

**Community Planning & Economic Development Standing Committee**  
**July 22, 2013**

**TO:** Chair and Members of Community Planning & Economic Development Standing Committee

**SUBMITTED BY:** *Original Signed*  
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Jennifer Church, Managing Director  
Government Relations & External Affairs

**DATE:** July 4, 2013.

**SUBJECT:** Update #3: Economic Development and the Auditor General's Report

**INFORMATION REPORT**

**ORIGIN**

On April 20, 2010 Regional Council: MOVED by Councillor Uteck, seconded by Councillor Harvey that staff consider the optimal governance structure for agencies within Halifax Regional Municipality who are performing an economic development function, in respect of the new Economic Strategy that is being undertaken. The goal being an organizational and governance model best suited to the strategies described in the Economic Strategy. And that information be brought back to Council for consideration pending the Council endorsement of a 2011-2016 Economic Strategy. MOTION PUT AND PASSED.

On April 9, 2013 Regional Council: MOVED by Councillor Nicoll, seconded by Councillor Craig that Halifax Regional Council request that staff:

1. Review the Auditor General's Report and its recommendations.
2. Meet with the Greater Halifax Partnership, Destination Halifax and others involved in economic development to consider the report and its recommendations in detail.
3. Determine an effective review process for the Auditor General's Report beginning with the involvement of the Community Planning and Economic Development Standing Committee and resulting in making recommendations and setting priorities for further action. MOTION PUT AND PASSED.

**LEGISLATIVE AUTHORITY**

The Halifax Regional Municipal Charter says in Section 50 (1) that  
"The Auditor General is responsible for assisting the Council in holding itself and the Municipality's administrators accountable for the quality of stewardship over the public funds and for achievement of value for money in the Municipality's operations

## **BACKGROUND**

On April 20, 2010, Regional Council directed staff to review the governance structures for HRM’s economic development agencies. Staff is consolidating the governance review report with the process to review the Auditor General’s report adopted at the May 13<sup>th</sup> CPED meeting. Attachment A “Economic Development Governance” is a short summary of staff findings.

On February 13, 2013, the Auditor General (AG) presented *Economic Development through Partnerships – A Performance Evaluation* to the Audit & Finance Standing Committee. Attachment B provides a Status Report on implementation of the AG’s recommendations.

On February 14, during CPED discussion of the Economic Strategy and the Greater Halifax Partnership Agreement Status Update, CPED briefly discussed the AG’s report. CPED passed the motion that went to full Council on April 9, 2013.

On May 13, 2013, CPED agreed to undertake the process of answering five key questions about economic development and considered the first question, “What is economic development?”

The questions remaining for discussion include

- How can HRM best support economic development?
- Who should lead HRM’s economic development activities?
- How should HRM work with the other players in economic development?
- How will HRM know if we are successful in our economic development work?

## **DISCUSSION**

Since the AG presented his report, staff has been working to implement its recommendations following the structure of the April 9, 2013 Council recommendation. The material collected for the governance structures report will inform many of the actions proposed for implementing the AG recommendations. Attachment A is the draft staff report on governance for information. It should be read as background for this report and the discussion of the remaining four questions. Staff will bring recommendations related to governance to an upcoming CPED meeting.

Council’s April 9, 2013 motion had three components:

### *1. Review the Auditor General’s Report and its recommendations*

Attachment B gives an updated summary of work done to date on the AG’s recommendations. It provides background to the discussion of the four questions. It will also come back as part of an upcoming CPED meeting.

### *2. Meet with GHP, DH and others involved in economic development to consider the report and its recommendations in detail.*

The AG’s recommendations underpinned the preparation of service agreements for 2013-2014 and the updating of the Economic Strategy. On June 25, 2013, Regional Council approved the GHP Service Agreement and an updated list of actions for years 3 to 5 of the economic strategy. CPED should receive the first DH service agreement for consideration on August 8, 2013.

*3. Determine an effective review process for the Auditor General’s Report beginning with the involvement of the Community Planning and Economic Development Standing Committee and resulting in making recommendations and setting priorities for further action.*

On May 13, 2013, CPED adopted an approach to implementing the AG’s report. At that meeting, members reviewed a paper on the definition of economic development and made suggestions for changes to it.

Attachment C offers a definition of “economic development.” It includes the definition originally proposed with modifications to include the results of the May 13<sup>th</sup> CPED discussion.

Attachment D provides information to support discussion on the other four questions noted above. It gives a starting point for CPED discussion on July 22<sup>nd</sup>

### **FINANCIAL IMPLICATIONS**

This report has no immediate financial implications. Depending on how CPED and Council choose to move ahead, there could be financial implications for 2014-2015 and beyond.

### **COMMUNITY ENGAGEMENT**

The AG consulted widely to develop his report. There is no plan at this stage for community engagement beyond HRM Regional Council. Depending on how CPED and Council choose to move ahead, there could be some community engagement in the future.

### **ATTACHMENTS**

- A Economic Development Governance
- B Economic Development through Partnerships – A Performance Evaluation: Status Report
- C Revised Background Paper – What is economic development?
- D Background Papers – Material for Questions 2, 3, 4 and 5

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A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Chris Bryant, Sr. Advisor, Government Relations & External Affairs – 490 - 3729

*Original Signed*

Report Approved by: Jennifer Church, Managing Director, Government Relations & External Affairs

## Economic Development Governance

### Background

In April 2010, Halifax Regional Council directed staff to: “consider the optimal governance structure for agencies within Halifax Regional Municipality who are performing an economic development function in respect of the new Economic Strategy with the goal being an organizational and governance model best suited to the implementation of the Economic Strategy and that information be brought forward to Council for consideration pending Council endorsement of a 2011-2016 new Economic Strategy.”

As a result of Council’s motion, HRM’s Chief Administrative Officer (CAO) and Municipal Auditor General (AG) engaged the Board Chairs and Chief Executive Officers of the Greater Halifax Partnership (GHP), Trade Centre Limited (TCL), and Destination Halifax (DH), as well as senior provincial staff, to initiate a governance review project.

HRM staff conducted analysis on the governance structure and accountability used for economic development agencies in other cities. Staff compiled background information but delayed presenting it until the AG released his report on economic development.

In February 2013, the AG released a report entitled *Economic Development through Partnerships – A Performance Evaluation*. The report is a high level analysis of the development, funding levels, execution and economic outcomes of HRM’s economic strategies, with a focus on GHP and DH. The report has recommendations on economic development issues, approaches, and governance. The report excludes TCL from consideration. The AG concluded that while TCL “does have a role to play in the economic development of HRM, funding provided by HRM to TCL is not specifically related to the activities undertaken by TCL in economic development.”

In March 2013, following direction from the Community Planning and Economic Development (CPED) Standing Committee information from the staff governance review project has been consolidated with the process of addressing the recommendations from the AG’s report.

This paper outlines the background and key staff findings related to governance structure and accountability frameworks to support the discussions at CPED meetings on the following fundamental questions of economic development:

- What is economic development?
- How can HRM best support economic development?
- Who should lead HRM’s economic development activities?
- How should HRM work with the other players in economic development?
- How will HRM know if we are successful in our economic development work?

