

RESEARCH REPORT

# A post-pandemic policy agenda for rural and smaller Canadian communities

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 Canada 2020



With funding support from TELUS, Canada 2020 undertook a one-year project of research and convening to identify what we can learn from global and local efforts to build more inclusive and sustainable economic well-being and community wealth in smaller and rural communities. Canada 2020 is committed to creating a platform where researchers, stakeholders, and policymakers with expertise in rural and community economic development can engage in policy discussions and identify solutions that can work on the ground in communities across Canada.

This report is meant to sketch out a practical policy agenda that can be implemented in the next three years. It is also meant to support on-going dialogue on policy ideas to strengthen smaller and rural communities in Canada.

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**Funding Support**



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# Executive summary

Governments are incorporating inclusive and sustainable growth principles into their economic decision-making. To be most effective, these approaches need to be implemented in ways that respond to the unique challenges and opportunities in rural and smaller communities across Canada.

In November 2021, Canada 2020 released a discussion paper on a policy agenda for inclusion, sustainability, and economic growth in rural and smaller communities. The ideas in that discussion paper have since been tested and refined based on roundtables and interviews with a wide range of researchers and practitioners to validate the proposals.<sup>1</sup>

What we heard was that the most important issues we face — climate change, inclusion, reconciliation, and economic growth — manifest themselves differently in rural and urban communities, and policy responses must be informed by local and community insights. We also heard that Canada's rural communities are facing new stresses because of growth but, with the right approaches, can experience outsized benefits from the challenges emerging from the pandemic.

In this paper, we sketch out policy ideas around four themes: improved access to capital, new infrastructure, initiatives that build on the commitment to reconciliation, and steps that build capacity, improve governance and devolve decisions to communities.

Connectivity is a foundational element that enables the other elements of the policy agenda and is necessary for inclusive community economic development in rural communities. Throughout our dialogues we heard that governments should make investments that will attract and retain people and businesses so that smaller communities can plan for growth in ways that enhance well-being and sustainability.

<sup>1</sup> These policy ideas have been tested in a variety of fora and I am grateful to the researchers and practitioners who have engaged in earlier versions of this work. These include a session on inclusive industrial policy at Toronto Metropolitan University in September 2020 (supported by the Metcalf Foundation), a day-long conference organized by Canada 2020 in November 2021, the Inclusive Economies conference organized by the Community Economic Development and Employability Corporation (CEDEC) and Canadian Rural Revitalization Foundation (CRRF) in Rimouski in May 2022, and the validation workshop organized by the Centre for Rural Economic Development at Innovation, Science and Economic Development Canada in August 2022. Many interviews were conducted throughout 2021 with researchers, practitioners and government officials. We also benefited from the series of roundtables conducted by Shorefast to discuss the results of their Community Economies Pilot. We are particularly grateful to Ray Bollman for his detailed comments on earlier drafts of this paper, and to Jasmine Irwin, Mike Moffatt, Jamie Van Ymeren, and Noah Zon for their work on the initial discussion paper.

# Introduction: Opportunities & challenges

Throughout most of the past century, economic development programs have approached small communities through the lens of seemingly inevitable urbanization and the growth of large city-regions. Remote and rural communities were presumed to be places of decline. These assumptions and narratives are changing.

In many parts of the country, more Canadians are moving to smaller communities, particularly those adjacent to larger centres. As digital connectivity continues to improve, the possibility of more population growth in smaller communities will only increase. While it remains uncertain how big or enduring the shift towards a more distributed workforce will be, there is little doubt that remote and hybrid work-from-home options, digital delivery of some public services such as healthcare, and the ability to connect to large markets online will be more prevalent than they were a decade ago. These will make it easier for more people and businesses to choose to locate and remain in smaller communities, if they prefer.

Between 2016–2021, Canada’s rural population grew by 0.4%, reaching 6.6 million. This is the fastest growth in the G7. However, this growth is significantly lower than that experienced by urban areas in Canada, resulting in Canada’s share of the population living in rural areas falling from 18.7 to 17.8% in 2021. Although the pandemic may have shifted some individual considerations about where to live, early data from Statistics Canada suggests that the trend towards urban centres continues. If we want to see more growth in more communities across Canada, we must make the investments and choices to enable the future we want.<sup>2</sup>

It should be noted that there are multiple ways to interpret data about the size of Canada’s rural population. As Ray Bollman points out, successful rural community development has been occurring for decades and there has been significant population growth in many rural communities, which is sometimes missed because these communities grow sufficiently to no longer count as “rural” by some definitions.<sup>3</sup> At least in some places, there is evidence that the narrative “people are leaving rural communities and moving to cities” is mistaken because in fact people are moving to rural areas, changing how those communities are classified.

2 Researchers and Statistics Canada use multiple definitions for different purposes, and we choose to be fluid with our definition.

3 Ray D. Bollman. Rural Demographic Update: 2016. Guelph: Rural Ontario Institute, 2017.

## What do we mean by rural and remote in the Canadian context?

“Rural communities” in Canada can refer to a wide variety of experiences and contexts. It can span communities like Lions Bay, BC (North of Vancouver), all the way to communities like Taloyoak, NU served only by air and sea transportation. There is no consensus on the definition of “rural” and its definition often depends on the issue or research question being addressed. Valerie du Plessis and Ray Bollman noted these definitional challenges two decades ago and Statistics Canada continues to have a variety of different definitions that are applied for different purposes.<sup>4</sup> No definition is perfect.

The new framework on rural well-being launched in 2020 by the OECD<sup>5</sup> offers a helpful categorization of different types of rural areas to capture some of the diversity of rural experience:

- **Rural inside metropolitan areas:**

These rural areas are an integral part of the commuting zone of the urban centre and their development is fully integrated within a functional urban area.<sup>6</sup>

- **Rural close to cities:**

These regions have strong linkages to a nearby urban area but are not part of its labour market. While the economies are not integrated, there are flows of goods and services that make their prospects closely connected.<sup>7</sup>

- **Rural remote:**

These regions are physically and economically distant from urban areas. There is market exchange of goods and services with urban areas, with rural remote regions often geared toward exporting primary outputs. Personal interactions outside the rural region are also generally more limited and infrequent, but there are good connections within the region.<sup>8</sup>

4 Valerie du Plessis et al., “Rural and Small Town Canada Analysis Bulletin Catalogue No. 21-006-XIE,” Rural and Small Town Canada Analysis Bulletin 3, no. 3 (2001).

5 OECD, *Rural Well-Being: Geography of Opportunity*.

6 OECD, “Policy Note: Rural 3.0: A Framework for Rural Development,” 2018, <https://www.oecd.org/cfe/regionaldevelopment/Rural-3.0-Policy-Note.pdf>.

