Zone 9 Economic Analysis

Prepared For:

LongRange
Regional Economic Development Board

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Appendices

Acronyms

ACI	Abitibi Consolidated Inc.
CONA	College of the North Atlantic
EI	Employment Insurance
EMO	Emergency Measures Organization
ICT	Information and Communication Technology
KMA	Ktaqamkuk Mi'kmaq Alliance
MHA	Member of the House of Assembly
NL	Newfoundland and Labrador
SERT Centre	Safety and Emergency Response Training Centre

Chapter 1 **Introduction**

The closure of the Abitibi Mill in 2005 marked the end of pulp and paper production in Stephenville, Newfoundland and Labrador (NL). It also meant the end of work for about 280 people who lost their jobs at the mill and a number of other workers in supporting industries. The closure was not welcomed, and up until the date of the closure, efforts were being made by local and provincial government officials to reach an arrangement that would allow the company to remain in operation. Attempts to keep the mill open included:

Main entrance to the Abitibi Mill in Stephenville

- A proposed long-term energy subsidy that was worth at least $10 million per year;
- Arrangements with the Communications, Energy and Paperworkers Union on a variety of concessions; and
- The possibility of selling the Stephenville mill, which, from Abitibi Consolidated Inc's (ACI) perspective, was not an option as this would mean increased competition.

The efforts made to keep the plant operational involved all levels of government and the Executive Council. At one point during lead up to the closure, Premier Danny Williams remarked to reporters covering the story that “This company is an extremely – and this is the nicest possible way I can say this – an extremely difficult company to deal with."

Following a final effort to reach an agreement with the union, ACI decided to shut down its operations. The Executive Council and Department of Natural Resources responded and issued the following statement: “We are shocked. Our government committed a significant amount of resources over the past year and a half to working with Abitibi in an effort to ensure it would have viable operations in Newfoundland and Labrador,” said Premier Williams. “The decisions the company has made today are going to have severe and tremendous impacts on two significant regions of our province.” (see Appendix A).

A review of news items issued at the time of the closure foretold exodus from the region and hardship; expectations of hardship were echoed in government offices and promulgated by the media covering the closure. Despite this, it appears that Stephenville and the surrounding area did not suffer economically – or at least not to the extent that had been predicted. It is clear that avoiding the job losses would have been preferred and that the closure was an unwelcome setback for the families directly and indirectly affected. It is also true that there were collateral job losses in other segments of the economy. Nevertheless, at the time of the mill closure, and since the closure, the Stephenville area showed promising signs of economic resilience; these signs included the following:

- Expansion of various retail operations, including car dealerships;
- Increased property values, as indicated by assessed values;
- Strong demand for new housing;
- Expansion of the College of the North Atlantic (CONA);
- Opening of two call centres;
- Exploration activity for oil and gas as well as other minerals; and
- Significant expansion and upgrading of the Dolomite quarry at Lower Cove.

> *"No one notices that a lot of good things happened in the wake of the overarching bad news story."*
> *- Interview Participant*

1.1 Project Purpose

Over the past several years, Economic Development Zone 9, like other regions of the province, has experienced a number of shocks to its underlying economic structure. These include the loss of an important industry, i.e., the Abitibi Mill, and a major storm event. Despite these setbacks, the region has maintained a level of economic activity and prosperity that has surpassed the expectations of many local authorities and community members. In particular, the closure of the Abitibi Mill has not caused the negative economic downturn that many had been expecting; the possibility of future negative repercussions, however, has not yet been dismissed by all in the community.

Given that the economy of Stephenville and the surrounding area remained strong in the wake of the mill closure, there have been several theories put forward as to the reasons why the economy did not founder. To explore this apparent inherent economic resiliency, the Long Range Regional Economic Development Board engaged CBCL Limited to prepare an analysis of the economy of Zone 9 prior to, and following, the closure of the Abitibi Paper Mill. The specific objectives of this study (A Detailed Economic Analysis of Zone 9 Prior to and Post Mill Closure) are to:

- Determine the current reality of the local economic changes that have occurred since 2004 and the reasons for these changes;
- Identify the underlying factors for the current conditions and to quantify the effect these factors have had on the local economy;
- Determine potential areas for further economic growth; and
- Determine the impact of future growth on public infrastructural needs in the area.

To meet these objectives, the study team compiled a range of socio-economic data to facilitate the analysis (see Appendices C and D). This included the following:

- A synopsis of the economy of Zone 9 and the changes that have occurred since 2004 including:
    - quantification of regional employment dynamics;
    - business changes;
    - demographic data;
    - housing information;
    - educational data; and
    - industry adjustments.
- An analysis of the factors that have shaped the economy of Zone 9 since 2004, including:
    - the closure of the Abitibi newsprint mill; and

- a major flood.
- The quantification of the structural changes that have occurred in the economy over the past several years, and their economic impact – including how they have positively and/or negatively impacted the economic indicators discussed in the previous section; and
- An analysis of the opportunities that exist for the economy of Zone 9 for future growth including the likely impacts on:
  - labour markets;
  - business;
  - municipalities;
  - demographics; and
  - public infrastructure.

1.2 Methodology

The study methodology for this project consisted, on the one hand, of a review of pertinent statistics and related literature and, on the other, the undertaking of a series of stakeholder interviews; the latter were conducted in June of 2008, with follow up interviews taking place in November and December 2008. These interviews took place in Stephenville and the surrounding area. Twenty-two (22) interviews were conducted, including interviews with officials in the Newfoundland Statistics Agency (see Appendix B). Interview questions were developed to guide the interview process and to ensure that all key stakeholders had the opportunity to review the full range of research questions.

As referenced, existing literature was reviewed, including secondary source data compiled by Statistics Canada and the Newfoundland and Labrador Statistics Agency. In addition, searches were conducted to identify past news articles, reports and other media commentary on various aspects of Stephenville and the surrounding area's economy.

For the purposes of our analysis, the focal point of Zone 9 is considered to be the Town of Stephenville and surrounding areas – the service centre of Zone 9 (see Map #9 in Appendix D).

1.3 Challenges

One of the key challenges, identified very early in the study process, was the lack of data to carry out any in-depth, quantitative analysis of the regional economy. This was further confirmed through the interview process. Very few of those interviewed were able to provide specific data or information other than anecdotal information that was already relatively well known in the area. Discussions with the Newfoundland Statistics Agency concerning economic impact analysis and a review of data from provincial and federal sources showed that the timing of such statistical measurements, including those prepared by Census Canada, were not conducive to analysis pre- and post-mill closure. In addition, the question of the impact of transfers from off-island employment is not easily determined; further research would be required to identify those individuals from Zone 9 who work outside the province, but retain a Newfoundland address as their primary residence, and the real consequences of the resultant flows of monies into the local economy. Such an analysis could only be accomplished by extensive, in depth and focused surveys at the local level.

1.4 Report Outline

The remainder of this report is organized as follows:

- Section 2 – Interview Findings;
- Section 3 – Context & Development;
- Section 4 – Conclusions and Next Steps.

The Appendices provide supporting documentation, including socio-economic data on Zone 9 (Appendix C), mapping information (Appendix D) and relevant news articles. More specifically the appendices are as follows:

Appendix A	Press Release: Government Outraged by Abitibi Decisions
Appendix B	Interview Participants
Appendix C	Zone 9: Socio Economic Data
Appendix D	Community Accounts Zone 9 Mapping

Chapter 2 **Interview Findings**

2.1 Theories

> *"Experiences learned during the previous bumps helps us deal with the other bumps."*
> *- Interview Participant*

Several theories have been put forward as to why the Abitibi Mill closure did not have the adverse economic impact on the area that was generally expected; the most often referenced factors include those identified in the following sections.