This paper also reviews the origins and structure of GHP, DH and, given their direct involvement in the economic development activities of HRM, the Business Improvement Districts (BIDs). It outlines some of the broad approaches to municipal economic development activity in terms of delivery models, reviews the advantages and disadvantages of each, and compares economic development approaches in different jurisdictions.

## **Economic Development Organization Profiles**

### **Greater Halifax Partnership**

#### *Origins*

In 1995 a group of business community leaders working with the new Halifax Regional Municipality and the Chamber of Commerce devised a new model for supporting and accelerating economic growth. It was a public-private model, led by the private sector with business and government sharing responsibility, accountability and cost. GHP was the organization created out of this model. It has since led HRM's economic growth activities. Under the provincial Regional Community Development Act, a second agency, the Halifax Regional Development Authority (HRDA) began work at the same time, focused on the former Halifax County.

In 2006 Council tasked GHP and HRDA with creating HRM's first Economic Strategy. With the adoption that strategy, Council began to explore the merger of GHP and HRDA to eliminate perceived duplication of effort. In March of 2007, Council merged the two entities. They became a newly constituted Greater Halifax Partnership.

#### *Structure and Governance*

GHP is a private-public entity incorporated under the Societies Act, with a board of directors appointed through a community-based process set out in its by-laws. The GHP Board is largely a private sector board, with representation from senior staff of the Province, ACOA and HRM appointed as observers and representatives from HRM Council appointed as voting members.

GHP has more than 120 private-sector investors, large and small companies alike. Additionally, members of GHP and HRM's executive management meet regularly to review matters of interest.

### **Destination Halifax**

#### *Origins*

DH was created in April 2002 through a merger of the Greater Halifax Conventions & Meetings Bureau and the tourism marketing arm of the HRM Tourism, Culture & Heritage Department. DH has evolved into a partnership of the Hotel Association of Nova Scotia, the Provincial Department of Tourism, HRM, and the World Trade and Convention Centre.

DH works to increase business and leisure tourism activities in the region. Governed by a Board of Directors, DH promotes the HRM as a year-round destination for business and leisure travelers.

#### *Structure and Governance*

DH is structured as a private entity incorporated under the Societies Act, with a board appointed through a process set out in its by-laws. Board membership reflects DH's focus on promoting the tourism and hospitality sector. A staff representative of HRM's CAO sits on the Board, along with one elected representative of Council and the Mayor, all as voting members. DH and HRM senior executive meet regularly to review matters of strategic and mutual significance.

GHP and DH both receive funds from HRM. A Service Agreement outlines the funding arrangement between GHP and HRM. For 2013-14, as recommended by the AG, a Service Agreement will also cover the funding arrangement between DH and HRM.

## **Business Improvement Districts**

### *Origins*

In 1970, Ontario passed legislation creating the world's first Business Improvement District (BID) in Bloor West Village. Since the creation of this first BID, the concept has been adopted by thousands of communities across the globe.

In HRM, BIDs are established through a formal request for BID designation made by local business community leaders. The onus is on the proponents to organize, and solicit support for, the BID's formation – support that must be demonstrated through an HRM facilitated BID-formation plebiscite.

There are currently eight BIDs in HRM.

- Downtown Halifax Business Commission
- Downtown Dartmouth Business Commission
- Spring Garden Area Business Association
- Quinpool Road Mainstreet District Association
- Main Street Dartmouth and Area Business Improvement Association
- Sackville Drive Business Association
- Spryfield and District Business Commission
- North End Business Association

BIDs work to maintain and revitalize dynamic commercial districts and promote areas as business or retail destinations. Maintenance and revitalization create a cleaner, safer and more attractive environment that benefits businesses operating within the district and enhances property values for owners. Beyond beautification and promotion, BIDs also facilitate the development of strategic partnerships and advocate with governments on behalf of their members.

### *Structure and Governance*

BIDs are structured as private entities, provincially incorporated as either a Society or a Nova Scotia Limited by Guarantee Company. BID boards are appointed through a process set out in their respective by-laws. Some BID Boards include HRM councillors and/or HRM staff.

Although autonomous, BID boards are accountable to HRM Council. They are contractually obligated to provide HRM with activity plans, year-end activity reports and annual audited financial statements. HRM approves BID Boards' budgets and area rate levies in June of each fiscal year.

## **Delivery Models**

### **Overview of Economic Development Delivery Models**

Canadian municipalities use a variety of economic development models to achieve their economic development objectives. These can be broadly classified into three common types: arm's length, in-house and hybrid.

#### *Arms-length Economic Development Organization Model*

While significantly supported by government, arms-length development organizations remain semi-autonomous and employ a corporate management structure. Key to this model is the successful

engagement of the private sector. Business attraction is often an important component of the activity of an arms-length development organization. Funding typically comes from the municipality, other levels of government and the private sector.

#### *In-House Model*

Some municipalities essentially do all economic development support work “in house”. This approach is usually adopted where economic initiatives are primarily land or industrial development focussed. It ensures strong connections between the relevant planning, public works/ infrastructure and other municipal departments. As part of their economic development portfolio, the team may also deal with Council directed priorities such as brownfield redevelopment, industrial land development and small business supports.

#### *The Hybrid Arms-Length/In-house Model*

This model combines elements of both the purely arms-length and in-house models. The private sector is engaged through an advisory board usually comprised of senior elected officials as well as business. The board provides strategic direction on economic development matters and assists in marketing and attraction activities. Public servants remain responsible for day-to-day management. Given that the economic development function remains within the municipality, it enjoys the advantage of being integrated within the other supporting departments.

Different Canadian municipalities use variations of the models noted above.

### **HRM’s Support for Economic Development**

With the exception of business parks, most economic development in HRM follows the arms-length development model. An in-house delivery model is used for Business Parks and municipal activities are deliberately aligned to economic development priorities through business planning but most of HRM’s economic development activities are led by arms-length entities including DH, GHP, BIDs and other organizations with an economic development impact such as Trade Centre Limited (TCL).

Staff analysis done to date suggests that, in general arms-length economic development organizations have a greater ability to get funds from the private sector and other levels of government. On the one hand, they are also often better able to attract private sector involvement on their Boards of Directors, as direct engagement, or frank feedback about their interactions with government. Arms-length organizations may be able to take positions on certain issues where government’s ability to speak could be restricted. Arms-length organizations may also be more flexible and responsive to opportunities than government can be.

On the other hand, arms-length organizations may have a greater challenge integrating their activities and economic development priorities with municipal interests and activities. They may spend more time and resources on attraction of resources and funding than would be typical of an in-house economic development team. They must also be sensitive to partners’ interests, managing the potentially competing interests of partners and funders.

When done “in-house” economic development rests fully within the control of government and should be well integrated in the functions of government. The challenge of engaging with the private sector, whether for funding or participation, is greater with an in-house model of economic development. Economic development led in-house may also be less flexible and responsive to opportunities.