7 OECD.

8 OECD.

In Canada, Ray Bollman and Bill Reimer<sup>9</sup> use a more simplified typology and suggest that 'rural' can be measured according to two dimensions: density, and proximity to density. This simple classification is intuitively appealing, as it identifies rural communities and then classifies them based on whether they are proximate to larger centres.

Based on a review of Rural and Small Town Canada Analysis Bulletins published by Statistics Canada, Bollman also notes that the economic and demographic profiles of communities smaller than 10,000 ('rural and small town') are similar to non-metros (which include communities smaller than 100,000) so results are similar regardless of definition for most purposes.

Statistics Canada refers to regional communities with populations less than 100,000 as non-Census Metropolitan Areas (non-CMAs). For the purposes of this discussion paper, we are focused on those non-CMAs with lower population density and with urban populations below 50,000. This definition captures a variety of communities: remote Northern communities, rural communities within the economic zone of cities, rural communities that are virtually a part of a metropolitan area, as well as Indigenous communities of various kinds, from remote fly-in communities to larger communities near a city.

9 Ray D. Bollman and Bill Reimer (2019) "What is rural? What is rural policy? What is rural development policy?" Chapter 1 in M. Vittuari, J. Devlin, M. Pagani and T.G. Johnson (eds.) *The Routledge Handbook of Comparative Rural Policy* (London: Routledge).

The growth experienced by some rural communities in recent years has placed stress on these communities. Decreased access to housing and services like childcare, and pressure on farmland and ecosystems, represent challenges that need to be thoughtfully confronted. Access to community and green spaces is also under pressure. While new businesses and people represent opportunities, many rural communities are experiencing the negative consequences of unplanned and unexpected population growth. Unexpected growth creates challenges for some communities because they cannot retain people and businesses if the supply of housing, services, or workers is not there to meet the demand.

As Canada continues to confront the consequences of the pandemic, now is a moment to confront the sources and consequences of uneven geographically concentrated growth for existential reasons as well. Uneven growth, exploited by malicious and anti-democratic actors, is destabilizing. A high quality of life in communities of all sizes must remain a priority. Urban, suburban, exurban, and rural communities share many common challenges — such as labour and housing shortages — and often exist within highly integrated regional ecosystems of mutual interdependence. But many rural communities face their own unique challenges, such as the need to attract people, reliable access to high-speed internet, and accessing public services. We should recommit to the idea that economic opportunities should be available across communities and mutually beneficial to communities of all sizes.

### What do we mean by inclusive and sustainable growth?

These issues are of course not new and have been on the minds of all governments. A defining feature of the federal agenda since 2015 has been that economic growth that exacerbates inequality or makes it more difficult to achieve net-zero climate goals is not the kind of growth we want.

Inclusive economic growth refers to growth that is distributed fairly across society and creates opportunities for all, where people from different backgrounds can benefit from growth, new





technologies, and globalization.<sup>10</sup> Beyond GDP, the inclusive approach measures and appreciates the broader societal good that flows from high quality, good-paying jobs, broadly shared economic security, and sustainable development. All economic growth is not created equal, and policy and programs must be intentional about supporting growth that delivers inclusion and sustainability.

It is now widely accepted that well-designed policies must pursue economic, social, and environmental objectives together. It is also better understood that inclusive growth is stronger growth because more people can contribute their talent and expertise, which has positive impacts on economic performance.<sup>11</sup> Sustainable growth is, by definition, more enduring and less precarious.

In Canada, our budgeting processes now consider the distributional impacts of policy choices more seriously than before. The impact on quality of life, well-being, and climate are systematically considered and reported.<sup>12</sup> Climate impacts are also increasingly considered in decision-making. There is legitimate debate about how meaningful these efforts have been, but there is little doubt that conventional understanding takes climate and inclusion more seriously than even a decade ago.

Rural communities are an equally important part of this overall agenda, even if they have sometimes been absent from the discussion about economic inclusion. For example, the federal government uses an explicit rural lens and analysis framework for many policy and program decisions. More recently, this agenda has been articulated even more clearly around modern supply-side approaches, that is, a recognition that governments must play an important role in investing in infrastructure and skills to create the foundations for growth. To be effective, these approaches require more investment in smaller and rural communities. They require investments to ensure the stability of supply chains and skilled labour.

10 OECD, "Inclusive Growth - Economic Growth That Is Distributed Fairly across Society," accessed November 1, 2021, <https://www.oecd.org/inclusive-growth/#inequality-puts-our-world-at-risk>; Dani Rodrik and Stefanie Stantcheva, "A Policy Matrix for Inclusive Prosperity," SSRN, May 3, 2021, <https://doi.org/10.3386/W28736>.

11 A systematic review by Stanford and University of Chicago economists estimated that between 20 and 40 per cent of economic growth in the past 50 years in the US can be attributed to reduced discrimination, as women and racialized people were no longer fully barred from participating in professions and roles that had been effectively closed to them before. An IMF study suggested that closing the labour force participation gap between men and women with high levels of education in Canada would drive a four per cent increase in real GDP.

12 Government of Canada, "Government of Canada Budget 2021," 2021, <https://www.budget.gc.ca/2021/report-rapport/toc-tdm-en.html>.

The twin transitions taking place across societies – towards net-zero and digital – will be at the heart of rural and community economic development in Canada over the next decade. Climate policy and digital policy are mutually reinforcing when done well. Governments will need to play an active role to ensure that investments are made to accelerate these transitions in ways that work for communities of all sizes, particularly rural and smaller communities. In some of our other work, we have emphasised that the impact of policies on local community economies should be considered as a third pillar along with inclusion and climate.<sup>13</sup>

***The twin transitions taking place across societies – towards net-zero and digital – will be at the heart of rural and community economic development in Canada over the next decade.***

Building the economic, social, and digital infrastructure to support rural communities has become even more important as the threats to democracies like Canada increase. Inclusion and social cohesion are foundations of national security and democratic resilience. Ambitious population growth helps protect our values, interests, and influence geopolitically. One over-arching conclusion of this paper is that Canada should accelerate our growth, diversify where growth is occurring, and make the investments necessary that create the conditions for people and businesses to move and thrive in smaller communities across Canada, even if a short-term business case for those investments may not exist yet. We need to make investments with long-term economic, social, and environmental returns in mind.

<sup>13</sup> Matthew Mendelsohn and Noah Zon. “No Country of San Franciscos: An Inclusive Industrial Policy for Canada.” Brookfield Institute for Innovation + Entrepreneurship, January 2021. <https://brookfieldinstitute.ca/an-inclusive-industrial-policy-for-canada/>.