2.1.1 Abitibi Severance

ACI stopped making newsprint at the mill in October 2005 and closed the facilities at the end of that year. Severance packages paid to displaced mill workers and some loggers staggered the economic impact by increasing short-term disposable income and possibly providing investment funds for some self-employment. In other words, the severance payments served as a cushion as former employees determined what to do next.

2.1.2 The September Flood

The impact of the flood that occurred on September 27, 2005, prior to the mill closure, although disruptive to the community, brought with it an injection of cash for emergency operations, reparations and the rebuilding of both public and private infrastructure. There were also additional funds that came into the area through the settlement of damage claims and to address municipal works.[1] The flood in some respects was a catalyst for both action and investment. There were, for example, approximately 30 building permits issued after the flood to replace property that had been damaged or lost. This was an integral part of an injection of some $35 to $40 million into the local economy, which included Emergency Measures Organization (EMO) funds and payments to property owners. Necessary infrastructure was replaced, including a $1.2 million bridge. Some of the property owners rebuilt in Stephenville, some rebuilt in other areas, some left the region and some purchased existing housing stock; at the end of the day, it is estimated that, as a result of the flood, there was a net loss to the tax base such that the Town of Stephenville receives annually $134,900 less tax revenue than was the case prior to the flood. This includes loss of revenue from municipal tax, sewer charges and water charges.

2.1.3 Impact of "Alberta" Money

The real impact of money earned in Alberta that is 'sent home' is difficult to quantify. Many communities in Newfoundland and Labrador are in a situation similar to that of Stephenville with the "work out west and send money back home" trend supporting and changing the local rural economy. Several interviewees pointed out, however, that 'commuting' to Alberta is not so different from what Newfoundlanders have always done for work:

- Construction workers were always migratory;
- Fishermen were always migratory; and
- Military servicemen were always migratory.

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[1] More than 140 mm of rain fell on the western Newfoundland town, spurring local officials to declare a state of emergency Tuesday. As many as 200 of the town's 8,000 residents had to evacuate their homes. Newfoundland town under state of emergency; Updated Wed. Sep. 28 2005 11:39 PM ET; CTV.ca

The main difference with the "Alberta trend" is that workers can work for three weeks and return home for one week off. The convenient flights, the relatively short commute and the money earned mean that this form of migratory work is "the best deal they have ever gotten" in the history of migratory work. We were told, however, that Stephenville did not have a large Alberta contingent until after the mill closure.

2.1.4 Void Created by Western Workers

A related positive impact of the Alberta exodus on the local workforce has been the consequential impact on local contracting companies. Newfoundland and Labrador workers who are working out west are typically handy people who in the normal course of events would take care of their own household maintenance and, often, their own automotive repairs. When these workers are away, however, household maintenance falls to the spouses and family members who remain. With less time available, and perhaps not the necessary skill base for the level of household repairs needed, there has been an observed increase in the use of local contractors for a variety of routine household repairs and maintenance, i.e., "Alberta money" is being used to pay for these services. Although the volume of work has increased, local contractors are reportedly finding it difficult to find the necessary skilled workers.

2.1.5 Influx of Workers and Retirees

There is statistical evidence that people are returning to the province from other parts of Canada. In support of this theory, on October 1, 2008 the Newfoundland and Labrador Department of Finance announced the province's first annual population increase in 16 years. "Newfoundland and Labrador's population has increased by 1,436 from July 1, 2007 to July 1, 2008, representing the province's first annual population increase in 16 years, said the Honourable Tom Marshall, Minister of Finance and President of Treasury Board." This represents a modest 0.3 per cent increase in the total population (now 507,895) as a result of net in-migration of 1,713 people over the year. Minister Marshall attributed the increase, in part, to a number of substantive employment opportunities that exist in NL; these include the Hebron project, Lower Churchill hydro project, the construction of the VALE-Inco facility, Hibernia South, the White Rose expansion, and the expansion of the Iron Ore Company of Canada's mining operations in Western Labrador among others. These major initiatives need labour, labour that is drawn not only from across the Province, but from other parts of Canada and beyond.

It is unlikely that Zone 9 has yet experienced a net increase in population. Indeed, as detailed in Appendix C, the Newfoundland Statistics Agency has predicted that the population of Zone 9 will fall from almost 22,000 in 2006 to 18,000 – 19,000 over the next fifteen (15) years. The area, as depicted on Map #5 in Appendix D, has been an exporter of population to other parts of the province, i.e., people have left the area in search of employment elsewhere including with the projects referenced above. Despite these factors, there is evidence that Zone 9 has been attracting some movement into the area to take up positions at CONA and at other institutions. Others are coming or returning to the area to enjoy the attributes and services available in their retirement. These trends are to be encouraged and supported.

2.1.6 Impact of the Work of the Task Force

The Task Force was formulated in the wake of the mill closure as a response to displaced workers and has studied the impact of the closure on these individuals. Some of the displaced workers have retired, some work part-time and others have been retrained and are working in other sectors. Overall the effect of the mill closure did not have as serious an impact on the local economy as it might have done. Nevertheless, 105 to 110 workers were displaced, directly and indirectly impacting a total of 341 workers and their families; this includes those workers employed in the supporting industries. Some sources say as many as 375 workers were affected – 275 directly as mill employees and 100 more who worked as woodland workers all over the region – not just in Stephenville.

The workers who faced the greatest challenge were those who entered the mill right from high school and had no formal training or education outside the mill. There were 60 to 70 individuals in this group. Overall, the intervention of the Task Force on direct employment and supporting industries was positive. The Task Force, for example, had a role in a number of developments that brought new employment to the area; these developments included:

- *College of the North Atlantic (CONA)* – its expansion brought both additional students and staff to the area, which in turn had a positive impact on the service and retail sectors as well as on those facilities that provided accommodations;
- *Safety and Emergency Response Training Centre (SERT Centre)* – safety training students were brought to the town, along with staff, and, because of their positions and stations in life, these people usually have higher discretionary income;
- *HealthLine (Call Centre)*[2] – nursing jobs were added with the 2006 launching of HealthLine in Stephenville. This added a number of relatively higher paying positions to the employment structure in the area;
- *Help Desk Now (Call Centre)* – the Help Desk Now call centre added employment; its opening may also have had the effect of "bleeding labour from the retail sector, as they [Help Desk Now] tend to pay more." This has had the effect of providing the more skilled retail workers access to higher paying employment; they therefore tend to move on leaving lower and less skilled workers to fill resulting gaps in the remaining retail and service based sectors. Overall, the positive results of this are increased disposable income for those in the call centre and employment for those who are able to take the vacant jobs in the retail sales and service trades.

As one person noted, Stephenville and the region have done many things post mill closure that they could have been done, and should have been done, sooner.

2.1.7 Other Mitigating Factors

There were a number of other sectoral and development activities occurring in the region at the time of the mill closure that mitigated against any significant downward economic pressure. The initiatives taken by a number of local metal workers (see www.westernmetalworkingnetwork.com) is one example where local capacity – involving six network members – was presented to potential clients in Alberta with a theme of 'don't import the workers, export the work.' Over the longer term, this opportunity has the potential to improve the local economy as well as provide a model for similar arrangements in other sectors. At the time of writing, it was expected that this marketing effort would lead to small 'test jobs' that would see modular fabrication in Western Newfoundland shipped via marine transport through the Northwest Passage to Churchill, Manitoba.

