policies to stimulate rural economies. The discussion focused on approaches needed to create more economic activity in rural Canada, and how the agri-food sector can contribute to the rural economy. The major themes participants identified are summarized below:

### Diversification

- Many participants felt that agriculture is playing an ever-less significant role in rural economic activity. Success, or failure, in agriculture no longer represents the bulk of economic fortunes in a local community. A “rural” area is not necessarily what you see on the physical landscape. What makes up rural is what people do. The land may look largely agricultural, but the income-earning activities of rural residents have become much more diverse. Farming life faces significant challenges. Farms have record debt, face a labour shortage, and need to cultivate increasing areas of acreage to survive. Rural economic diversification is needed in order to create jobs. The cluster approach to rural economic development is increasingly popular. In Finland, for example, success has come from creating clusters focused on specific industries, as with the country’s Senioropolis and Snowopolis projects. A minority of participants cautioned that agriculture remains a significant driving force in rural development, and cannot be discounted for its contribution to the economy.

### Community Support

- Some participants said that government policies must become more responsive to the increasingly diverse nature of Canada’s rural economies. Canada cannot have one policy for all rural development. In particular, the country can no longer devise policies aimed only at products or individual sectors. Rather, Canada must begin shifting financial support programs and policies from a sector-based approach that favors traditional agricultural activities to one based on the geography of each unique region of rural Canada. In this respect, the federal government’s Community Futures program should be reinforced. Community Futures development corporations are federally-funded, community-based, not-for-profit organizations that encourage entrepreneurship and the pursuit of economic opportunities. Agriculture and rural development policies can no longer be thought of as one and the same, but must be considered separately. Strategic planning and decision-making should happen at the community level.

### Infrastructure

- Participants emphasized the importance of infrastructure. For value-added activities to occur, smaller rural communities must have the appropriate infrastructure. Canada needs a type of infrastructure that will move people and products around to allow executives to fly in, to allow tourism, and this same infrastructure should service agriculture. Better infrastructure will make agriculture and rural areas more competitive. Rural-urban connections must be improved in order to access international markets or local labour. Accordingly, improvements must be made to transportation corridors, and universal high-speed internet access to connect rural and urban areas and to connect rural Canada with the world.

### Entrepreneurship

- Many participants felt that entrepreneurship must be encouraged. In part, that means relaxing regulations for small businesses, for which regulations can create hardship.

What do businesses need? They need people, infrastructure, amenities, and a quality of life. The country needs training and skills-development, and must find ways to empower people to become leaders. Local leadership creates a ripple effect.

### Research

- Participants of the symposium recommended numerous areas where research opportunities exist. These include: the impact of subsidies on innovation and rural development; the advantages of building green 'eco-villages' or clustered, sustainable housing; the merits of encouraging young people to return to farms; the potential of ethanol; the value of developing crops for pharmaceuticals, nutraceuticals, or biofuels; the urgency of bringing broadband internet service to rural areas; and research to determine why some rural areas prosper and grow, while others fail.

### Environment

- Participants felt that rural communities need to take the environment into account. Canada needs to develop sustainable technologies and living patterns that reduce our impact. Sustainability should be seen as an economic opportunity. Wind power, biofuels, and carbon sequestration are a few examples of environmental industries that present potential opportunities to rural economies. Rural communities also need to consider their sense of place, and foster sustainable, place-centric lifestyles. Additionally, rural areas need to insulate themselves from environmental impacts; sustainable fuels are needed for heat and electricity. Rural residents must be wary of rising energy costs and impending droughts.