# The case for strong place-based and asset-based community rural development

The federal government is currently strengthening its commitment to Canada's rural economies through the release of its Economic Development Strategy for Rural Canada in 2019,<sup>14</sup> the creation of the Minister of Rural Economic Development in 2020, and strong commitments in the new Minister's mandate letter. The new strategy embraces a "whole of community approach for rural economic development" and outlines investments meant to strengthen places and people, and to enable partnerships.<sup>15</sup> The strategy is complemented by the creation of regional Ministers of Economic Development, new investments in the Regional Development Agencies and more ministries with staff complements deployed outside the National Capital Region. The agenda and tools make sense, but there is a lot to do in terms of execution, acceleration, and detail. It will be important that the activities produce real outcomes that people experience on the ground.

Inclusive, place-based processes offer the potential to bolster the well-being of rural communities across Canada and improve the innovative capacity of the Canadian economy. In contrast to sectoral, programmatic, or issue-focused economic development perspectives, place-based approaches and processes "seek to reveal, utilize and enhance the unique natural, physical, and human capacity endowments present within a particular location."<sup>16</sup>

Beginning with an accurate picture of the assets and endowments that exist within specific places is an important step prior to making investment choices.<sup>17</sup> Many of Canada's rural scholars have argued that place-based approaches are uniquely suited to supporting rural communities by allowing more local knowledge to drive

14 Infrastructure Canada, "Rural Opportunity, National Prosperity: An Economic Development Strategy for Rural Canada," 2019, <https://www.infrastructure.gc.ca/rural/strat-eng.html>.

15 "Minister of Rural Economic Development Transition Book: Overview of Rural Economic Development," Infrastructure Canada, October 2019, <https://www.infrastructure.gc.ca/pd-dp/transition/2019/red-der/3/book-cahier-3-eng.html>.

16 Sean Markey, "Primer on Place-Based Development," November 2010, <http://cdnregdev.ruralresilience.ca/wp-content/uploads/2013/03/primerplacebaseddevelopment-markey.pdf>.

17 Dan Breznitz, *Innovation in Real Places — Strategies for Forgiveness in an Unforgiving World*. Oxford University Press, 2021.



policy processes.<sup>18</sup> Place-based processes also help identify the distinct barriers faced by underserved or marginalized communities in individual communities.<sup>19</sup>

No one would deny that place matters, but governments struggle to deliver place-based based policies. Developing integrated policies for “place” is hard because government is organized vertically by ministry around a discrete set of issues, and federalism structures policy-making in ways that prevent any one government from ever having a fully integrated capacity to act on pressing community-level challenges.

Treating a community or a place as the unit of analysis is not natural for governments, which can more easily organize to address infrastructure or skills than it can to address holistically Swift Current or Rivière-du-Loup. The Government of Canada's Atlantic Growth Strategy was one recent attempt to integrate elements of a place-based and horizontal approach to a set of inter-related policy issues that straddled different governments, but these efforts are invariably challenging.<sup>20</sup>

It is increasingly clear that complex, inter-related problems require governments to design programs with place at the centre.

## New global approaches

Canada is not alone in facing these challenges and other jurisdictions are also exploring how to integrate place and community into program design to support holistic, horizontal, and systems thinking.<sup>21</sup> There is new global interest in place-based strategies and an emerging literature on which kinds of place-based policies have worked.<sup>22</sup>

*The outcome now at the centre of community economic development approaches is enhancing community well-being in all its manifestations, not simply attracting investments from global firms that may or may not improve quality of life for rural residents.*

18 Bill Reimer and Sean Markey, “Place-Based Policy: A Rural Perspective,” 2008, [https://www.crcresearch.org/files-crcresearch\\_v2/ReimerMarkeyRuralPlaceBasedPolicySummaryPaper20081107.pdf](https://www.crcresearch.org/files-crcresearch_v2/ReimerMarkeyRuralPlaceBasedPolicySummaryPaper20081107.pdf).

19 S. Ashleigh Weeden, “Will Post-COVID Policies Realize the Full Potential of Rural Canada?,” July 2020, <https://policyoptions.irpp.org/magazines/july-2020/will-post-covid-policies-realize-the-full-potential-of-rural-canada/>.

20 Government of Canada, “Atlantic Growth Strategy,” accessed November 30, 2021, <https://www.canada.ca/en/atlas-canada-opportunities/atlasgrowth.html>.

21 Government of Victoria, “A Framework for Place-Based Approaches,” 2020, <https://www.vic.gov.au/framework-place-based-approaches/>.

22 Jay Shambaugh and Ryan Nunn, “Place-Based Policies for Shared Economic Growth,” 2018, <https://www.brookings.edu/multi-chapter-report/place-based-policies-for-shared-economic-growth/>.

In particular, asset-based community development, which begins with an assessment of the unique cultural, historic, natural, social, and economic assets of a specific place, delivers high returns and mobilizes community members towards local entrepreneurial activities. High-speed internet and connectivity are important enabling conditions today for most successful place-based and asset-based approaches, and as digital adoption accelerates, new opportunities are being created for people, businesses, co-ops, organizations, and services in smaller places.

Other countries are moving forward. The newest rural economic development framework from the OECD — *Rural Well-Being: Geography of Opportunities*<sup>23</sup> — emphasizes the value of place-based approaches and highlights the importance of quality of life and the importance of investing in local community assets, high-quality public services, and the well-being of residents. This approach contrasts with earlier frameworks, which focused more narrowly on how to attract signature, large business investments.

The outcome now at the centre of community economic development approaches is enhancing community well-being in all its manifestations, not simply attracting investments from global firms that may or may not improve quality of life for rural residents. The framework also acknowledges that remote communities have different kinds of challenges and opportunities than those within 100 or 150 KM of cities or ones that are functionally part of a larger metropolitan area. Low density in rural communities is one challenge to economic development, but often a bigger challenge for sustainable community economic development is being *distant* from density. This is an important point because in recent years, more rural communities, and in particular many in southern Ontario that are proximate to cities, are experiencing significant growth and losing aspects of their rural character or status.

Many communities have experienced dramatic changes during the pandemic<sup>24</sup> and are grappling with what comes next and how to improve well-being for rural people. Digital connectivity is enabling new possibilities, as the coverage, speed, reliability, and quality of telecommunications networks continues to rapidly improve. But many smaller communities are struggling simultaneously with pressures on infrastructure, public space, housing, and services, while also wanting to retain and attract more people.

The only way forward is to make communities desirable places to live through investments that prepare for growth.