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[2] "HealthLine is a new service that will provide people with access to health information from a registered nurse, helping individuals and parents determine the severity of a health issue and whether they will need to visit a physician or emergency department." http://www.releases.gov.nl.ca/releases/2006/health/0927n05.htm

Other mitigating influences included the transfer of the ACI infrastructure to the town; the export of sand and gravel to the US; emerging regional opportunities in the development of renewable wind energy; and opportunities associated with exploration for and the servicing of the oil and gas sector including the possible development of supply base operations. In a wider regional area, the clean-ups taking place at Goose Bay and at the Abitibi properties, the continued exploration and development of natural resources, offshore oil and gas exploration, further tourism development and continued mineral exploration, all serve to augment and support the local economic base.

As one person noted, Stephenville survived because "we always have and we always will." As the service centre for the area, Stephenville also enjoys some recognition by the provincial government as a growth centre – a catch basin for 28,000 people. The fact that the town represents 70% to 80% of the region's businesses supports one person's observation that perhaps the "economy was diversified beyond what was expected, understood or perhaps believed."

Other theories reflect the fact that the Stephenville area specifically, and Newfoundland and Labrador in general, has had to deal with a number of bumps to their economy over the years. In the case of Stephenville, the community had to deal with the closure of the U.S. Air Force Base in 1966 and the closure of the Labrador Linerboard Mill in 1977. These predated the closure of the Abitibi Mill in 2005, but the experience of the past closures has likely equipped the community and economic development offices with the necessary skills and attitudes to better manage the impacts of the most recent closure.

2.2 Supporting Evidence

There is "no smoking gun"
- Interview Participant

The evidence that people pointed to in support of the above dynamics included:

- **Labour Demand** – Reported shift in the labour market that has put pressure on those employers who are in need of semi-skilled and/or unskilled workers. We were told that retail and other service-based employers are regularly looking to alternative labour pools to identify and acquire workers. In Stephenville, in particular, we were told that there is an excess of jobs, i.e., shortage of people, with the expectation that, as the age of the labour force increases and demand for skilled workers remains high (particularly out of province demand), this situation will continue to worsen over time;
- **Continued Housing Development** - following the closure of the mill, development, i.e., housing starts, in the town continued and has increased annually. In 2005, the year of the mill closure, there were nine houses sold in the region. In 2006, the year after the closure and the flood, there were 46 units sold; in 2007 there were 80 units sold and, as of August 22, 2008, there had been 63 units sold. From January to mid June 2008, there had also been 18 housing starts. In 2007, there had been 18 housing starts in total for the year, which was up from a total of eight in 2006;
- **Low Residential Rental Vacancy** - Available rental housing in Stephenville is almost completely occupied and vacancy rates are low;
- **Commercial Space** - On the commercial side, there are several business expansions taking place in the region including the following:
  - $700,000 expansion at Humber Ford;
  - expansion of Dennis GM;
  - Wal-Mart Renovation to existing store;

  - Planned expansion and refurbishment of the Holiday Inn;
  - Subdivision developments, including the Cecon Subdivision that is almost completed, and the Valley View development, which is under construction with a rapid uptake of lots; and
  - Dominion's new store (came in when the oil and gas activity started).
- **Busy Lumber Yards and Building Supply Companies** – the Timber-Mart in Stephenville retails a variety of building supplies and has been in business in the local area for more than 125 years. Our interview with them revealed that they had experienced a decrease in sales through the two years prior to the mill closing, i.e., 2003/04 and 2004/05. Sales remained flat through 2005, the year the mill closed, and through the following year. Since then, however, sales have been increasing. This trend has been attributed to mill workers who are working away from the area and bringing money back to the area, to those who have found work at the Corner Brook Pulp and Paper, and to the impact of the flood which "stopped the housing crash in the area" with people buying existing houses to replace those lost (instead of building).

The strong residential housing demand includes:

- **Replacement Demand** - Demand for replacement housing in the wake of the 2005 flood when 113 "modest homes (average $50,000 in value) had to be replaced". Although not all of the lost homes were replaced in Stephenville, as some families rented, relocated to other areas of the province, moved away from the province, or moved to adjoining communities, many were. At the same time, the Town successfully argued that pre-flood residential values were not sufficiently reflective of market circumstances at the time of the flood, or of the true cost to rebuild, i.e., replacement values were significantly higher than the values of the replaced properties pre-flood;
- **Income from Out-of-Province Employment** - Demand from people who are commuting to jobs in western Canada. This is difficult to measure, but was raised by many of those interviewed; and
- **Returning Retirees** - Demand from people from outside the province and from more rural areas within Zone 9 and elsewhere in the province who are retiring to live in Stephenville and surrounding locations.

Across the entire school system in Stephenville (K to 12), there was an enrolment increase of 10 students between 2006/07 and 2007/08. In 2006/07, the school system had a total enrolment of 1,439 and by 2007/08 year this had increased to 1,449 students. For the years 2006 to 2008, there had been virtually no change in the enrolment in grades K to 6, but there had been 27 fewer students in grades 7 to 9 and 38 more students in high school, i.e., grades 10 to 12. We did not have sufficient data to identify the overall trends in enrolment, but the interview findings indicated that enrolment in the school system has increased in recent years, particularly in the younger grades. This is consistent with the view that several families with younger children have moved into the area to take jobs both with the college and with other employers.

Following our review meeting with the Task Force, CBCL Limited was asked to conduct additional interviews particularly with representatives of the financial and banking sector as well as the real estate industry in Stephenville. We also spoke with Service Canada on the matter of "western money" flowing back to Stephenville and on how to track and measure the influence of this on the local economy.

Representatives from the banking sector observed that their business in Stephenville is forecast to enjoy slow, but steady growth, and indicated that they have been doing well since June 2006. The reasons offered for this apparent local economic strength echoed those articulated by other interviewees, i.e., money coming into the market from employment outside the province, people retiring and moving into the area, and the "30-somethings" coming to the area with their families to work at the hospital and CONA.

One respondent from the banking sector did remark that they had seen a shift in purchasing habits pre- and post-mill closure. Prior to the mill closure people working at the mill had a tendency to purchase bigger ticket items in Corner Brook, St. John's and Halifax. They are now finding that lower income households, and/or those that have one family member working out west while remaining members stay in Stephenville, are now making their major purchases in Stephenville. Throughout the period of change, the banking community has found that it has been able to maintain its client base and extent the services provided to clients, e.g., they are now offering investment advice.

We spoke with a senior representative of Service Canada with respect to the potential to track, using existing data, the effect of western work and income flows to the Province on the economy of Stephenville. The short answer is that this type of analysis is not possible with the data available and would require primary research, i.e., a survey of workers would need to be undertaken to fill the data gaps. To address this deficiency in the overall economic profile, we considered the use of income tax filer data and Employment Insurance (EI) claimant data, if available, and the capacity of these sources to inform the research question. Income tax filer data records the place of residence, not the place where the income is actually earned. EI claimant data, if available, would not provide information on where the income is earned, as it too is tied to the person's place of residence.

In summary, the results of the interviews and the available data do not indicate that any one factor or action taken by authorities was instrumental in maintaining Zone 9 as a vibrant, viable economy. Interviewees believe that the region's economic and social characteristics worked together to ensure that the closure of the Abitibi mill did not deliver a serious long-term blow to the local economy. The mill closure likely had a negative economic impact, but the confluence of positive concurrent events masked the overall impact so that the net effect, at its worst, was neutral.