**Cross-Jurisdictional Research**

To understand how other municipalities manage economic development, HRM staff surveyed the “C-11 Municipalities”. Economic development agencies participating in the C-11 include GHP, Québec International, Montréal International, OCRI (Ottawa Centre for Research and Innovation), City of Toronto, Canada's Technology Triangle Inc. (Waterloo Region), Economic Development Winnipeg Inc., Saskatoon Regional Economic Development Authority, Edmonton Economic Development Corp., Calgary Economic Development, and the Vancouver Economic Development Commission.

This nation-wide research provided benchmarks against which HRM’s approach might be assessed. Staff reviewed operational mandates, funding, staffing, operational structures, reporting mechanisms and metrics.

Table 1 indicates among C-11 municipalities which broad delivery approach each takes.

**Table 1: Type of relationship between C-11 economic development organization and local municipality**

<b>Jurisdiction</b>	<b>In-house</b>	<b>An arm’s length wholly owned municipal corporation</b>	<b>An arm’s length corporate partnership between City and other organizations</b>
Toronto	●	–	–
Calgary	–	●	–
Canada’s Technology Triangle	–	–	●
Greater Halifax	–	–	●
Montréal International	–	–	●
Quebec City	–	–	●
Saskatoon	–	–	●
Vancouver	–	●	–
Winnipeg	–	–	●
Ottawa	–	–	●
Edmonton	–	●	–

Key finding: Most C-11 municipalities have an arm’s length economic development organization as their primary economic development organization. In general arms-length economic development organizations provide a municipality with more flexibility when it comes to economic development activities and better ability to leverage funds from other partners. It also allows for better engagement of the private sector. The main drawback appears to be integration with municipal functions that heavily impact economic development as well as a somewhat reduced element of control. These drawbacks can be mitigated.

Types of economic development activities



A review of C-11 jurisdictions shows that most municipal economic development organizations are involved in business and investment attraction, business retention and expansion, economic development marketing, and cluster/sector development. GHP currently undertakes these development activities which are central to its existing mandate. Many of the C-11 organizations are involved in attracting international events. Only three have tourism within their mandates. Differentiation is common in the case of tourism and destination marketing activities.

<b>Economic Development Service</b>	<b>No. of Responses</b>
<b>Business &amp; Investment Attraction</b>	<b>11</b>
<b>Local or Regional leadership and/or facilitation of community economic issues</b>	<b>11</b>
<b>Business Retention &amp; Expansion</b>	<b>9</b>
<b>Economic Development Marketing</b>	<b>9</b>
<b>Cluster/Sector Development</b>	<b>9</b>
<b>Economic Policy Development</b>	<b>8</b>
<b>Site selection</b>	<b>7</b>
<b>Labour Force Development</b>	<b>7</b>
<b>International Events/Festival Attraction</b>	<b>7</b>
<b>Small Business Development</b>	<b>3</b>
<b>Incubator Program</b>	<b>3</b>
<b>Film Permitting Office</b>	<b>3</b>
<b>Tourism Marketing</b>	<b>3</b>
<b>Business Tourism Attraction</b>	<b>2</b>
<b>National / International Delegation hosting</b>	<b>2</b>
<b>Employment Lands Redevelopment</b>	<b>1</b>
<b>Real Estate Redevelopment</b>	<b>1</b>
<b>BIA Office</b>	<b>1</b>
<b>Convention Centre Management</b>	<b>1</b>
<b>International Trade Promotion</b>	<b>1</b>

Overall, staff research suggests that how HRM has assigned tasks to GHP and DH and the existence of two separate organizations are not unusual arrangements.

**To merge or not to merge?**

Economic development activities can be delivered by a single economic development agency responsible for all or most aspects of a municipality’s economic development work. Certain types of activities may be bundled together and delivered by organizations configured according to these “bundles”. In HRM broadly based economic development activities are being delivered by GHP. Tourism-related activities are being delivered by DH. Councillors, and the AG, have asked, “Should we continue this approach or change it?” What follows are some thoughts on the issue.

**Merger - Establish one entity with one Board**

Pros:

- Facilitates pooling revenue streams from various sources;
- Potential to raise more funds for projects, events, etc. from other funding sources than is currently the case due to prioritization at Board level and business planning;
- Possible internal synergies, particularly in areas such as marketing and communications, event bidding, international delegations and trade presence.

**Cons:**

- HRM has limited ability to require independent arms-length organizations to “merge”;
- Mergers can be disruptive, particularly in early years, resulting in loss of focus and staff departures;
- May limit the ability of organizations that are funded through levies (BIDs, DH) to be responsive to their “constituents”
- May imperil currently committed private sector funds.

**Re-alignment – Bundle certain programs and activities together, pool/allocate resources to support them and reconfigure organizations accordingly**

**Pros:**

- May reduce confusion in the marketplace;
- Facilitates collaboration;
- Potentially clearer lines of accountability;
- May be less disruptive than complete merger.

**Cons:**

- Implies pooling of hotel levy, investor funding and HRM funding which may be difficult to achieve in reality;
- May be difficult for organizations to maintain existing private sector funding.

**Status Quo with improved accountability through Service Agreements**

**Pros:**

- Funding is tied to defined accountability and outcomes;
- Clear expectations and integration with strategic priorities like business plan and Economic Strategy;
- Increased accountability over current approach where only GHP has a service agreement;
- Potentially increased predictability in terms of funding from HRM subject to defined deliverables and outcomes;
- GHP service agreement serves to facilitate private investor confidence.

**Cons:**

- Perceived status quo – no change in current governance;
- Retains current “independent vs. inter-dependent” approach;
- Limited capacity to pool resources among economic development players;

**Other Issues**

In addition to the inherent advantages or disadvantages of the three models, there are other issues to consider.

### *Response of Private Sector to Merger*

Where private sector support is concerned a merger may not be viewed favourably by current supporters. To what extent support is contingent on current configuration is difficult to gauge. While a merger might widen the potential base of support it might precipitate a loss in private sector support. Merger may be seen as dilution of focus and undermine sector or activity-specific support currently enjoyed by HRM's economic development agencies. Since both advice and financial backing from the private sector are valuable assets to HRM, any merger should be approached cautiously.

### *Practical Limitations to merger*

HRM has a limited capacity to compel changes to independently constituted entities. Can HRM tell DH and GHP to merge? Both DH and GHP are private-public entities incorporated under the Societies Act, with boards appointed through a community-based process. Although HRM councillors sit on both boards as voting members, they do not hold a majority voting bloc. As a major funder, HRM has some power but how does HRM want to use that power?

### *Other alignment options*

Bundling activities presents many of the same challenges associated with merger of existing agencies into a single agency. HRM is not in a position to unilaterally redefine organizational mandates. Accessing funding from other levels of government or from the private sector may necessitate flexibility in terms of focus and services offered. Autonomous economic development agencies should be free to "follow the money". Where HRM is only one part of the funding equation, it should exercise sensitivity about dictating configuration and operations. The reality is that HRM is not the only funder of GHP or DH and cannot, therefore, expect to unilaterally dictate terms.