23 OECD, *Rural Well-Being: Geography of Opportunity*, OECD Rural Studies (OECD, 2020), <https://doi.org/10.1787/D25CEF80-EN>.

24 "Full Report - State of Rural Canada," Canadian Rural Revitalization Foundation, 2021, <https://sorc.crrf.ca/fullreport2021/>.

# What are we trying to achieve with a policy agenda?

As governments develop and implement new policies, how can rural and smaller communities grow in ways that are inclusive, sustainable, and respond to the economic transitions underway? Individuals and organizations want to have choices about where to move or remain. How is it possible that communities of all sizes can take advantage of their assets and invest in their quality of life so they remain attractive places to live, invest and work? And how can they do so in ways that improve the quality of life for long-time residents, rather than displace them?

There are popular narratives about the impact that the pandemic has had on locational choices, with many commentators speculating that new distributed work policies are producing a population boom in rural Canada. There is no doubt that some rural communities are experiencing significant growth, particularly those close to urban areas. Some 'rural communities' have grown so much that they are counted as urban, making interpretation of trends tricky. For those smaller communities that are experiencing growth, this growth comes with pressures that must be confronted. Forward-looking policy choices need to invest in rural communities so that growth can be inclusive and sustainable, and provide real long-term benefits to rural populations and contribute to vibrant local economies.

Despite the growth in some communities, the most recent census data shows that the overall official rate of growth in rural communities is low. As we've highlighted, from 2016–2021, the population of rural communities grew by just 0.4% and the overall population of rural Canada fell below 18% in 2021.<sup>25</sup> Most rural communities still require active and engaged policies to encourage population retention and attraction.

These policies must privilege place, community, and local assets. Because the normal policy processes look at challenges vertically on an issue-by-issue basis, and usually adopt one-size-fits-all rules, we must be intentional in disrupting these usual decision-making processes. Place must be centred as the primary unit of analysis and programs need to accommodate the specific assets of local communities in an integrated way. Implementation of programs should be delivery-driven, meaning that they should incorporate local leaders and learn and adapt as programs are implemented.

<sup>25</sup> There are multiple definitions of 'rural' and, depending on which definition is used, quite different estimates of the size of Canada's rural population.

We think this can be done if there is intentionality, agility in implementation, and community is considered at the very beginning of any policy process. It can be done if local people are involved and engaged in decisions about investments and resource allocations. We think the agenda has four main pillars:

## Agenda main pillars

1. Better access to capital in smaller communities;
2. Investments in infrastructure of all kinds — physical, digital, economic, social, and community;
3. Accelerating initiatives and investments that advance reconciliation and self-determination; and
4. Investing in capacity, collaboration, and governance that work for communities.

Overall, we think steps must be taken in each of these four areas to help rural and smaller communities thrive. Accelerating connectivity is an enabling condition to make progress on many of the issues highlighted below.

## Pillar 1: Access to capital

Canada has a lot of strong, thriving businesses in rural areas but they have been facing growing pressures in their operating environment for decades. Many family-owned businesses face succession challenges and others have difficulty connecting with large markets and customer bases. Many do not have a local bank or other financial institution in their community. The pandemic hit SMEs hard, including in smaller communities. Business support programs, often delivered by regional development agencies, played a key role in helping many survive. Now, we need to move beyond survival-mode and focus on making capital more available to start, maintain, transition, and scale businesses in rural communities for the long-term.



**Enable businesses to stay in place through employee ownership.**

Canada has an opportunity to build an employee ownership economy by making legal and regulatory changes that make Employee Ownership Trusts (EOTs) easier to create in Canada and remove disincentives to their use.<sup>26</sup> The 2021 and 2022 federal budget signalled that the federal government is pursuing these vehicles, which are more likely to keep successful businesses in local communities and build community wealth. This momentum must not be stopped, but policy design choices will be crucial over the next year to make employee ownership more of a reality in Canada and strengthen the business ecosystem in rural Canada. Additional steps to support co-ops and make them easier to set up and succeed are also necessary. As we undertake changes

to make new forms of employee ownership easier, we must take steps to make it easier for co-ops as well, which are an important part of this agenda. Social Capital Partners has outlined how to ensure EOTs work in practice and Project Equity has documented how the new interest in EOTs can be designed and scaled in ways that benefit workers and retain businesses in communities.<sup>27</sup>

**Invest more in community development finance institutions, including the Community Development Futures Corporations.**

Community development finance institutions (CDFIs) and Community Development Futures Corporations (CDFCs) can be part of an ecosystem of local, embedded institutions that unleash a new progressive wave of rural economic development.<sup>28</sup> Governments should facilitate greater experimentation in this sector by investing in new or existing institutions that have mandates to serve particularly under-served communities. CDFIs are more successful when they develop deep expertise with particular communities and sectors. Partnerships with Indigenous community finance and development corporations can strengthen local economic asset building in many communities. This could take the form of renewed and better capitalized CDFCs.

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26 "Building an Employee Ownership Economy," accessed November 1, 2021, <https://www.employee-ownership.ca/>.

27 The case for employee ownership: why philanthropy and government should invest in this powerful model, Project Equity, 2020. [https://project-equity.org/wp-content/uploads/2020/05/The-Case-for-Employee-Ownership\\_Project-Equity\\_May-2020.pdf](https://project-equity.org/wp-content/uploads/2020/05/The-Case-for-Employee-Ownership_Project-Equity_May-2020.pdf)

28 Matthew Mendelsohn and Noah Zon, "An Inclusive Industrial Policy for Canada," Brookfield Institute for Innovation + Entrepreneurship, January 2021, <https://brookfieldinstitute.ca/an-inclusive-industrial-policy-for-canada/>.



**Incentivize local lending.** Clearer obligations on the part of Canadian banks, pension funds, and others to report where they invest and their impact on local communities could identify gaps in access to capital, incent local investments, and support other policy tools related to the banking needs of under-served communities. This could also take the form of exploring a version of a Community Reinvestment Act for Canada, where lenders have obligations to meet the diverse borrowing needs of local communities in which they operate, including rural communities.<sup>29</sup> Local banks are important institutions and having a presence in communities can be important for community well-being and retaining and attracting people and businesses.

**Aggressively use local and social procurement to support local businesses.** Public and private sector organizations of all kinds could use their procurement budgets more successfully to support local and rural businesses. While governments have moved steadily but slowly towards more strategic local and social procurement, these processes could be deepened, measured, and expanded beyond governments to the broader public sector (including colleges and hospitals) and heavily regulated sectors like banking. However, some public servants who work in procurement complain that there are already

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too many rules and guidelines that encourage social procurement and these increase their administrative burden, without delivering outsized results. Devolving more procurement decisions away from central bureaucracies and towards community organizations to make purchases in their local area could make sense. To improve the impact of social procurement, we need to be able to successfully track where procurement dollars are going. Governments could also provide social procurement toolkits that would make it easier for businesses, municipalities, and other institutions that undertake procurement to build their capacity to more easily connect with local businesses.