**APPENDIX I:****Participants**

**Annis, Robert**, Director, Rural Development Institute, Brandon University  
**Ardavin, José Antonio**, Administrator, Organisation for Economic Co-operation and Development (OECD), Competitiveness and Governance Division, Paris  
**Bacon, Douglas**, Director, Agri-Futures Nova Scotia CACAAF Council  
**Bareil, Anne-Michelle**, Chief, Rural Development Network, Strategic Policy and Network Development, Agriculture and Agri-Food Canada  
**Beaton, Elizabeth**, Associate Professor, University College of Cape Breton  
**Black, Robert**, Executive Director, The Centre for Rural Leadership  
**Bollman, Ray**, Chief of Research and Rural Data, Agriculture Division, Statistics Canada  
**Bougie, Manon**, Executive Assistant, Canadian Agri-Food Policy Institute  
**Bruce, David**, Director, Rural & Small Town Program, Mount Allison University  
**Christmas, Bernd**, Senior Vice-President, National Practice Leader, Aboriginal Affairs, Hill & Knowlton Canada  
**Church, Dr. Robert**, Director, Canadian Agri-Food Policy Institute  
**Coffin, Dr. Garth**, Director, Canadian Agri-Food Policy Institute  
**Dmytryshyn, Laurie**, Executive Director, Agriculture Council of Saskatchewan  
**Donohue, Kathleen**, Director, Investment Secretariat, Agriculture and Agri-Food Canada  
**Dyer, Jan**, Director General, Agriculture and Agri-Food Canada  
**Ettabaâ, Idriss**, Senior economist, Union des Producteurs Agricoles  
**Ferraro, Phil**, Executive Director, PEI Adapt Council  
**Flaming, Harold**, TORC Executive Director, Ontario Rural Council  
**Fleischmann, Dr. George**, Director, Canadian Agri-Food Policy Institute  
**Franz-Lien, Monika**, A/Manager, Rural Policy, Manitoba Agriculture, Food and Rural Initiatives  
**Geller, Jack**, Past President, Minnesota Center for Rural Policy & Development  
**Gerold, Ron**, Director, Trade Evaluation, Agriculture and Agri-Food Canada  
**Gertler, Michael**, Associate Professor, Department of Sociology, University of Saskatchewan  
**Greenwood, Dr. Robert**, Founding Director, The Leslie Harris Centre of Regional Policy and Development  
**Griffin, John**, District County Director, Prince Edward Island Federation of Agriculture  
**Groenewegen, John**, President, JGR Consulting  
**Harvey, Kari**, Director, Agri-Business Development, Saskatchewan Agriculture  
**Hornbrook, Robert**, Senior Manager, Rural Initiative & Research Rural Branch, Government of Alberta  
**Jacques, Yvan**, Special Advisor, Canadian Agri-Food Policy Institute  
**Jean, Bruno**, Professor, Université du Québec à Rimouski  
**Johnson, Donald**, President, Alberta Association of Municipal Districts and Counties  
**Klunder, John**, Regional Co-ordinator, Ontario Association of Community Futures Development Corporations  
**Laing, Rhonda**, Senior Business Officer, Partnership Agreements, Western Economic Diversification Canada  
**Lank, Gordon**, Director, PEI Federation of Agriculture  
**Lavoie, André**, Director of Communications, Association Minière du Québec