### *Other Arrangements?*

Many organizations support economic development work. Linking GHP and DH more closely is only one new configuration to consider.

- Would a DH/TCL merger around support for the new convention centre make sense?
- Would closer ties between GHP and Nova Scotia Business Inc. yield useful results?
- Would a closer relationship between DH and the new Nova Scotia Tourism Agency improve tourism numbers?

None of these configurations have been examined in any detail but might have value.

### **Next Steps**

This paper has attempted to highlight what has come from the staff review of economic development governance and the relevant sections of the AG's report on economic development.

Once CPED has had a chance to discuss the five fundamental questions about economic development that began in May, staff will come back to CPED with recommendations for discussion and approval.

## Economic Development Through Partnerships – A Performance Evaluation

### Primary Accountability – Government Relations and External Affairs (additional accountability indicated in Update column)

Recommendations	Management Responses	Update	Status
<p>1.0.1 The OAG would recommend HRM explore the possibility of creating a Chief Economic Development Officer, who would be located in City Hall and would report directly to perhaps the Mayor who has expressed a personal interest in and focus on economic development. This type of ‘bold’ approach would signal the importance HRM places on economic development and the needed authorities to ensure success. Page 39</p>	<p>Mayor and Regional Council to discuss this recommendation.</p>	<p>Staff is considering this recommendation. Given the complex nature of support for economic development and its interconnection with work being done by many HRM business units, it could be difficult to assign responsibility for the work to a single person. As noted in HRM’s Economic Strategy, GHP will lead many aspects of HRM’s economic development work, and HRM officials will lead the others. Coordination of economic development support work will remain with Government Relations &amp; External Affairs and the economic development Council priority outcome team. GREA will communicate progress to Mayor and Council.</p>	<p>In progress</p>
<p>1.0.2 HRM should explore the opportunity of enhancing a liaison position jointly with the Federal and Provincial governments whose primary focus would be to coordinate efforts and who would have specific expertise and experience (preferably at two levels of government) in both coordination and economic development. Page 39</p>	<p>Discuss this recommendation with the other governments to gauge their interest. Investigation could begin immediately.</p>	<p>GREA conducts general federal and provincial liaison work, and coordinates specific liaison activities of municipal staff working with other levels of government – e.g. CRS and SNSMR, GHP and ERDT, DH and the NS Tourism Agency. GREA has staff with experience with all orders of government. Therefore, this specific position may produce a level of overlap and/or redundancy and will not be considered at this time.</p>	<p>Complete</p>
<p>1.0.3 Should the above recommendations not be implemented, the OAG would recommend HRM Administration consider arranging for a secondment/secondments of the HRM resource(s) who will be the economic development point person to allow for the development of: - Additional knowledge and experience at the other levels of government where economic development has greater resources and focus - The appropriate relationships to aid in</p>	<p>HRM has several people with experience in economic development related activities with different governments. This is an idea worth exploring. Investigation could begin immediately.</p>	<p>HRM has considered the idea of secondments, and has recently hired or seconded several staff members with provincial government work experience in appropriate positions. As a result, HRM Administration considers seconding additional staff unnecessary at this time.</p>	<p>Complete</p>

## Economic Development Through Partnerships – A Performance Evaluation

Recommendations	Management Responses	Update	Status
development has greater resources and focus - The appropriate relationships to aid in collaboration and greater coordination once the individual returns to HRM. Page 40			
2.1.1 HRM Administration place a renewed emphasis on the HRM economic development strategy after consideration of the points made by the OAG in this report. This strategy should be developed separate and apart from the implementation plan. Page 42	Given the need to identify Year 3 and Year 4 activities for the 2011-16 Economic Strategy, the timing for this recommendation is good. This report alone will give the strategy new profile.	HRM Council has set economic development as one of its four key priorities. Director-led staff outcome teams have been established for all Council priority outcomes including economic development. In that time, Council has also approved a more focused set of activities for years 3 to 5 of the implementation of the 2011-16 Economic Strategy.	Complete
2.1.2 HRM Administration should ensure the implementation plan noted above contains and outlines clearly the inputs to be used (along with efficiency performance measures) and the expected outcomes (along with the appropriate effectiveness measures). This will allow for the development of formal or ad hoc measures of economic development performance. Page 42	Sharpening the focus on outcomes is a reasonable suggestion. We can begin implementation now for work in 2013-14 and beyond.	Staff have worked with GHP through the economic strategy update and service agreement update to improve reporting on outputs and outcomes. GHP will prepare a report and presentation for CPED outlining these outputs and outcomes. Staff and GHP will continue to work to make reporting on economic development outputs and outcomes more meaningful.	In progress
2.3.1 HRM Administration should ensure the draft Memorandum of Understanding with Destination Halifax is reviewed and any appropriate changes made and finalized as soon as possible. Page 48	A service Agreement will be in place for 2013-2014.	A Service Agreement with DH has been drafted and is being reviewed. It is anticipated that the agreement will be brought to Council for debate and ratification in Fall 2013.	In progress
2.3.2 HRM Administration should consider, along with Destination Halifax, the funding arrangement within the Memorandum of Understanding. The current formula is a fixed percentage of the yearly Marketing Levy. The OAG would suggest a fundamental and needed change would be to tie the funding to agreed-upon and measureable performance. Page 48	Can implement for 2013-14.	The approved Service Agreement with DH will contain a specified funding approach and clear outcome measures which will be tracked.	In progress
2.3.3 On the assumption (or at least for the	Will begin to implement in	The new Council approved Service Agreement with GHP	In

## Economic Development Through Partnerships – A Performance Evaluation

Recommendations	Management Responses	Update	Status
time being) should current arrangements continue, HRM Administration should engage both Greater Halifax Partnership and Destination Halifax in the development of the implementation plan to achieve the economic strategy, which would include the expected goals or outcomes to ensure roles and accountabilities are absolutely clear. Page 48	2013-2014.	includes clearer outcomes. The new Service Agreement with DH will also include clear outcome measures.	progress
2.3.4 With the above recommendation in mind, once the implementation plan and its goals are approved, HRM Administration should request Greater Halifax Partnership and Destination Halifax prepare action plans for those outcomes for which they have accepted responsibility. Page 48	Will begin to implement in 2013-2014.	The service agreements with GHP (approved) and DH (in progress) will address this recommendation.	In progress
2.3.5 Using the services of the economic development resource being suggested by the OAG in Recommendation 1.0.1, HRM Administration should determine the appropriate performance measures for the goals accepted by each of Greater Halifax Partnership and Destination Halifax and hold both organizations accountable on a yearly basis. Page 49	Will begin to implement in 2013-2014.	This is being done with GHP, and has been reinforced through the economic strategy update and development of the new service agreement. This will be addressed with DH once the new service agreement is approved.	In progress
2.3.6 The OAG would suggest HRM Administration, Greater Halifax Partnership and Destination Halifax accept the view of the OAG that both Greater Halifax Partnership and Destination Halifax have limited resources and with that the likely lack of expertise in all areas which may be needed to achieve the outcomes of the strategic implementation plan. With this in mind, HRM should consider utilizing a	Will begin to implement in 2013-2014.	Both GHP and DH have used, and will continue to use, outside expertise as each requires to meet the outcomes included in their two service agreements. Increased focus in the economic strategy and service agreements will help to ensure actions are clearly identified and aligned with expertise. In terms of the \$3,600,000 figure quoted, it should be noted that there are restrictions on how the Marketing Levy money can be used.	Complete