<sup>29</sup> Federal Reserve Board, "Community Reinvestment Act (CRA)," accessed November 30, 2021, [https://www.federalreserve.gov/consumerscommunities/cra\\_about.htm](https://www.federalreserve.gov/consumerscommunities/cra_about.htm).

**Aggressively build the new Growth Fund and Innovation and Investment Agency (both announced in Budget 2022), with a mindset to inject more capital into businesses in rural and smaller communities.** Canadian governments and researchers have long identified challenges with innovation and scale within Canadian firms. Efforts have been made for decades to make progress, but it is fair to say that success has been spotty. The federal government is now more engaged than in previous decades with an activist industrial policy, built around sustainability, inclusion, digital initiatives, and transitions towards net-zero. As the federal government builds out its new independent funds and agencies to make investments in transition and scale, the importance of community and place should be a consideration.<sup>30</sup>

**Ensure that co-ops are treated equitably in program design and that their proven model of retaining capital in communities does not face unintentional obstacles.**

Co-operatives have played an important role in Canada's economic development. They have been a vehicle for economic inclusion for over a century. Yet too often they are forgotten in policy and program design, often unintentionally. Programs designed for export promotion, community infrastructure, summer student job programs, and support for industrial research have all sometimes overlooked co-ops. Larger policy changes could also be pursued to support the resilient co-op model, such as making tax deferred co-op shares permanent.

More capital in more small communities is an important enabling condition for community well-being and thriving rural communities. This should be an ongoing strategic focus and objective.



<sup>30</sup> Dan Breznitz, *Innovation in Real Places*, Oxford University Press, 2021.

## Pillar 2: Making the right investments in physical, digital, and social infrastructure

Inclusive, place-based approaches require investing in infrastructure of all kinds to support economic, social, and environmental outcomes. Connectivity is a key enabling pre-condition for many of the issues discussed in this paper. Canada has done a good job of accelerating investments in connectivity for rural regions through investments in broadband, but these investments are effectively catch-up. As we live through the next wave of technological change, rural communities need the infrastructure to keep up. Even if the population base isn't there yet for some investments, we need to invest with a growth mindset. This will set up the conditions for vibrant and sustainable economic and population growth in smaller communities in the decades to come.

**Implement a rural broadband policy, including spectrum policies that come with aggressive obligations on rural deployment.** Development of rural digital infrastructure should be a top priority when formulating spectrum, broadband, and digital policy.

It remains important to reach targeted fixed connectivity standards (50/10 Mbps) but unless more is done to support investment in 5G, rural communities will always be behind. A larger Universal Broadband Fund is needed. Investments should also prioritize partnership with Indigenous communities.<sup>31</sup> Spectrum policy should encourage rapid deployment — particularly around 5G — and not allow firms to sit on spectrum as a speculative investment. Other countries have been releasing more spectrum more quickly than Canada and we must follow our peers and get more spectrum to auction quickly and cost-effectively in order to support rural connectivity. The Institute for Fiscal Studies at the University of Ottawa argues that Canada needs an explicit policy on rural broadband to drive investments in ways that make sense in a low-density geographies.<sup>32</sup> Effective digital policy is also effective climate policy, given that it can enable emissions avoidance.

*Development of rural digital infrastructure should be a top priority when formulating spectrum, broadband, and digital policy.*

31 Council of Canadian Academies, "Waiting to Connect: The Expert Panel on High-Throughput Networks for Rural and Remote Communities in Canada" (Ottawa, October 2021), [https://cca-reports.ca/wp-content/uploads/2021/10/Waiting-to-Connect\\_FINAL-EN\\_digital.pdf](https://cca-reports.ca/wp-content/uploads/2021/10/Waiting-to-Connect_FINAL-EN_digital.pdf). See also the work out of the United States on this issue: <https://connecthumanity.fund/indigenous-initiative/>

32 Helaina Gaspard and Sahir Khan. Assessing the Efficacy of Instruments for the Delivery of Rural Broadband, IFSD, 2021.

*Housing supply and affordability are increasingly impacting smaller communities in Canada, particularly those more proximate to cities. There are critical gaps along the spectrum of housing needs, with CMHC estimating a shortfall of 3.5 million homes by 2030.*

**Address market gaps to rural housing supply.**

Housing supply and affordability are increasingly impacting smaller communities in Canada, particularly those more proximate to cities. There are critical gaps along the spectrum of housing needs, with CMHC estimating a shortfall of 3.5 million homes by 2030.<sup>33</sup> Governments at all levels can mobilize policy tools to address supply gaps in rural communities. This includes local and provincial regulations which make building supply more difficult and give too many interests implicit vetoes on building new affordable supply. The financialization of housing must also be addressed: housing policy must privilege those seeking a place to live rather than those seeking an additional safe place to diversify their investment portfolio. The housing crisis facing Canadians is a collective policy failure decades in the making. Rural communities cannot thrive and Canada cannot grow if there is not

enough affordable housing. The federal government's re-engagement and commitment to housing in recent years is an important step. The Housing Accelerator and innovation around housing must roll out even more quickly. Current programs to drive rural housing construction are oversubscribed, meaning that there are many viable projects ready to go that are not being funded given current budgets. Shortages of skilled labour and along the supply chain will likely exacerbate the existing challenges.

**Mobilize and repurpose under-used real estate for multi-purpose flexible spaces**

**for entrepreneurship and innovation.** Governments and other institutions could mobilize under-used space for mixed commercial uses. When it comes to community and economic development, some of the hardest working infrastructure in smaller communities is often overlooked as infrastructure at all — church basements, legion halls, and other spaces that function as community hubs, event spaces, and pop-up commercial hubs. Access to multipurpose spaces is critical for a variety of community and economic development needs. Larger communities benefit from a wider variety of market options,

<sup>33</sup> <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-research/research-reports/accelerate-supply/housing-shortages-canada-solving-affordability-crisis>

as well as institutional spaces; rural communities need creative solutions. These could include building institutions that bring the approach of hubs like Communitech and Hub 350 to smaller communities, with service offerings tailored to the economic profile of local communities. There are many emerging, successful hubs that are growing in smaller communities, such as SOPER in Rimouski, that focuses on the Blue Economy. The model used by the Center on Rural Innovation (CORI) in the US, which builds scalable tech accelerators focused on rural communities, is a promising one because it acknowledges the benefits of agglomeration and network effects and attempts to solve for them in smaller communities. Rural Development Agencies (RDAs) could play a key role in this.