**Low, Sonia**, TFA Executive, Territorial Farmers Association  
**Lussier, Gaëtan**, Chair, Canadian Agri-Food Policy Institute  
**Magnayon, Lailanie**, Economist, Policy, Planning and External Relations, Western Economic Diversification Canada  
**Marit, David**, President, Saskatchewan Rural Association of Municipalities  
**McAuley, Owen**, Director, Canadian Agri-Food Policy Institute  
**McCallum Brad**, Policy Analyst, Agri-Futures Nova Scotia  
**McDonnell, Wray**, Regional Manager (South), British Columbia Ministry of Agriculture and Lands  
**Meaud, Tricia**, Manager, Value Chain Initiative, Agriculture & Food Council of Alberta  
**Milway, James**, Director, Institute for Competitiveness and Prosperity  
**Mogan, Aurelie**, Chief Research, Agriculture and Agri-Food Canada, Rural Research and Analysis  
**Mollins, Jennifer**, Senior Business Officer, Special Projects, Western Economic Diversification Canada  
**Munro, Ishbel**, Executive Director, Coastal Communities Network  
**Olfert, Rose**, Professor, College of Agriculture and Bioresources, University of Saskatchewan  
**Pack, Darrell**, Senior Policy Advisor (MB/SK), Agriculture and Agri-Food Canada, Manitoba and Saskatchewan Region  
**Partridge, Mark**, Professor, Ohio State University  
**Peden, Andrew**, 2<sup>nd</sup> Vice President, Wild Rose Agricultural Producers  
**Pick, Arthur**, Manager of 4-H and Rural Organizations, Government of Nova Scotia  
Agriculture & Fisheries  
**Pohrebniuk, Patricia**, Executive Director, Manitoba Forestry Association  
**Pope, Geraldine**, Renewable Resource Manager, Kluane First Nation  
**Smith, Robert**, Director General, Atlantic Canada Opportunities Agency  
**Stephen, Glenn**, Director of Natural Resources, White River First Nation  
**Stewart, Doug**, Director, Canadian Agri-Food Policy Institute  
**Sullivan, Kathleen**, President, Canadian Agri-Food Policy Institute  
**Thornley, Rhonda**, Executive Director, Newfoundland & Labrador Federation of Agriculture  
**Tone, Rick**, Executive Director, Yukon Agricultural Association  
**Tyrchniewicz, Ed**, Associate Dean, University of Manitoba  
**Ulrich, Richard**, Consult and Agriculture Specialist, Consulate General of Canada  
**Wildeman, Brad**, President, Pound-Maker Investments Ltd.  
**Williams, Dr. C.M. (Red)**, President, Saskatchewan Agrivision Corporation  
**Williams, Toby**, Executive Director, Community Futures Alberta  
**Willis, Nancy**, Co-Director, Institute for Bioregional Studies Ltd.  
**Wylynko, David**, Writer, West Hawk Associates  
**Yeon, Daniel**, Finance & Administration, Canadian Agri-Food Policy Institute  
**Young, Glenn**, Executive Representative, Keystone Agricultural Producers

**APPENDIX II:****Biographies of presenters****Barry Todd**

Mr. Todd is the Deputy Minister of Manitoba Agriculture, Food and Rural Initiatives, Government of Manitoba. From 1977-1979 Barry was a Research Coordinator for Hoechst Canada in Regina, Saskatchewan. From 1979-1981 he was Assistant Professor of Weed Science in the Faculty of Agriculture at the University of British Columbia. In 1981, he became a Weed Specialist with Manitoba Agriculture. He was promoted to Director of the Soils and Crops Branch for Manitoba Agriculture and Food in 1991. In 2002 he became the Assistant Deputy Minister of the Management and Regional Agricultural Services Division, and was appointed Deputy Minister in 2004. He received a B.S.A in Plant Science from the University of Manitoba in 1974 and his Ph.D. in Weed Science, also from the University of Manitoba in 1979.

**Speakers****Ray Bollman**

Mr. Bollman is Chief of Research and Rural Data in the Agriculture Division of Statistics Canada, Government of Canada. He was a visiting professor of agricultural economics at the University of Manitoba (1985 to 1986) and the Stanley Knowles Visiting Professor at Brandon University (1996). He is also the immediate past-chair of the OECD Working Party on Territorial Indicators. His research interests have evolved from the structure of agriculture and the pluriactivity of farm family members to all socio-economic aspects of rural populations. Mr. Bollman holds a BSc and MSc in Agricultural Economics from the University of Manitoba and a PhD in Economics from the University of Toronto.

**Robert Greenwood**

Mr. Greenwood is the Director of the Leslie Harris Centre of Regional Policy and Development at Memorial University in Newfoundland. He was a founding director of the Sustainable Communities Initiative in Saskatchewan and Assistant Deputy Minister of Policy in the Economic Development departments in Saskatchewan and Newfoundland and Labrador. Mr. Greenwood holds a PhD in Industrial and Business Studies from the University of Warwick.

**James Milway**

Mr. Milway is the Executive Director of the Institute for Competitiveness and Prosperity, an independent not-for-profit organization. Mr. Milway began his career in marketing management with General Foods (now Kraft) and Unilever. He also provided consulting services in business strategies as a partner in The Canada Consulting Group, The Boston

Consulting Group, and his own firm. He holds a BA in Political Economy from the University of Toronto and an MBA from the University of Western Ontario.