Chapter 3 **Context and Development**

3.1 Context

Although there are many historic reasons for the location of settlements, their economic self-sufficiency at the beginning of the 21st century relies in large measure on the infrastructure that services them. That same infrastructure will make it easier or more difficult to attract new investment. Circumstances are also changing and people are increasingly mobile as they seek employment and other social goods for themselves and their families. As people seek places to establish themselves, they take note of the available educational facilities, health services and recreational opportunities; they want to be able to travel to neighbouring communities, across the province and beyond, efficiently and safely; and they want access to a broad range of retail services and entertainment.

The minimum expected standard of infrastructure and related services is rising as people become more familiar with what is offered elsewhere through travel and the exchange of information. All levels of government and the private sector must therefore be cognisant of the need to improve both physical and socio-economic infrastructure and services if the underlying objectives are to limit out migration, to attract new immigrants to a region and to accommodate the requirements of new and expanding economic sectors such as the oil and gas sector.

In the sections that follow, we provide data on Stephenville, the centre that services Zone 9 and identify some of the major infrastructure that supports economic activity in the area.

3.2 Stephenville

The town of Stephenville, located on the north shore of S. George's Bay, is the second largest community on Newfoundland's west coast; it has grown from its Acadian village roots into an efficient and vibrant community servicing the needs of southwest Newfoundland. The town is surrounded by the ocean, lakes, rivers, forest and mountains that exemplify this part of the province and provide unparalleled opportunities for hiking, walking, kayaking, canoeing and salmon fishing for both local residents and visitors. The International Appalachian Trail, for example, has been extended through the area and abandoned railway corridors have been designated the "T'railway Provincial Park", providing another local venue for bicycling and walking.

For a town of its size and population, Stephenville has a substantive commercial and cultural base from which to expand. Its cultural, recreational and environmental assets provide a good quality of life to those who live and work in the community. The commercial centre offers services and amenities including small shops, a larger supermarket, food outlets, business facilities, hotels and other accommodations in proximity to residential neighbourhoods. The greater Stephenville – Bay St. George – Port au Port region has a rich cultural heritage and the Mi'kmaq, Acadian French, Scots and Irish all celebrate their cultures through festivals and local musical, theatrical and visual arts events. These cultural and physical attributes add an important dimension to what brings people to work and live in the region, generate employment and must be recognized, supported and promoted.

3.3 Transportation Infrastructure

In the absence of rail transportation in Newfoundland and Labrador, heavy equipment and goods are transported by ship or by road; both are critical to the expansion of economic opportunities. Air freight and efficient passenger services facilitate the movement of people, including executives. While it might have been argued that wharfs are less important today than fifty (50) years ago, wharf capacity and shipping remains central to the development and success of a number of sectors, including exploration for and development of oil and gas and other minerals, important emerging sectors in Western Newfoundland.

3.3.1 The Road Network

In the first instance, an efficient road system involves the Trans Canada Highway from Port–aux–Basques to St John's. Secondly, it involves good year round access to key ports, e.g., Stephenville and Corner Brook, and to those locations that may accommodate specific developments; this would include Route 460 to the Port au Port Peninsula and Route 430 along the Northern Peninsula. As the oil and gas sector evolves through stages of exploration into commercial production, there will be increasing volumes of traffic on these routes, including the transportation of heavy loads. In support of such development, the long term objective must be the full twinning of the Trans Canada Highway. It is, however, recognized that this would be an enormous undertaking, and one that can only be realized over many years. At the same time, the schedule of improvements should give priority to those portions of the route where development is being encouraged and that accommodate, or can be expected to accommodate, higher traffic counts, and/or that are characterized by dangerous vertical or horizontal curves.

The necessary information is available from the pertinent provincial government departments. Prioritization of investment, however, involves many dimensions, including both the technical and economic. There is a need for the Board and other key stakeholders in Zone 9 to keep themselves fully informed of the road improvement program, particularly with respect to those roads that serve the population of Zone 9, and to lobby for locally important improvements. This is one of many areas where regular and substantive dialogue with the senior levels of government is essential and will bring results. Selected twinning of parts of the TransCanada Highway and related improvements to secondary roads will service development in a number of sectors.

Related priorities include upgrading identified rural routes and the incorporation of better signage on those routes serving key industrial and commercial locations to facilitate movement from the Trans Canada Highway to towns, between specific destinations in town and to key areas of current and future development. This is of relevance not only to the oil and gas sector, but to the tourist sector and the population at large. One interviewee stated, "I feel that many roads need to be upgraded to accommodate exploration and development".

3.3.2 Port and Wharf Facilities

In the absence of a provincial rail service, the ports of Stephenville, Port aux Basques and Corner Brook are well positioned to provide bulk shipping services to Western Newfoundland. Given the respective attributes of these ports, Stephenville is the more readily accessed from the Trans Canada Highway, has available storage for product in place, a considerable acreage of land suitable for support services and proximity to largely unused airport facilities. This is a rather unique combination of assets.

The Port of Stephenville is located on the north shore of St. George's Bay about 50 km east of Cape St. George. The port is accessible year round, though occasional support may be required from an ice breaker during the winter months. Pilotage into the port is compulsory. The available wharfage is 293 m in length and 19 m deep; the depth at the wharf face ranges from 7.8 to 9.1 m. There is 6,500 m^2 of open storage associated with the wharf space. Access to the harbour and turning basin is through a 72 m wide by 2,100 m long dredged channel that has a limiting depth of 10 m. The channel was dredged for the first time in approximately 20 years in 2007 at a cost of $2.5 million. The tidal range in the estuary is 1.7 m. At present, the predominant use of the port is by the fishing industry. Commodities other than fish coming into the port include asphalt, salt, grain and calcium chloride.

Wharf in Stephenville

Seven storage tanks in the port were used by ACI to store Bunker C oil. The larger tank can store 120,000 barrels; the others each have a capacity of 80,000 barrels.

The future use of the port and airport at Stephenville should be examined together and in relation to both the capacity of the surrounding road network and the community's priorities for growth.

3.3.3 Airport Facilities

The air links from Western Newfoundland to St. John's and beyond are critical to the further accommodation of industry in the region. The airport facilities in Stephenville, a legacy of the establishment of the Ernest Harman Air Force Base in the early 1940s, are owned and operated today by the Stephenville Airport Corporation. Built by the American military, these facilities are substantial and underused. The land area amounts to approximately 889 hectares, and there are five associated buildings including the terminal and freight building. The terminal building can hold up to 700 people, 400 to 500 comfortably. The main runway is 11,000 x 200 ft with 1,000 ft of over-run at each end while the cross runway is 5,000 ft x 150 ft. There are also four substantial taxiways. As stated above the facilities are not used to capacity; scheduled passenger services are operated by Sunwing Airlines and Provincial Airlines, and refuelling and ground handling services are provided as required to corporate, military and general aviation customers.