**Modernize social infrastructure and policies for the delivery of public services in rural communities.** Access to high-quality health, education, childcare, and social services is crucial for the well-being and quality of life of rural residents and communities. Accessible public services make it easier to live, work, and raise families in smaller communities. Ensuring that rural residents can access education, care, and other human services in their communities matters for individual well-being and broader economic prosperity because it is more difficult to attract and retain people and capital if services are difficult to access. But many communities face significant gaps.<sup>34</sup> As governments make significant investments in social infrastructure and roll out investments that will enable the digital delivery of many public services, there are ways governments can ensure equity for rural residents and make it more attractive for young people to build their lives in rural communities. This includes investing in social infrastructure, investing in digital connectivity so that services are available, and updating funding formulae to encourage innovation and digital service delivery in rural communities.<sup>35</sup> The opportunities to deliver better health outcomes in rural and remote communities continue to grow and governments at all levels need to make it easier to deliver telemedicine.<sup>36</sup>

34 Nunavut Tunngavik Inc., "Nunavut's Infrastructure Gap Report" (Iqaluit, 2020), <https://www.tunngavik.com/publications/nunavuts-infrastructure-gap-executive-summary/>.

35 This means overcoming "structural urbanism," where fee schedules favour in person delivery of services, rather than relying on evidence to determine when and how online delivery can be equally effective and more accessible for rural residents. (S. Ashleigh Weeden, "Canadian Election 2021: Why Rural Canada Must Play a Central Role," *The Conversation*, 2021.

36 Marco Hafner, Erez Yerushalmi, Eliane Dufresne, Evangelos Gkousis. The potential socio-economic impact of telemedicine in Canada. The Rand Corporation, 2021.



**Implement innovative strategies to deploy surplus public assets for community delivery of services.** Finding ways to co-locate services and build community hubs where a full range of health, human, and social services can be provided is one way to offer high quality services in rural communities. However, the Ontario Government has documented how sometimes governments' own rules against co-location, which may make sense in some urban contexts, need to be adjusted for rural communities. Ontario has also developed a model to allow community groups to take over under-used public infrastructure to experiment with alternative models to deliver community services, managed by local residents.<sup>37</sup> The presence of a public school in a community can have important long-term social and economic impact, and one way to retain these important pieces of social infrastructure is to allow them to act as locally-controlled community hubs. This could require creating a legislative structure for the easier creation of funds to hold community assets in trust, as well as aggressively deploying surplus federal, provincial, and municipal assets.

**Invest in resilient, sustainable transportation infrastructure to move goods and people, and subsidize it where necessary.** To build businesses, connect with family, and reach services, rural residents need access to reliable transportation infrastructure. To meet climate objectives, that infrastructure needs to shift rapidly to low-carbon technologies while remaining affordable and reliable for rural needs. Investments like electric vehicle fast-charging stations, high speed rail, new electric mobility solutions, or regional rail can accelerate this transition. Remote communities, especially those without connection to the national road network, require different types of infrastructure, including support for airports and flights that might not be commercially viable using only market analysis. For some services, like train service to northern Ontario, government support will be necessary, even though traditional cost/benefit analyses say the economic case for a service like the

*To build businesses, connect with family, and reach services, rural residents need access to reliable transportation infrastructure. To meet climate objectives, that infrastructure needs to shift rapidly to low-carbon technologies while remaining affordable and reliable for rural needs.*

<sup>37</sup> Government of Ontario, "Surplus Property Transition Initiative," accessed November 30, 2021, <https://www.ontario.ca/page/surplus-property-transition-initiative>.

Northlander is lacking. These kinds of rail, bus, and air services are not just a cost centre but are investments in the on-going long-term growth of smaller communities, particularly remote ones, that will deliver returns over time. An overall strategy for air access for smaller communities may be necessary.

Investing in infrastructure in a way that plans for and sets the conditions for sustainable growth is crucial for thriving rural communities. There are some federal efforts underway to support community infrastructure in Indigenous communities,<sup>38</sup> and there may be funding models for multi-purpose community infrastructure that would work in non-Indigenous communities as well.

### **Pillar 3: Reconciliation, self-government and prosperity for Indigenous communities must be at the heart of rural economic development**

Place-based economic strategies must align with Canada's commitment to reconciliation, self-government, re-building of nations, and Indigenous economic self-determination. Discussions of inclusive economic growth for rural Canada cannot be complete without an understanding of how these strategies implicate and intersect with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), which has now been incorporated into Canadian law. Indigenous people represent a high proportion of the population in rural areas.<sup>39</sup> Nearly 60 percent of Indigenous people in Canada live in rural areas or small communities.<sup>40</sup> When policy-makers talk about rural economic development, they are implicating Indigenous communities and the non-Indigenous communities that live nearby, often on treaty or unceded land.

Inclusive, place-based economic approaches are in line with the goals of self-government. Place-based approaches emphasize local decision-making and put the economic, social, and environmental well-being of the community at the centre. Many smaller Indigenous communities are proximate to larger urban areas and are integrated in regional economies and labour markets. Others share in the ownership, development, and benefits from natural resource projects. But we can't expect place-based approaches alone to inevitably produce economic development for Indigenous communities. To make

38 <https://www.sac-isc.gc.ca/eng/1628172767569/1628172789746#chp1>

39 Statistics Canada, "Percentage of the Population with Aboriginal Identity, 2016 Census," Statistics Canada, 2016, [https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/dv-vd/cpdv-vdpr/index-eng.cfm?configBase=https://www97.statcan.gc.ca/Geocortex/Essentials/REST/sites/CPDV/viewers/CensusProgram\\_gvh/virtualdirectory/Resources/Config/Default&focusGeographyId=2016A000011124&visualizationGeographyLevelId=3&activeIndicatorId=2074&activeThemeId=8&extent=3515573.22105455,1073800.74542706,8745669.69362249,4355429.90468538&comparisonGeographyList](https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/dv-vd/cpdv-vdpr/index-eng.cfm?configBase=https://www97.statcan.gc.ca/Geocortex/Essentials/REST/sites/CPDV/viewers/CensusProgram_gvh/virtualdirectory/Resources/Config/Default&focusGeographyId=2016A000011124&visualizationGeographyLevelId=3&activeIndicatorId=2074&activeThemeId=8&extent=3515573.22105455,1073800.74542706,8745669.69362249,4355429.90468538&comparisonGeographyList).