### **Bernd Christmas**

Mr. Christmas is Senior Vice President, National Practice Leader, Aboriginal Affairs, Hill & Knowlton Canada (Vancouver). He previously worked in corporate and commercial law with Lang Michener LLP, and is the former Chief Executive Officer of the Membertou Band of Nova Scotia and the Membertou Corporate Division. He has sat on a number of corporate boards and committees. Mr. Christmas holds a Law degree from Osgoode Hall at York University, and is a member of the Nova Scotia Barristers' Society and the Law Society of Upper Canada (Ontario).

### **Jack Geller**

Mr. Geller is the founder and past-President (1998-2007) of the Minnesota Center for Rural Policy and Development. The Center is dedicated to the study of economic, social and political forces that impact rural communities in Minnesota. Previously, he was the Director of Health Services Research at the Marshfield Medical Research Foundation in Marshfield, Wisconsin (1987-1996). Mr. Geller has conducted extensive research in the area of rural economic development, rural health services delivery, and the role that rural colleges and universities can play in supporting local and regional rural development. Mr. Geller holds a PhD in rural sociology from Iowa State University.

### **Mark Partridge**

Mr. Partridge is the C. William Swank Chair of Rural-Urban Policy at the Department of Agricultural, Environmental, and Development Economics at Ohio State University. Prior to assuming this position in 2006, he was the Canada Research Chair in the New Rural Economy at the University of Saskatchewan, where he is currently an Adjunct Professor. He has published over 60 academic and scholarly papers that have appeared in journals such as the *American Economic Review*, *Journal of Public Economics*, *Journal of Urban Economics*, and *Review of Economics and Statistics*. Mr. Partridge holds an MS Economics from Wyoming and a PhD Economics from Illinois.

### **José Antonio Ardavín**

Mr. Ardavín is the Administrator of the Regional Competitiveness and Governance Division of the Organisation for Economic Co-operation and Development (OECD) (since 2006). He has been responsible for coordinating and drafting the Rural Policy Reviews of Mexico (2007) and Finland (2008) and contributed to the Rural Policy Reviews of Germany (2007), Scotland (2008) and The Netherlands (2008). He is responsible for the Rural Policy Review of Spain and is participating in the elaboration of the Reviews of Italy, China and Canada (forthcoming in 2009). Prior to joining the OECD, Mr. Ardavín worked as a private consultant and as an official at the Ministry of Finance and Public Credit of Mexico. He holds an MA in Public Policy from Harvard University's Kennedy School of Government and a BS in Economics from the Instituto Tecnológico Autónomo de México (ITAM).



**C.M. (Red) Williams**

C.M. (Red) Williams is the President of the Saskatchewan Agrivision Corporation, which he founded in 1999. Previously, Mr. Williams was a professor at the Colleges of Agriculture and Veterinary Medicine at the University of Saskatchewan (1954-1992). He has served on many academic and provincial committees and boards, and is a renowned public speaker, columnist and author. Mr. Williams is a member of the Order of Canada (1989). He holds undergraduate and Master degrees in Agriculture from UBC, and a PhD from Oregon State College.

**Brad Wildeman**

Mr. Wildeman is President of Pound-Maker Investments Ltd., a privately traded agricultural company. Mr. Wildeman has worked in all aspects of the company, including feed milling, feeding, yard maintenance, pen riding, and health crew. He became the Feedyard Foreman in 1984, and the General Manager in 1985. Brad is involved in several industry associations, and has travelled extensively in his capacity as Foreign Trade Chair for the Canadian Cattlemen's Association. He has been awarded several commendations for his contribution to agriculture both provincially and federally.

**Donald Johnson**

Mr. Johnson is President of the Alberta Association of Municipal Districts and Counties (AAMDC), Chair of the Rural Forum with the Federation of Canadian Municipalities, and a councillor with the Municipal District of Taber. He is past-Director of Development for Mount Royal College in Calgary, and has served as president or chair of numerous organizations. He has accumulated extensive private sector experience in real estate, financial planning and management. Mr. Johnson holds a degree in Geography, Resource Development and Planning from the University of Lethbridge.