## Economic Development Through Partnerships – A Performance Evaluation

Recommendations	Management Responses	Update	Status
<p>portion of the approximately \$3,600,000 in annual funding to engage other service providers with the needed experience or expertise, or how this would be accomplished through its partners and their ongoing funding. Page 49</p>			
<p>2.3.7 HRM Administration should consider reviewing and amending the business case for the Marketing Levy Special Events Reserve to establish a specific mechanism to deal with any surplus funds which may occur in a fiscal period due to a) unanticipated revenue increases or b) a reduction in spending. Page 49</p>	<p>Will begin to implement in 2013-2014.</p>	<p>The Marketing Levy Special Events Reserve, like other reserves, can carry a balance forward from year-to-year. In this case, reserve surplus from a “slow” events year can be carried over for use in future years and assist with multi-year planning.</p>	<p>Complete</p>
<p>2.4.1 In keeping with the process already developing between HRM and Greater Halifax Partnership, and as suggested in industry literature, HRM should strengthen its business plan development in both the operating and capital budgets, to better align with the goals and action plans outlined in the economic strategy. A series of workshops could perhaps provide senior and mid-level management with an opportunity to better understand the various stakeholders who participate in economic development activities within HRM, and to explore and discuss the economic challenges and opportunities which exist. Page 52</p>	<p>Will begin to implement in 2013-2014.</p>	<p>Director-led staff outcome teams have been established for all Council priority outcomes, including economic development, to ensure coordination of economic development activities. Staff will work with GHP to develop needed tools or workshops to help educate senior and mid-level managers on economic development players and issues and explore economic development opportunities. In terms of budget alignment, Economic Development is a Council priority, the CAO Business Plan reflects Economic Development priorities, and initiatives like the Strategic Urban Partnership are building economic development linkages.</p>	<p>In progress</p>
<p>2.4.2 HRM Administration should consider developing, in conjunction with Greater Halifax Partnership, a training tool which would educate municipal staff and elected officials regarding the roles and</p>	<p>Will develop tool in 2013-2014 for implementation in 2014-15.</p>	<p>Director-led staff outcome teams have been established for all Council priority outcomes including economic development to ensure coordination of economic development activities. Staff will work with GHP to develop needed tools or workshops to help educate senior</p>	<p>In progress</p>

## Economic Development Through Partnerships – A Performance Evaluation

Recommendations	Management Responses	Update	Status
responsibilities the Municipality plays in developing the local economy and the importance of the work they do in support of economic growth. Page 52		and mid-level managers on the importance of economic development and the relationship between economic development and their roles and responsibilities.	
2.6.1 HRM Administration should review the reasoning behind the formation of Greater Halifax Partnership and Destination Halifax both as separate organizations and also as organizations outside of the administration of HRM. The OAG has suggested a number of questions to be considered as a starting point for a discussion, given the original objective for the formation of Greater Halifax Partnership, for example, was centralization. Page 61	Begin this review in 2013-2014.	Staff research conducted as part of an economic development governance review outlines the reason for establishment of both organizations, and demonstrates that most municipalities use arm's length organizations to conduct economic development work. Some combine economic development and tourism organizations, but the model of two separate agencies is common. In addition, the province and the federal government separate these two functions and distinctly different funding arrangements have been established by HRM Council for GHP and DH. Both GHP and DH rely on private sector participation and funding.	Complete
2.6.2 HRM Administration should consider the OAG's suggestion of a more focused approach to economic development with high consideration of the comments around more focused support for businesses of all sizes and entrepreneurs. With the decline in Greater Halifax Partnership private sector funding and projects, this trend is of great concern to the OAG. Page 62	It will be considered, as much as possible, for 2013-14 and more fully for 2014-15. (The decline in private sector funding for GHP is a separate issue and needs study on its own).	GHP's approach to dealing with small and medium sized enterprises (SMEs) has been to be a problem solver and a facilitator, as small business programming is already delivered by others in the community. GHP's role has been more to refer businesses to organizations that can be of greatest assistance.  The GREA operational plan includes work with CRS and GHP to define service agreement deliverables, economic strategy actions and other actions that address the regulatory environment and service culture such as "define next steps with respect to barriers and unnecessary steps to starting a business, including through participation in the province's A2B projects". In addition, a number of the objectives and actions in the current economic strategy speak to this question.	In progress



## Economic Development Through Partnerships – A Performance Evaluation

Recommendations	Management Responses	Update	Status
		<p>Focusing on regulatory and service improvements that benefit all businesses will likely yield the greatest benefit for the economy.</p> <p>Diversity in the economy is key, while small businesses are important to the economy, the largest businesses in Nova Scotia (over 500 employees) represent 0.2% of businesses but 50% of employment, and innovation is often linked with mid-sized businesses.</p>	
<p>2.6.3 HRM Administration should consider offering in-kind services and extending procurement opportunities (beyond the current levels) to Destination Halifax and Greater Halifax Partnership in an effort to minimize administration costs. Page 62</p>	<p>HRM will discuss with GHP and DH and implement any opportunities arising from that discussion as soon as possible.</p>	<p>GHP will review existing administration costs to identify possible areas for in-kind and/or procurement opportunities. Ultimately this issue is for GHP and DH to determine in discussion with HRM on a service by service basis, with appropriate consideration of the legal relationship between HRM and the specific organizations.</p>	<p>In progress</p>
<p>2.6.4 As has been noted in a number of other OAG reports, the roles and responsibilities of HRM-appointed representatives to various boards and commissions has been raised as a concern. The OAG saw, once again in the completion of this report, some level of confusion as to roles, responsibilities, expected competencies and reporting requirements of its representatives on Greater Halifax Partnership and Destination Halifax boards. As previously recommended in other reports, the OAG would recommend HRM provide specific written clarification outlining what the expected roles and responsibilities are for their representatives serving on the boards of Greater Halifax Partnership and Destination Halifax. Page 62</p>	<p>Legal Services has begun to look at this to follow up reports on TCL. This study will continue, and extends beyond the governance structure of just GHP and DH.</p>	<p>As noted in the management response, and in responses to several recommendations from previous AG reports, Legal Services is examining issues related to Board governance throughout HRM.</p>	<p>In progress</p>
<p>3.0.1 The OAG recommends HRM Administration consider, with respect to the</p>	<p>This recommendation will be carefully considered</p>	<p>As noted in responses to 1.0.1, 1.02, and 1.03 the outcomes envisioned will be addressed through existing roles in GHP,</p>	<p>Complete</p>