40 "Focus on Geography Series, 2016 Census."

progress, positive outcomes for Indigenous peoples must be a stated goal, with policy, program design, governance, and delivery re-oriented to prioritize them.

**Support the recently released National Indigenous Economic Strategy.** Indigenous people in Canada have been undertaking deep reflection and concrete action on economic development in recent years. Aboriginal Financial Institutions, equity investing, and full participation in natural resource projects that includes ownership and revenue sharing are all having significant positive impacts in many Indigenous communities. Easier access to capital is a key component of this agenda. Indigenous organizations and leaders have articulated this agenda clearly and are rolling it out on the ground with support from governments. This work should be accelerated and deepened.

**Extend and expand the Indigenous Growth Fund.** The new social impact fund meant to provide Indigenous businesses with capital through Aboriginal Financial Institutions is promising,<sup>41</sup> but significant gaps in investment have built up over centuries, rooted in colonial practices and structures. Estimates from almost a decade ago in 2013 showed that “despite the growth of capital in the First Nation and Inuit business community, an additional \$83.3 billion in capital would be needed to fuel a First Nation and Inuit economy operating at the same level as Canada overall.”<sup>42</sup> If early results from the fund are promising, it should be scaled quickly.

**Continue to drive resource sharing, community benefit agreements, and social procurement from Indigenous-owned businesses.** Governments, broader public sector institutions, and private sector firms have put in place a variety of policies to ensure that projects deliver benefits like infrastructure, training, and employment. These benefits now often include ownership, as Indigenous investment funds deploy their capital in ways designed to secure returns and a healthy economic future for their communities. These approaches must continue to be deployed, deepened, and better understood. Natural resource development is an important source of wealth in many Indigenous communities.

41 NACCA National Aboriginal Capital Corporations Association, “Indigenous Growth Fund,” April 21, 2021, <https://nacca.ca/igf/>.

42 NACCA, “Improving Access to Capital for Indigenous Peoples in Canada,” 2017, [https://nacca.ca/wp-content/uploads/2017/04/NAEDB\\_ImprovingAccessToCapital.pdf](https://nacca.ca/wp-content/uploads/2017/04/NAEDB_ImprovingAccessToCapital.pdf).





Governments should continue to work with and support Indigenous organizations like the First Nations Major Projects Coalition that provide expert advice and support to ensure that Indigenous communities benefit from resource development.

**Invest in Indigenous-led institutions that are crucial for economic development and community well-being.** In addition to Aboriginal Financial Institutions, there are other institutions which play an important role and could play a larger role in economic development. For example, Indigenous post-secondary institutions are under-funded compared to non-Indigenous colleges and universities, and are not funded in a manner consistent with Treaty and inherent rights. They can play an important role in closing gaps in graduation rates and respond to local labour shortages because students study near their community. Investing in Indigenous-led institutions in rural and smaller communities must be part of the policy agenda.

While Indigenous interests and challenges are mentioned throughout Canada's Rural Economic Development Strategy, Canada's rural policies lack an explicit focus on reconciliation and honouring legal obligations under UNDRIP. Indigenous economic self-determination and reconciliation need to be a more explicit pillar of governments' rural strategies to ensure good intentions are translated into concrete action and results on the ground.

#### **Pillar 4: Build capacity, devolve decision-making, and make a strong commitment to collaboration**

The Government of Canada has been looking at how it can do a better job engaging and supporting smaller communities. The release of its *Rural Economic Development Strategy*, the funding of the Centre for Rural Economic Development, the expansion of RDAs and the critical role that the latter played during COVID-19 economic response and recovery are all positive steps. Some ministries have commitments to place more staff outside the National Capital Region to work more directly in communities.

But we know that historically federal and provincial orders of government have difficulty engaging communities and co-creating approaches or devolving resources and decision-making authority. But the value of place-based economic strategies, which governments increasingly acknowledge, requires leveraging community knowledge from the ground up and treating place as the unit of analysis. The ability to effectively execute rural strategies lies in the ability for higher orders of government to approach issues with humility and trust local stakeholders with resources and power. Yet government programs are often

burdened with narrow terms and conditions that presume superior understanding of local needs and are drafted in ways that prevent agility, local innovation, or learning from local experiences.

**Strategically leverage anchor institutions and public sector workforce strategies.** It has long been recognized that public sector anchor institutions — hospitals, universities, military bases — play an important role in the economic and social life of some smaller communities because they provide employers who are more immune to economic downturns and are a source of stable middle-class employment. They create capacity within communities by building more diversity within the local population. They are key to innovation, accelerating digital connectivity, population circulation, and establishing new linkages between people and communities. They create a foundational floor that ensures public services are available in communities.

Governments should re-examine their real estate footprint, more intentionally place more offices in rural communities, and review policies and collective agreements to facilitate a more distributed workforce.

**Launch formal federal-provincial-municipal-Indigenous cooperation arrangements and recovery tables.** Building on lessons from Canada's Urban Development Agreements and the City Deals in the UK, recovery tables could focus on coordination between governments around place-based strategies designed to grow and plan sustainably and take advantage of new opportunities in the wake of the pandemic. These could be struck at the regional level to facilitate recovery planning that supports alignment between rural communities and nearby mid-sized cities in the regional ecosystem. Their explicit goal must be to integrate local and community knowledge about investment priorities into decision-making by provincial and federal governments.

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**Scale integrated smart community planning methodology that provides for real local engagement.** The co-creation processes seen in the Smart City Challenge approach can create credible, cooperative place-based processes that result in agreement on common priorities, plans, and execution strategies. Guelph and Wellington County mobilized more than 150 partners from community, business, and government to develop their plans around food. Governments should invest in the capacity that lets communities roll out these processes quickly and effectively in ways that use tested methodologies. Governments should commit to invest in the plans of communities that have undertaken meaningful and structured engagement processes.

**Governments and business should support and engage with collaborative multi-sectoral organizations that drive local development.** Engage Nova Scotia and the South Island Prosperity Partnership are two leading examples of organizations that engage civic leaders from all sectors to work on local issues and invest in community infrastructure. These models build on the insights from scholarly work on the importance of formal and informal associations to drive inclusive community economic development.<sup>43</sup> Although many of these associations have emerged in large cities, they are workable models in smaller communities as well.

**Invest in rural policy capacity.** The federal government has developed dedicated program capacity to help rural communities navigate funding programs. But rural policy capacity is about more than navigating programs. For smaller communities with limited policy capacity of their own, funding of pooled policy resources could support communities themselves to engage on equal footing with federal and provincial governments or larger cities. More public servants in local communities, with mandates to help communities navigate programs and help the government more flexibly respond to community needs, would be appropriate. Innovation, Science and Economic Development Canada's new program of rural advisors is a good model on which to build.