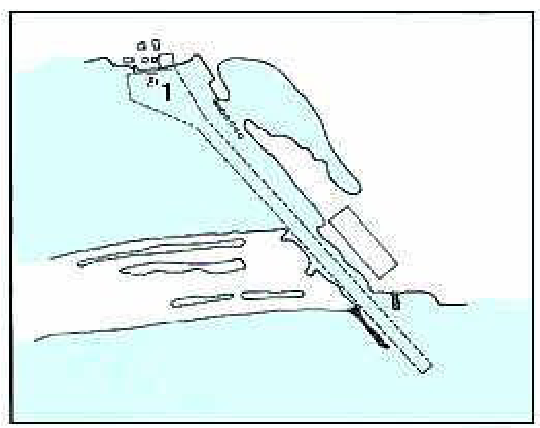

Figure 1.1 - Stephenville Airport

3.3.4 Safety and Emergency Response Training

The Stephenville Airport Corporation partnered with the Fisheries and Marine Institute of Memorial University to develop the SERT Centre[3]. This facility provides safety and emergency response training including crash fire fighting training and programs to facilitate the recertification of those in the aviation sector. This centre is one of the premiere fire fighting facilities in Canada and has the capability and capacity to design customized programs.

Stephenville Airport - Formerly US Airbase

The establishment of the SERT Centre in Stephenville is an ambitious initiative and one that could offer specialized services to others in Canada and beyond. It is a fire training facility that offers the capability and equipment to provide the following nationally certified training programs:

- Aircraft Rescue and Firefighting;
- Industrial Safety and Emergency Response Training;
- Firefighting; and
- Fishing Industry and Small Boat Training.

SERT Centre in Stephenville

The SERT Centre is a modern training facility staffed by a team of highly trained and experienced instructors. The centre operates as a satellite campus of the Fisheries and Marine Institute's Offshore Safety and Survival Centre. Its impact on Stephenville, in addition to its permanent staffing, has been to bring mature students to the area for the duration of their programming. The impact from this traffic is effectively 'visitor spending' from those who attend courses. The programming itself has also generated employment, both directly and indirectly, through a combination of faculty and staff and secondary and tertiary expenditures.

3.4 Education and Training

The establishment of higher education facilities in addition to their primary educational function can also, in their many forms, play a role both in stabilizing a population base and in instigating knowledge based economic development. The latter, however, cannot take place without a substantive change in approach. On the one hand, as indicated in Appendix C, the demographic profile is such that institutes of higher learning must turn to new student markets to maintain enrolment; on the other hand, the students graduating must look to attain experience in their chosen field and this may not be in Western Newfoundland. This would suggest the need for innovative approaches to both enrolment and to equipping students for world, as opposed to local, labour markets. There may be, for example,

[3] For more information on the SERT Centre, visit www.mi.mun.ca/sert

opportunities for the expansion of exchange and co-operative programs with specific industries and for students to spend stipulated periods of study or work abroad. With institutions in place such as the CONA in Qatar, the establishment of co-operative programs in a range of disciplines associated with the oil and gas sector not only seems possible, but eminently achievable.

The 2005 White Paper on post secondary education entitled "Foundation for Success" advocated "enhancing collaboration between the higher education institutes and local communities and industries". This has been instigated and must be further promoted and supported. It is also recommended that the next step be taken; institutes of higher education must take the initiatives necessary to establish that collaboration on a global playing field to bring economic development back to Newfoundland and more specifically to Western Newfoundland and Zone 9. If an industry, such as the oil and gas sector, needs educated people, which it does, then the education institutions have to establish relationships with the industry wherever it is located; the educational institutions cannot be restricted to educating students solely for local jobs.

3.4.1 College of the North Atlantic

CONA is Newfoundland and Labrador's public college. It is one of the largest post-secondary educational and skills training centers in Atlantic Canada, offering over 90 full-time diploma and certificate programs. Headquartered in Stephenville, the college not only operates 17 campuses across the Province, but has also established the College of the North Atlantic in Qatar. The focus of the college goes beyond the more traditional approaches to education and training, serving students of all ages and interests; it also proactively seeks to provide the courses and training required by specific industrial sectors and has already established a working relationship with industry in the Province.

The college has four campuses on the west coast:

- St. Anthony Campus;
- Bay St. George Campus in Stephenville;
- Corner Brook Campus; and
- Port aux Basques Campus.

Bay St. George Campus & Headquarters of the Collage of the North Atlantic

The willingness and ability of the college to respond to the needs of both students and prospective employers, expressed in discussions held with representatives of the college, was impressive. The college graduates students today with national credentials as civil engineering technicians, electronic engineering technicians and has initiated several innovative programs on the west coast including the Geospatial Research Project supported by the Canadian Foundation for Innovation, an advanced program in GIS, and an increasingly valuable program for environmental technologists. The college demonstrated out-reach initiatives and successes, in such areas as the training of civilian paramedics for the Canadian Armed Forces, are to be commended, encouraged and supported.

3.4.2 Western College, Stephenville

Western College has been operating since 1993 (part of the CompuCollege family) and specializes in career training. The college caters to a variety of students and offers flexible class schedules and a modular system of training. Programming offered includes:

- Adult Basic Education (ABE)
- Accounting and Business Administration
- Accounting and Computer Application
- Accounting, Payroll and Business Administration
- Accounting and Payroll Administration
- Acupuncture
- Business Administration
- Business and Computer Applications
- Computer Business Applications
- Computer Business Applications Specialist
- Computer Service Technician
- Executive Office Assistant
- Information Systems Administrator
- Information Systems Specialist
- Investment Management
- Office Assistant
- Personal Care Attendant
- Pharmacy Technician
- Public Relations

Again this facility and the programs provided attract students from beyond Stephenville equipping them with the skills to attain employment anywhere.

3.5 Hospitals and Health Care

Map #9 in Appendix D depicts that physical infrastructure in Zone 9. The following hospitals and clinics are located in Zone 9:

- The Sir Thomas Roddick Hospital in Stephenville is a 44 bed acute care centre with a comprehensive range of inpatient and outpatient services for the people of the Bay St. George catchment area; the latter extends from the Port au Port Peninsula east to Gallants and south to the Jeffrey's – St. Fintan's area, an area with a population of approximately 24,000; and
- The Calder Health Centre, located in Burgeo, has 21 beds and provides primary and long-term care services to a population of approximately 2,000 in the communities of Burgeo, Grand Bruit, Grey River, Francois and Ramea.

These hospitals and clinics provide the service points for health care in the region.

3.6 Landscape, Environmental Attributes and Recreational Opportunities

The natural environment and the availability of open space and dramatic scenery, i.e., the coastline, lakes, rivers, forests and mountains of Zone 9, have both intrinsic and economic value and are increasingly recognized as contributing to the quality of life. This, in and of itself, has value and must not only be taken into account in strategic planning to accommodate new development, but must also be proactively protected and managed. To this extent, the environment and all that is associated with it may be characterized as infrastructure; it provides the context within which all else takes place.

Responsibility to protect and manage the environmental attributes is shared by all sectors of the community:

- The private sector to engage with those who depend on the natural environment for their livelihood and to utilize, to the extent possible, local expertise and knowledge to address, and execute, best environmental management practices in meeting provincial and federal environmental regulatory requirements;
- The municipalities and local development agencies to ensure through their land use planning, and other initiatives, that due regard is placed on environmental and related matters; and
- The senior levels of government to ensure that the spirit and intent of all pertinent legislation is met and to proactively support, both finically and through research, expertise and pertinent field programs, as well as the designation and management of protected areas and waters.

The abundance of pristine natural areas in Zone 9, together with a range of cultural opportunities, is one of the area's most significant advantages as it seeks to grow its tourism sector. We were also told that these natural attributes are among the attributes that attract those who have left the region to return when they retire.