## Economic Development Through Partnerships – A Performance Evaluation

Recommendations	Management Responses	Update	Status
<p>risk management concerns noted above, the additional benefits to be gained through the services of the individual(s) as suggested in Recommendations 1.0.1, 1.0.2 and 1.0.3. Page 64</p>		<p>staff at HRM's Government Relations and External Affairs Office, and those leading and participating on the economic development priority team.</p>	
<p>3.0.2 With the original objective of GHP being a partnership between the three levels of government and the private sector, the apparent reduction in revenue from private sector activities (support) should be reviewed by HRM Administration to determine the likely reasons for this and the impact on HRM's current economic development model. Page 64</p>	<p>GHP has begun to analyze this issue.</p>	<p>Private sector funding has been relatively stable since 2007. The noted trend of decline in funding more apparent from government sources. GHP is actively working on this issue and HRM has contributed by increasing its grant to cover inflationary increases over the past six years. This has helped GHP make its case to its investors. GHP has also recognized that both the provincial and federal governments have changed their approaches to funding and GHP has adapted to the new criteria and appears to have secured new funding for 2013-14.</p>	<p>Complete</p>
<p>4.1.1 HRM should consider focusing its efforts and resources to those areas where it has primary responsibility and expertise, such as land use planning and property taxation within a facilitative/strategic role. This approach should ensure HRM resources are used to improve the environment in which businesses operate, ensuring businesses and of course the citizens of HRM receive the best possible service (less red tape) for the level of investment made (value for money). Page 76</p>	<p>This was considered in the development of the 2011-2016 plan. Discussions will continue as we develop the Year 3 and Year 4 activities for this plan and in the lead up to the next economic strategy.</p>	<p>GREA and GHP are working closely on the update of the Regional Plan to make sure that it includes appropriate support for the Economic Strategy. In the updated actions for years 3 to 5 in the economic strategy, a director-led economic development outcome team will track and report on business plan actions related to economic development. GHP is also emphasizing its Business Retention and Expansion work to insure that business needs are clearly brought to the attention of relevant people in HRM.</p>	<p>In progress</p>

**Updated: July 5, 2013**

**Revised Background Paper**

**What is economic development?**

“Economic development” is one of four Council priorities.

The CPED meeting on May 13, 2013 accepted a working definition of economic development as including:

- The sustained concerted actions of policymakers and communities to promote the standard of living and economic health of a specific area
- Quantitative and qualitative changes in the economy

Support for economic development is important both to promote economic growth and to improve citizens’ quality of life. Economic growth – more people, more good jobs and a larger tax base – enables a municipality to provide the amenities and services that citizens want.

Good support for economic development activities – “the sustained concerted actions of policymakers and communities” – includes, among other things, work on a number of items: human capital, infrastructure (including transportation), competitiveness, sustainability, and citizen inclusion. In the Canadian system, municipalities have varying levels of authority to get involved in these elements and others of an overall economic development program. Successful economic development will require close collaboration with others who have authority over some of the elements.

In HRM we want “economic development” to generate the revenue required to provide the services citizens expect. Such revenue generation needs a healthy and growing HRM. While economic growth may not be the ultimate end that we seek, we need growth to finance the activities that will lead to achieving economic development.

As GHP explained in its presentation to CPED in February, HRM has three fundamental economic growth objectives: grow the population, grow the number of jobs, grow the tax base .

The current HRM economic development strategy seeks to marshal HRM and other resources to achieve those three objectives.

There is an ongoing debate about what constitutes real economic development:

- Is there a difference between “economic development” and growth?
- Can a place like HRM grow indefinitely?
- Can you have economic development if some citizens are left behind?
- How does economic development fit with social development? With environmental stewardship? With a happier populations? Etc.

These are important issues to consider but for a small city in a poor province in a rich country over the next few years, the questions are interesting but somewhat academic. Today HRM needs growth and development that we can sustain without over exploiting our natural resources or our human ones. Growing the population, the number of jobs and the tax base are all possible in HRM in the short term.

Some other issues we should consider in thinking about economic development include:

The nature of HRM – HRM has a unique collection of assets – natural and manmade. HRM’s harbour, port, airport, location, size, people, skilled work force, existing business, military and government presence, universities, and health care institutions are some. Our economic development work should build on our unique set of assets.

Need for Choices - Given the limited resources available, economic development will always involve making choices. Money or time spent on one activity cannot be spent on others. HRM’s annual budgets reflect short term spending choices. Those budgets are a way to implement longer term plans.

Rural and Urban – HRM’s size challenges economic development planners. How do we best support our urban core and our rural regions? What assets do the different parts of HRM offer? What investments in economic development will yield the best results? How do we benchmark to recognize urban and rural differences?

Strategy - Since 2005, HRM has had in place two successive five year economic strategies. Each tried to bring some order to the wide variety of economic development activities and choices that could be undertaken. *A Greater Halifax* – covers 2011 to 2016. It lays out a set of actions designed to achieve a higher level of economic development. Circumstances change. New opportunities arise. Old ones fade. The strategy should guide the choices we make but must adapt to changes.

Private Sector – HRM, and other governments, can establish a business climate that promotes economic growth and development but sustained real progress will always require an active, innovative and profitable business sector.

Collaboration - The HRM Regional Charter spells out what HRM can do to support economic development. Some important requirements for HRM’s continued economic development are the responsibility of the Province of Nova Scotia or the Government of Canada. Reaching HRM’s economic development goals will always require collaboration with other governments. HRM has MOUs with a number of key players in supporting economic development. We will need to revisit those MOUs and, probably, develop new ones to maximize the impact of our collaborative efforts.

Limitations – Many issues which have an impact on the economic development of HRM lie outside of our control. Changes in the global economy, exchange rates, or national policies can have an impact on HRM. Whatever we plan to do, we must be nimble enough to recognize and react to changes.

Attribution – In any collaborative endeavour it will always be difficult to attribute success to any one player. If Irving’s work on building ships generates the levels of employment forecast, who gets the credit? Irving Shipbuilding? Its suppliers? The federal government? The province? The training institutions which provided the skilled workers? On almost any economic development issue you can name, what HRM contributes will always overlap with the contribution of others.

**BACKGROUND PAPERS #2 - #5**

**Background Paper #2**

**How can HRM best support economic development?**

**Introduction:** In May 2013, the Community Planning & Economic Development Standing Committee (CPED) considered the first of 5 questions, "What is economic development?" CPED adopted a "starter" definition. While we will revisit that definition as we work through the rest of the questions, how can we best support economic development as we currently understand it? What should HRM do?