**Support local public infrastructure.** An additional way to develop local capacity is through a commitment to the local delivery of public services, which allows people to stay in their communities and attracts new residents. This means investing in schools and post-secondary institutions in smaller communities,<sup>44</sup> locating government offices in smaller communities, offering debt forgiveness to those working in high demand public service areas to locate in smaller communities, creatively investing in services like childcare, and not presuming that the rules that work in urban areas will work in rural ones.

43 Bruce Katz and Jeremy Nowak, *The New Localism: How Cities Can Thrive in the Age of Populism*, Brookings Institution Press, 2019.

44 David Zarifa, Darcy Hango, and Roger Pizarro Milian, "Proximity, Prosperity, and Participation: Examining Access to Postsecondary Education among Youth in Canada's Provincial North," *Rural Sociology* 83, no. 2 (June 1, 2018): 270–314, <https://doi.org/10.1111/RUSO.12183>.

**Invest in more place-based local data.** While the federal government has launched a wide-ranging rural economic development strategy, and has created a Rural Data Hub, the current data to guide decisions or measure results remains sparse. It can be difficult to access economic or community well-being data at a community level. For a community to meaningfully participate in shaping its economic future, municipalities, community groups, and local actors must have access to robust economic and social data outside Canada's CMAs. Specific measures would include expanding the Statistics Canada Rural Data Hub with new offerings,<sup>45</sup> expanding the Statistics Canada Telecommunications Data Hub with new data on digital adoption in rural communities,<sup>46</sup> and providing communities with the support they need to track what matters to them for decision-making.<sup>47</sup>

**Treasury Board should be more comfortable approving flexible, low-barrier program design, with devolution of resources and autonomy.** Rules that prevent adapting programs and learning from local experiences are too often in place in economic development programs. Too many programs are still designed in ways that prevent outcomes-based, co-created, or delivery-driven solutions that learn and adapt in agile ways to the realities on the ground in communities and evidence as it comes in. One-size-fits-all programming imposed on communities will lead to disappointment and frustration. Flexible, place-based, low barrier, capacity-building programs that devolve real resources and decision-making authority, perhaps delivered through the RDAs, are necessary.

It has been said many times before, but federal and provincial orders of government simply do not have built into their DNA an instinct for co-design, open collaboration and giving up some power. But there are many successful examples. For example, BC's Sea-to-Sky Destination Development Strategy was a best-in-class example of regional planning that involved local communities in a meaningful way.<sup>48</sup> But these processes take time, require intentionality and must be a centre-of-desk, front-of-mind preoccupation from the beginning. This kind of commitment should be part of our renewed social contract between governments and communities of all different sizes.

45 Hannah Main et al., "State of Rural Canada III: Bridging Rural Data Gaps Integrating Storytelling and Sustainability Indicators for Sustainable Rural Development View Project," October 2019, <https://www.researchgate.net/publication/336217791>.

46 Statistics Canada, "Telecommunications: Connecting Canadians," 2021, [https://www.statcan.gc.ca/en/subjects-start/digital\\_economy\\_and\\_society/telecommunications](https://www.statcan.gc.ca/en/subjects-start/digital_economy_and_society/telecommunications).

47 "Community Data Program," CDP, 2021, <https://communitydata.ca/>.

48 Destination British Columbia and Indigenous Tourism BC, "Sea-to-Sky Corridor Destination Development Strategy," 2018, [https://www.destinationbc.ca/content/uploads/2019/09/Sea-to-Sky-Corridor-Destination-Development-Strategy\\_Final.pdf](https://www.destinationbc.ca/content/uploads/2019/09/Sea-to-Sky-Corridor-Destination-Development-Strategy_Final.pdf).

# Seizing the opportunity

Canada's rural communities are at a pivotal moment. Throughout much of the last half century, there has been compelling evidence that the future belonged to large cities. Today, there is real reason to question whether these trends are being moderated. It is possible that the geography of opportunity is rebalancing.

Research over the last half century has consistently documented the economic advantages that come with agglomeration in cities, like economies of scale and the network effects from population density. There is no doubt that some of these advantages still apply and will not disappear overnight. But many rural communities have vastly easier access to people, markets, and services than they did a decade ago.



Over the coming years, a clearer picture will emerge about the impact of the pandemic on locational choices of people and businesses. Whether changes are enduring and positive will be a function of our policy choices, and our capacity to implement them in communities in ways that deliver positive outcomes for local people. Investments that accelerate connectivity and social infrastructure will make it possible for more businesses and individuals to choose to locate in rural communities.

Many diverse interests, researchers, and organizations are mobilizing to encourage governments and the private sector to make choices that work for small and rural places. The Community Economies Pilot Project, led by Shorefast, is one of the best examples of projects focused on strengthening communities. The project has mobilized diverse interests and leaders to advance an agenda focused on investing in strong local community economies.

Canada can implement a policy agenda for rural and smaller communities that expects and plans for growth. In particular, that policy agenda should:

- Aggressively adopt legislative, regulatory, and reporting frameworks to direct more capital into local communities;
- Build the connective tissue necessary for well-being, with a focus on policies that build digital infrastructure and subsidize transportation, and use new tools to build and repurpose social and economic infrastructure for community and entrepreneurial purposes;
- Embed reconciliation into rural development strategies, with a focus on capital, Indigenous ownership, and Indigenous self-government; and
- Invest in the capacity of local communities and devolve resources and power so that communities can invest in their own assets and make allocation decisions that they think align with their vision for the future of their communities.

As we undertake this agenda, we must make the choices necessary to take advantage of opportunities without exacerbating the new pressures being created. Many smaller communities are dealing with population growth that they haven't seen in decades, causing housing supply and affordability crises, and putting undue pressure on existing public service infrastructure. Some small communities are experiencing significant increases in homelessness due to the unaffordability of the community in which a resident grew up. The unique character of some rural communities is being changed quickly, challenging the experience of rural citizenship for some residents.<sup>49</sup> Over the longer term, climate change will raise pressures on smaller communities, producing even more change. Canada will need to confront the fact that we have lots of land, and more and more people around the world will be displaced by climate change.

But big change is not new for rural communities. The same rural-to-urban migration that transformed Canada's cities over the past century also transformed Canada's rural areas, even if there were fewer people to witness and chronicle it. The resilience, dynamism, and adaptability that have been built by rural communities in Canada may make these places uniquely equipped to flourish in this new chapter of disruption.

One way governments can support rural communities during this period of change is to give more importance to local expertise in policy-making processes. Rural communities are facing decades of tremendous transformation and they should have agency in the decisions that will shape their futures.

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