3.7 Current Development

Table 3.1 summarizes recent development that has taken place in Stephenville. As of this writing, there were 32 new homes built in 2008 with a combined value of $5.1 million. Construction in the prior two years was approximately $1.8 million with 13 and 15 units being constructed. Construction in 2005, the year of the flood, was valued at just over $4 million and may have been impacted by a single large value development on Minnesota Drive.

Table 3.1 – Summary of New Construction, 2004 to 2008

Year	*Total Value*	*Number of Units*	*Average Value per Unit*
2008	$5,145	32	160.78
2007	$1,874	13	144.15
2006	$1,757	15	117.13
2005	$4,010	14	286.43
2004	$850	9	94.44

The development of the oil sands caused an economic boom in Alberta, and it is clear from Census Canada data that people from across the country and elsewhere have flowed into that province. This in-migration put pressure on both the housing markets and encouraged the adoption of innovative commuting strategies. The latter in turn raise a number of questions:

- What will be the impact of settlement patterns in Alberta if the Government of Alberta addresses this shortage[4]?
- Will workers from Stephenville who are “commuters”, i.e., three weeks on, one week off choose to settle permanently in Alberta?
- What will the current market for oil (approximately $50.00 per barrel, or 1/3 the price per barrel in January 2008) do to the pace of development in Alberta?

These are rapidly evolving matters, and there are no easy answers. The world needs the resources, but at what cost? Reports indicate that some workers are already returning to their homes in Atlantic Canada, including Zone 9. Nevertheless, in the longer term the price per barrel of oil is predicted to rise past its 2008 high of more than $150. Some are predicting a strong bounce back in the price of oil. If this is the case, any shorter-term adjustments to slow oil sands development may be replaced with an even greater intensity of development and production work. If this is the case, Stephenville may not only continue to benefit from the flow of western monies into its economy, but may be able to export product to Alberta and other western provinces.

[4] The Government of Alberta has effectively stopped development outside of Fort McMurray.

Chapter 4 **Conclusions and Next Steps**

> "Would we be in a better position if the mill had not closed? Probably."
> - Interview Participant

The recent economic reality confronting Stephenville and the surrounding area is one that has been shaped by a variety of events and circumstances. These include the impacts associated with:

- Abitibi severance packages paid to mill workers and their spending on goods and services;
- September flood and the capital spending that resulted;
- Impact of "Alberta" money flowing from workers who commute between provinces;
- Local employment opportunities and the resultant challenges, i.e., local labour supply constraints and upward pressure on wages;
- Retirees buying homes and land to resettle in the area;
- Growth of a number of local enterprises, including the expansion of CONA and the establishment of the SERT Centre, HealthLine, Help Desk Now and others;
- Impact of government spending, including EMO funds from the flood;
- Increase in the minimum wage and its impact on incomes; and
- Inherent strength of a number of sectors reflected by the growth in tourism, the opportunities resulting from oil and gas exploration, mineral exploration, mining and the shipping of aggregates.

Following the mill closure, the economy of the local area appeared to remain strong, as evidenced through reports from retailers and local businesses, as well as by a strong residential housing market. As to why the local economy apparently endured the shock of the mill closure, as one person noted, the economy has likely diversified much more than had been expected or realized. Other factors include the fact that local economic development officers, and the businesses and workers within the area, have addressed and survived past economic shocks. This experience has very likely contributed to the overall capacity of the region to deal with widely fluctuating economic circumstances. Out of this experience, the Task Force formed and began the task of studying the impact of the closure and devising a plan to address those impacts.

There were individuals and businesses within the region that were adversely impacted by the mill closure. As many as 375 workers were directly affected (within the mill and supporting industries including the forestry workers), and the individuals impacted were not just from the Stephenville area. Among those most adversely impacted were those Abitibi workers who had come to the mill early in their career and may not have had formal training or education outside the mill. This resulted in skills and knowledge that was often highly specialized and specific to the mill work they performed. Without transferable skills, the 60 to 70 individuals in this group faced limited post-mill closure employment opportunities. Support for these and other mill workers came from the Task Force that assumed an important role in a number of small developments that brought employment to the area as well as training and skills development for the displaced workers.

Furthermore, as another respondent noted, the resiliency of the people affected is also a profound reason for the apparent lack of a dip in the local economy. Few of those affected waited for others to act on their behalf. Aside from those who were at or near retirement, many displaced workers chose to work out west, or to find employment in other sectors.

In a search for "lessons learned", it was pointed out during the interviews that although the initiatives that had been taken to ease the impact of the mill closure were useful, more might have been done, and some say should have been done, sooner. To place this in context: the mill closure was, in many respects, a surprise, occurring prior to what had been predicted as an upturn in the pulp and paper industry and in reaction to a union vote that was unfavourable to the mill operator. Whatever the cause of the closure, it is difficult to expect economic diversification initiatives to be successful as long as the mill is operational and actively engaging a large component of the available labour force. At best, one might hope to have in place action plans to deal with a large-scale economic shock (such as the closure of a large employer) so that the initiatives could be easily and effectively mobilized. This is, however, easier to discuss than to implement, because each "economic shock" is by its nature largely unpredictable and different. There is, nevertheless, an increasing literature on plant closures and resultant community development initiatives. This core literature needs to be taken into account in future planning and in the design of contingency measures.

It is also true to say that the economic sustainability of the rural areas of the province, particularly those affected by mill closures, or the down sizing of traditional resource industries such as fishing and forestry operations, is a priority of the provincial government. Public policy initiatives, as reflected in various sectoral strategies, recognize the need to invest in both those areas of the province where development opportunities exist, and in areas where there is an identified need. Following the closure of the Abitibi mill in Stephenville, for example, the government facilitated the establishment of the Task Force to identify economic development opportunities in the region, with a commitment to invest through various established programs.

Working with the Department of Innovation, Trade and Rural Development, this Task Force:

- Worked with local communities and stakeholders to identify and implement economic opportunities for the short and long term;
- Worked to attract investment that would help diversify the industrial base of the region;
- Looked at other options for the use of the mill; and
- Identified and implemented appropriate responses to the human resource needs of the workers directly affected by the closure of the mill.

As a result of the work undertaken by the Task Force and the various provincial government departments involved, investment has been directed to the Stephenville area of the province and development opportunities have been identified.

4.1 Strengths and Opportunities

The strengths of Stephenville and the surrounding area range from the town's character as a small, friendly place, to its role as a service centre for the entirety of Zone 9. Important community assets include CONA, the Western College and the SERT Centre. Other attributes and strengths include:

- Availability of land for commercial and industrial development and good existing infrastructure, although the latter, particularly the airport, is at risk for lack of use;
- Downtown Core - relatively compact with good street frontage, ample sidewalks and high pedestrian traffic (by our observations). There are several parcels of underutilized street frontage, i.e., land that could be addressed through planning initiatives and incorporated into a future use plan;
- Significant Green Spaces – most notably along the canals that now protect the town from future flooding – these are not likely suitable for development, but provide opportunities for the creation of walking trails, and, from our observations are used as such;
- Community Spirit – the interviews reflected a high degree of interest and commitment to the area;
- A Diverse Economy – the socio-economic profile of the Town is consistent with its role as a service centre, and the fact that it has withstood what was expected to be an economic disaster, substantiates this diversity; and
- Opportunities for increased tourism because of the natural and cultural assets in the area.