There are three broad ways that HRM can support economic development. HRM can:

- do things itself – eg through direct project or program support - ACT
- create a climate for others – citizens, businesses, etc - to do things – FACILITATE
- work with other organizations doing things - COLLABORATE

**ACT:** HRM has over 3700 employees and an annual budget of almost \$1 billion. Given the authority conferred by the Halifax Regional Municipal Charter, there are many things that HRM itself can do to support economic development including:

- providing the infrastructure, services and amenities needed for development
- engaging/including residents in development support activities
- planning/regulating for best use of HRM's assets, both natural and manmade
- creating/maintaining a climate that allows business to flourish
- ensuring that residents are safe and secure
- looking after the environment so that HRM be a good place for our children and grandchildren.

Putting in place infrastructure for transit or recreation, keeping citizens safe, and the many other programs that HRM delivers can all be looked at through an economic development lens. How does spending any dollar help make HRM a more attractive place, leading to an increase in population? How will it increase the number of people working in HRM? How will it build the HRM tax base?

**FACILITATE:** HRM is not the sole driver of its own economic development. The businesses which employ and serve residents and the many public institutions which provide education, health care and other services are crucial to the development and growth of the municipality.

Businesses, both large and small, are a key to long term economic growth and development. The AG suggests (P 75) "HRM agree that its relationship with business is not what it could be and commit to improving how it interacts on a day-to-day basis with a further commitment to the reduction of 'red-tape'."

The climate created by the Regional Plan and associated land use planning bylaws, other bylaws, administrative orders or policies, the municipal regulatory regime and how effectively we govern ourselves can encourage people to come to HRM or drive them away. How we do our work will have a profound impact on how well HRM develops.

Simplifying regulations can make it easier for business to thrive. Finding the correct balance between regulations required to keep residents safe and the minimum of “red tape” can create a business climate that encourages development.

**COLLABORATE:** Businesses have their own priorities and will do what is in their best interests. A good business climate should keep businesses here, happy and open to collaboration with HRM.

Other orders of government have priorities, too.

The federal government, especially through its regional and naval presence, is a major player in HRM. Its support for activities in HRM will always be tempered by its needs to meet national objectives.

Provincial legislation sets the basic rules for HRM through the HRM Charter. Through the responsibilities the province has under the Canadian constitution, and past agreements between the province and Nova Scotian municipalities, the province is the driving force in education, health care, housing and some other matters which impact HRM. The province has supported HRM strongly in the past but its priorities are not always the same as HRM’s.

Effective economic development in HRM will require aligning the many players and their priorities. This will always be a challenging task.

GHP’s approach to developing its two economic strategies sought to engage a range of economic development stakeholders at the planning and preparation stage. As time passes, however, it is hard to sustain the levels of support offered in the preparation phase. Priorities change. Some opportunities evaporate. New ones arise. The need to keep lines of communication open among the stakeholders in economic development is a constant challenge.

**MOVING AHEAD:** Having an overall strategy as a roadmap, even if circumstances change, is a good first step in determining what programs to support, how to create a good climate for development and when to collaborate with others.

Having economic development as a council priority, having an economic development strategy and putting that strategy on a solid regional development plan foundation are pre-requisites to successful economic development. We have those pre-requisites in place, or at least close to being in place.

***WHAT ECONOMIC DEVELOPMENT ACTIVITIES SHOULD HRM LEAD? FACILITATE? COLLABORATE WITH OTHERS ON?***

## Background Paper #3

### Who should lead HRM's economic development activities?

**Introduction:** In May, we defined "economic development". Background Paper #2 considers how HRM can best support economic development: where HRM should act, facilitate other's work, or collaborate on work led by other organizations, public or private.

Who leads all this work? Who delivers it? Who should be accountable for results?

**Leadership:** Mayor and Council set the directions for HRM. At a December 2012 Committee of the Whole meeting, Council set its priorities. "Economic Development" was one of them.

In the course of their work, Mayor and Council receive staff reports and recommendations on a variety of subjects. Many relate, directly or indirectly, to economic development. The key HRM economic development document is *A GREATER Halifax – Economic Strategy 2011-2016*.

Council has set economic development as a priority. Council has approved a strategy for economic development. Council "owns" the strategy. Mayor and Council set the direction for the work.

How should HRM organize to do the work? Who leads? Who delivers?

The AG looks at those questions in his report. He suggested a Chief Economic Development Officer (P 20 and P 39). He notes (P 16) that "HRM must ensure it understands the importance of the need to both lead and manage the municipality differently going forward in order for enhanced economic development activities to have the desired impact."

Currently HRM's economic development work is guided by the Council approved economic development strategy. That strategy assigns to HRM through its business units and GHP responsibility for implementing various actions. HRM's annual operational plan and its outcomes and deliverables also direct staff work. Each Outcome is assigned to a Business Unit. Work for 2013-2014 is a modification of what was proposed for previous years.

The AG suggests a need for a clearer and simpler approach. His call appealing. Is it possible?

When we defined economic development, it came clear that it is complex undertaking with many facets and players. If direct economic development work or economic development support work is a part of what everybody does, it may not be possible or even desirable to simplify it as much as we might think.

The AG wrote (P 16) "if HRM is to be the clear leader in regional economic development and seen as a national leader, organizational change must take place. Each and every person at HRM who has responsibility for spending of almost any type must now focus on economic development in every spending decision." Setting economic development as a Council priority is a first step to this end.

The AG also wrote (P 14) "there are a significant number of players, programs and projects all having an impact on economic development in HRM. HRM Administration should consider changing its efforts from attempting to co-ordinate activities as they relate to HRM to that of a consolidated gateway to relevant programs." The AG lists the economic development players on pages 35 to 39 of his report.

If there are to be a significant number of economic development players, the real challenge is to know who is doing what and to coordinate the efforts being undertaken by the many different players. A secondary challenge is to communicate both who does what and the progress being made to all those involved.

Laying out an overall plan should help us know “who does what.” Having people or groups responsible for tracking how things are going and reporting, candidly, on progress or lack of progress will also help. The current structure does this by assigning the action items in the economic strategy to various appropriate people and asking them to report regularly.

The AG particularly stresses the importance of leadership, clarity and focus. On page 10 he asks “Who ultimately has responsibility for economic development at HRM? Is this responsibility clear?”

Leadership includes roles for Mayor and Council, HRM staff, GHP, DH and, probably the BIDs.

Council - The AG states (P 16) “there is a clear need for HRM Regional Council to take clearer ownership of the economic development agenda.” This work has started through the December Committee of the Whole meeting. It set economic development as a Council priority. CPED and Council need to continue to play that role.

Staff - In the short term (2013-2014), staff are taking steps to implement the spirit of the AG’s recommendations. A team in Government Relations & External will work with the Economic Development Priority Outcome team to co-ordinate the work of the all business units involved in economic development and GHP, DH and the BIDs.

GHP – Council has given GHP a major role in HRM’s economic development activities. The AG questions (P 14) this role. “It is the clear view of the OAG that Greater Halifax Partnership is not currently in the ‘right’ role.” The AG suggests that Council either “make Greater Halifax Partnership totally responsible for the development and delivery of economic strategy for HRM” or “use Greater Halifax Partnership as a means of execution of specifically assigned tasks which flow from the strategy.” (P 15) HRM Council through its approval of a service agreement with GHP has opted for the second option.