Representatives and leaders from Stephenville and from the surrounding area are working to develop new economic opportunities. The success of CONA on a variety of fronts is an example, as is the work of the Western Metal Working Network (www.westernmetalworkingnetwork.com). Related opportunities include:

- Transfer of the Abitibi infrastructure to the town – although some stakeholders articulated an underlying concern about the legacy of the environmental remediation that is, or may, be necessary, the Town will take over the former administration building, machine shop, mobile equipment shop and a 100,000 high-cube warehouse. These facilities will add to the competitive infrastructure that the town has at its disposal;
- Port Harmon – although there would be a requirement to add ship loader(s) at the wharf, there are opportunities to use the Port Harmon facility to ship sand and gravel to the US;
- Other sectors – include the capturing of wind as a renewable source of energy and oil and gas exploration, as a base for a variety of supporting operations; and
- Regional opportunities – including the Goose Bay clean up ($300M), the development of natural resources; exploration and development of minerals and the offshore and onshore search for commercial quantities of oil and gas.

As one interviewee noted, we need to supply the education and training services: “We cannot put demands on companies and not be able to supply the people they need.” This is an important observation, and one that the educational institutions in Zone 9 take seriously. Not only is the appropriate training and education a prerequisite for employment in Western Newfoundland, it is a prerequisite for employment in all emerging markets.

4.2 Threats

As many interviewees noted, “Alberta money” may be a significant factor in the current strength of the local economy, but there is an inherent associated risk. What will happen if this money stops flowing, or people who are commuting choose to stay away and not return? Associated threats have occurred where a number of the local business leaders have been drawn away to earn more money in Alberta while their companies continue locally without their direct involvement and leadership. This removes some of the entrepreneurial talent from the region and slows growth in the remaining companies that may be run in somewhat of a ‘holding pattern”. This impacts the area negatively by removing the momentum behind some of the local wealth generators – a key to sustainable development.

Another risk to the Stephenville and area economy emanating from the Mill closure and the flood is the nearly $1 million in lost revenue (on a $7.2 million operating budget) associated with the loss of the:

- Grant in lieu that was paid by Abitibi;
- Lost water revenue (net from Abitibi); and
- Lost property tax and associated rates as a result of damage and losses caused by the flood.

A factor of concern, or at least a restraint to further expansion, is that expansion at CONA is constrained by a lack of space; the college needs a larger and/or purpose built campus. The issue is that the adaptive re-use of the former base properties has limits in terms of both classroom configuration and more broadly in term of overall facility configuration. Purpose designed and constructed buildings would ensure that the college could continue on its growth path; such a development would also free up space for other purposes, perhaps commercial incubator space in the existing facilities.

Notwithstanding recent news on provincial demographics, perhaps the greatest threat to the area is associated with the continued aging of the population.[5] This trend is expected to have a profound affect on the province of NL and is expected to be manifested throughout all aspects of the economic system. These impacts will continue into the foreseeable future and will influence household formation, housing demand, private and public sector succession planning. This change in demographics, which is common to much of the western world, will also put pressure on labour markets for both skilled and unskilled workforces, resulting in impacts for the education system, health care and other programs that provide support to the elderly. One consequence will be that access to appropriately qualified labour will become critically important to all sectors of the economy throughout Zone 9 and beyond.

Communities that successfully attract labour will be those where employers and the community work collaboratively to provide the circumstances, facilities and services that enable residents to enjoy an enhanced quality of life and a high standard of living. This includes not only good wages and benefits, but also facilities, services and amenities that attract workers in what will become a highly competitive labour market.

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[5] From a government press release: “Newfoundland and Labrador’s population has increased by 1,436 from July 1, 2007 to July 1, 2008, representing the province’s first annual population increase in 16 years, said the Honourable Tom Marshall, Minister of Finance and President of Treasury Board.”; Finance; October 1, 2008

Much space in the current regional economic development literature is devoted to ‘quality of life’ as a significant draw to employees. It is said, for example, that western bound workers would prefer to stay in Newfoundland and Labrador because the quality of life is better in this province relative to other places in Canada. Sidestepping this debate, one cannot pay bills with ‘quality of life’; earnings are essential and the new reality is that wages in Stephenville need to be at least somewhat competitive with wages not only in other towns in the region, but also with those offered in other provinces, notably the western provinces. Quality of life is important, but it is not the only important dimension – the offerings of a community to its residents need to be understood as a complete package.

Elected and community leaders in Stephenville and the local area must pay attention to what influences settlement and develop the area's capacity to attract people through a combination of professional and personal development opportunities, high quality and diversified local services, a good quality of life and adequate wage compensation. Additionally, Information and Communication Technology (ICT) connectivity that supports a variety of employment opportunities will be an important part of the economic infrastructure. The entire package must include quality life-style services, i.e., recreational and cultural opportunities, with the physical infrastructure that supports well paid employment.

4.3 Changing Economic Outlook

The present economic turmoil is having an impact on global and national economies, and Newfoundland and Labrador is not exempt from the downturn. Offshore revenues may maintain a relatively strong financial position for the provincial government, but economic activity in the province as a whole, and Zone 9 will slow. The extent of that slowdown is difficult to determine, but may be seen in the following areas:

- a fall in consumer expenditures as people working outside Zone 9 in the oil and gas sector, in construction and in mining are laid off and their incomes reduced;
- a slowdown or delay in housing construction;
- a delay or cancellation of commercial developments;
- local employment layoffs as companies reduce production/services in response to decreased demand;
- business closures in response to reduced demand and tightening credit markets; and
- an increase in the number of consumer and business bankruptcies.

The general consensus among economic analysts is that Canada will go through a relatively sharp recession that may not begin to improve until at least the third quarter of 2009; more cautious projections indicate that the recession may not end until late 2009 or early 2010. Since, the impact of a recession usually continues after it is officially ended, the general economy will not see the positive growth that impacts individuals until well into 2010.

Nevertheless, several factors may mitigate the impact of the economic slowdown on Zone 9 relative to other areas of Newfoundland and Labrador. These factors are identified in Section 4.1 above. The Long Range Regional Economic Development Board will have to effectively leverage these strengths and opportunities, as discussed in the next section, to mitigate the impact of the recession on the region. The main strengths that may prove to offer the best opportunities are the region’s diversity and its present economic strength. These characteristics should allow Zone 9 to take advantage of opportunities that are expected to flow from infrastructure funding proposed by all levels of government.

4.4 Next Steps

For many years Zone 9 has been dependant on its key resource based sectors (forestry and fishing) as the pillars of its economy. These sectors will continue to be important, but they alone cannot generate sufficient growth in the area's economy to support the changes that are sought. There is a need therefore to build upon the threads of economic diversification that have sustained the economy of the region since the closure of the Abitibi mill. This section sets out recommendations that can be taken to maintain and enhance these strengths. The implementation of these recommendations will enable all involved to better weather potential future economic shocks and to take advantage of foreseeable development opportunities. The recommendations are designed to build on the strengths and opportunities that have been identified and to mitigate the threats.