DH - Some years ago, Council assigned to DH part of the tourism role that HRM itself once played. DH, with access to funds through the Marketing Levy, has operated outside the HRM spotlight since then. At an upcoming CPED meeting, staff will present a first DH Service Agreement which will clarify the outcomes Council wants from DH.

BIDs – It is easy to forget that the 8 BIDs in HRM also provide economic development services. Their work is especially important in the retail sector.

As organizations as arm’s length for HRM, GHP, DH and the BIDs all benefit from the active support of the private sector, both financially through investment (GHP) and levies (DH and BIDs) and with strong private sector leadership on their boards.

***Have we got the leadership, coordination and implementation roles clear enough?***



## Background Paper #4

### How should HRM work with others?

**Introduction:** In May, we defined “economic development”. We have looked at where HRM should lead, facilitate, or collaborate on economic development. We looked at HRM’s leadership role and the importance of co-ordinating and communicating the work that HRM, GHP, DH and others do.

Coordinating HRM’s internal economic development activities poses challenges. Setting economic development as a priority and looking at all HRM’s activities through an economic development lens are good starting steps. They will need to be taken, again and again, and actively communicated.

There is also a significant external coordination, or alignment, job. The internal job may be the easier. Council can direct HRM business units. Council has the “power of the purse” over organizations like GHP, DH and the BIDS. How can HRM best work with others active in the economic development field?

**Collaboration and Alignment- Private Sector:** The private sector, both large companies and small, is a huge part HRM’s economic development. Companies will do what they must to make the profits that keep them in business. HRM cannot tell companies what to do but can, through its regulatory powers, tell companies “how” they must do certain things. HRM can facilitate or hold back businesses. To play its role effectively, HRM needs to know what business needs. HRM needs to listen to business.

Working more effectively with the private sector requires better government understanding about what businesses need. It also requires better understanding on the part of business about what the different governments can or cannot do. Good communication is required here but that communication cannot simply be business demanding things or government telling business what to do. There need to be opportunities for real dialogue.

GHP and DH, the agencies which deliver economic development support, have significant private sector presence on their boards. Those boards offer an excellent opportunity for useful, genuine dialogue, the starting point for good communication. Programs like GHP’s business retention and expansion work provide good mechanisms for feedback from business about its needs.

**Collaboration and Alignment- Public Sector:** HRM is not the only government working on economic development issues in the municipality. Both the provincial and federal governments work on economic development challenges in HRM. HRM cannot compel other governments to do things. HRM does need to know what other public entities plan to do. HRM needs to look for ways to collaborate with the province and the federal government.

GHP and HRM have developed ways to understand what other governments are trying to achieve. We have asked others to participate in our economic development planning. We have aligned ourselves with others, and accessed their programs, where we can, especially where our objectives overlap.

There have been successes. GHP engaged the province and ACOA in putting together our economic strategy. The province worked with HRM in preparing *jobsHere*, the current provincial economic development strategy. Over the years, the three governments have identified a common list of challenges and opportunities. There is a considerable body of joint work to build on.

While there are some areas of overlapping jurisdiction, over the past few years the three governments have developed a better understanding of what each one can or cannot do. On issues like immigration, the governments are developing better ways to partner. Not all problems have been solved but a number of creative ideas are on the table.

Working more effectively with other governments, like working better with the private sector, also requires dialogue and two-way communication. There is probably more work to do in the inter-governmental area than in business/HRM communications. HRM's Governmental Relations and External Affairs staff have made a start in this area but given the many points of contact between HRM and the province or HRM and the federal government, coordination challenges remain.

In the same way that we considered where HRM should act, facilitate or collaborate on economic development activities, we need to consider on the collaboration side where communications and dialogue are crucial, where we should concentrate:

- telling others what we are doing?
- learning what other governments are doing?
- seeking ways to build up joint understanding?

***What should be our collaboration priorities?***

## Background Paper #5

### How will HRM know if we are successful?

**Introduction:** A large organization like HRM generates a lot of activity. It is easy for that activity – that “busy-ness” – to become an end in itself. In the plans HRM makes, like the economic strategy or annual operational plans, HRM spells out deliverables. A good set of deliverables, carefully monitored, will keep Council and staff aware of progress, or lack of it. Given the breadth of the economic strategy and HRM’s other activities in support of economic development, the number of short term (ie one year) deliverables can be formidable. Working to achieve those deliverables disciplines the activities that HRM and others do to achieve a better state of economic development.

**Focus:** The 2011-2016 economic strategy initially included 5 Goals, 17 Five-year Objectives and 57 Short-term Actions for the first two years. The AG suggested shortening the list. In his report (Page 13), he suggests that “HRM should limit its undertakings contained within a strategy to 3 to 5 activities.”

In a February presentation to CPED, GHP highlighted three objectives for economic development:

- Grow the economy
- Grow the number of good paying jobs
- Grow the commercial tax base

These three objectives are relatively easy to track. As a group, they do provide the focus that the AG recommended.

**Measures:** It can be hard for organizations or individual staff to understand how their daily work connects to the objectives. There are other measurable items we can track.

The economic Strategy has Goals, Five-year Objectives and Short-term Actions. The strategy also includes 16 “measures”.

In the Halifax Index, GHP tracks 61 “key indicators.”

In the service agreements we have with GHP and will soon have with DH, we track a set of deliverables. Those deliverables should help those organizations set work targets for their staff. Inside HRM, the overall operational plan is the framework for business unit operational plans and, ultimately, guides the work of individual staff.

Any deliverables, in the economic strategy or the annual operational plan should be way-stations on the road to achieving the three objectives for economic development. If we achieve those three objectives, at least in the medium term (5 to 10 years), HRM’s economic development will advance.

It is important to measure the results of the work we do - “outcomes”. Given the challenges of measurement in the field of economic development, best practices in other jurisdictions suggest that in addition to measuring results, it is also important to consider the activities being done and the processes being used as we track progress. Qualitative as well as quantitative measure matter in government, perhaps more so than in the private sector.

**Attribution:** What we do, however, is not always the actual cause of the result we measure. Large numbers of external forces are at work. No single organization, including HRM, controls them. It is often not possible for higher level economic development outcomes in HRM to be linked directly to HRM's own economic development activities. This is exacerbated by the fact that many people perceive economic development to be mostly about business attraction. At the municipal level economic development activities are much broader in scope.

The numbers of people working in HRM is tracked carefully. HRM could work hard to make our business climate attractive to business but decisions made far away could lead to layoffs here, in spite of the work that we are doing. Could HRM have done anything to prevent the closure of the ESSO refinery? An increase in the value of the Canadian dollar changes the terms of trade for exporters here. Can HRM do anything about this?

Good news is similarly hard to attribute. Did anything HRM did significantly impact the decision of the Government of Canada to award the ship-building contract to Irving Shipbuilding?

HRM has a large set of measures at its command. Which ones matter? Which ones help us understand whether what we are doing is helping?

***What does Council need to know to understand what's working, or not, in economic development?***