It is advocated that the Long Range Regional Economic Development Board take account of and act upon the following factors:

4.4.1 Enhance Data Base

As any sustainable economic development or business plan needs to be based on accurate, relevant information, steps need to be taken to better understand what is influencing the future of the region. Feedback received from both the interviewees and the Steering Committee indicate that there is a lack of information on labour and business issues in the region. Opinions vary, for example, about the true impact of off-island employment, in both western Canada and other areas, on local expenditures, on the availability of trained labour for local businesses, and on the skills required by the employees of the future. Some of these issues are not unique to Zone 9, but reflect concerns that are certainly province wide and perhaps of national and international concern. We do recommend, however, that the Long Range Regional Economic Development Board take the steps necessary to work with the pertinent provincial and federal parties to instigate requisite socio-economic studies to ensure that programs are designed on a sound foundation. The recommended studies should be directed at both labour supply and demand; they should include at a minimum an analysis of the following:

i.) Study of household mobility and motivation:
- Settlement and household formation;
- Labour mobility;
- Consumer spending;
- Housing development in Alberta - related to mobility and motivation – is it really an issue of limited residential development that causes the commute?

ii.) Study of business: current issues and challenges:
- Labour market issues;
- Recruitment and retention;
- Trends in cost of labour.

It is recommended that the Steering Committee raise these matters with the pertinent provincial and federal agencies and formulate terms of reference that might be attractive to pertinent researchers at Memorial University or CONA.

4.4.2 Higher Education

In the short term, investments in education, research and innovation seldom generate substantive economic rewards. The first steps, however, have been made, and the higher education sector is already of increasing importance to Zone 9. As has been detailed, there is in place a broad range of education and training that provides significant employment, educational opportunities for local residents and the economic benefits associated with the attendance of non-residents. It has also been noted that local companies need highly trained employees to meet the expectations of potential clients in some of the areas that have greater growth potential, e.g., the health care and oil and gas sectors. The Long Range Regional Economic Development Board should support and mentor the educational institutions to ensure that current levels of activity are maintained and that expansion opportunities are recognized and developed. More specifically the Long Range Regional Economic Development Board should:

i.) Establish a committee or working group with representation from the various educational/training institutions in the region so that challenges and opportunities are recognized quickly and that a forum for cooperation among the various institutions is established;

ii.) Cooperate with the educational working group and involved representation from the province to help develop training to meet the requirements of both local and non-local employers based on the information gathered in the studies identified above; and

iii.) Meet with representatives of CONA to determine the severity of the constraints currently being placed on the institution's growth and development by their current facilities. The Board should then work with the college to stimulate discussion and to investigate the requirements of a purpose-built facility that will ensure that the College remains a strong partner in the Zone 9 economy for the foreseeable future.

The underlying intent is to retain and attract people and jobs and to support local entrepreneurship. To achieve these objectives necessitates bold policies and a commitment to long term funding for education, skills training, information technologies and new niche markets for the programs that are in place.

4.4.3 Changing Demographics

The aging population (see database in Appendix C) creates both challenges and opportunities. The challenges relate to maintaining a sufficiently large employment base to support the infrastructure that will be necessary to ensure an adequate quality of life for seniors; and the opportunities emanate from the range of services that a relatively large senior population requires. The expansion of the labour base is dependent on strong economic development and appropriate education/training, while good planning will ensure that the opportunities are realized in terms of good, local jobs. The Board should meet with local health authorities and begin a planning process that will identify the necessary services and the type of training/skills that will be required. Demand projections can be estimated based on the age demographic information provided in Appendix C and a plan developed to ensure that trained health-care professionals are available to meet the increasing demand for seniors' services.

4.4.4 Collaborative Services Model

The Western Metal Fabricators Network appears to provide a constructive example of a successful collaborative service model. The Long Range Regional Economic Development Board should conduct a detailed assessment, i.e., Case Study, of the Western Metal Fabricators Network to identify its success factors and whether they are transferable to other sectors, i.e., looking for and expanding innovative niches. If the success factors appear to be transferrable, the Board should develop a program to indentify sectors that would benefit from the collaborative service approach and work to form additional networks in Zone 9.

4.4.5 Spatial Strategy

To know what exists and what is required to accommodate development and to enhance the quality of life of all residents necessitates the preparation of a physical inventory and the preparation of a spatial strategy. This extends from the detailing of the state and capacity of the roads, wharfs, trails and parks to the identification of available land for development and the capacity of services, i.e., water systems, power grids, schools and hospitals, to accommodate and respond to changing community needs. The underlying driver may be economic in nature, i.e., seeking ways to attain more jobs and tax revenues, but there are critical social consequences and benefits to be realized including improved infrastructural capacity and services and marketing the ecological attributes of the region. The preparation of both the inventory and the strategy should be done in collaboration with the pertinent provincial departments and key local stakeholders.

4.4.6 Concluding Observations

The above recommendations are among the steps that the Long Range Regional Economic Development Board can take to ensure a strong economic environment in Zone 9. There are additional actions that the Board could investigate, such as “quality-of-life” issues to ensure that Zone 9 remains a welcoming and attractive place to live, e.g., hiking trails, eco-tourism, but the priority actions identified target direct economic activity and are a prerequisite for many other developments and initiatives that could benefit the region. Development is an economic process, but one that must balance its economic dimension with environmental and social factors to ensure a more sustainable future. Indeed the breadth of the concept of "development" is not always fully appreciated. It applies not only to industrial and commercial initiatives, but to the provision of transportation infrastructure, sanitation, the provision of potable water, educational facilities, hospital and public health services, housing, parks and tourist and recreational facilities. Development is a function of both the public and private sectors including the voluntary sector. The objectives sought from development include improvements in per capita income and enhancements to the quality of life locally, regionally and provincially. Table 4.1 strives to capture what the Task Force aims to achieve in the wake of the mill's closure and to articulate the themes and strategies that could be further explored as tactics to move Zone 9 towards a more sustainable future.

Table 4.2 – Key Themes and Associated Strategies

Themes	*Strategies*
1. Creating a Sustainable Economy in Zone 9	➢ support indigenous businesses ➢ support resource base industries – forestry, mineral exploration, oil and gas ➢ meet local needs locally ➢ attract inward investment ➢ support education and training and seek out innovative niches, e.g., safety training ➢ build on existing successes
2. Supporting Sustainable Communities	➢ maintain and enhance infrastructure – roads, wharfs and air facilities ➢ consider housing needs for changing demographics ➢ facilitate access to employment and services
3. Managing the Environment	➢ develop and implement an ecological stewardship program ➢ recognize and document the landscapes and open spaces that are of value in Zone 9 ➢ recognize the cultural heritage of the region

If the "old" economy was driven by natural resources, physical assets, relatively unskilled labour and "industrial" plants such as the Abitibi Mill, the "new" economy driven by specialized knowledge, innovative business models and the use of new technologies and processes. A development strategy designed to generate sustainable economic growth should address the above themes and strategies, and recognize that knowledge and skills may be the most valuable business resources on which to build prosperity.

Appendix A

Press Release: Government Outraged by Abitibi Decisions

July 27, 2005
(Executive Council)
(Natural Resources)

Government outraged by Abitibi decisions

Premier Danny Williams and Ed Byrne, Minister of Natural Resources, expressed their shock and outrage in reacting to the decisions announced today by Abitibi Consolidated Inc. (ACI) that it was closing its mill in Stephenville and closing its Number 7 paper-making machine in Grand Falls-Windsor.

“We are shocked. Our government committed a significant amount of resources over the past year and a half to working with Abitibi in an effort to ensure it would have viable operations in Newfoundland and Labrador,” said Premier Williams. “The decisions the company have made today are going to have severe and tremendous impacts on two significant regions of our province.”

Premier Williams indicated that he was notified of the company’s decision by its president and chief executive officer, John Weaver, late yesterday evening.

“I indicated to Mr. Weaver that our government will not stand by and allow them to devastate these communities that depend on these mills for their survival,” said Premier Williams. “I sent a message loud and clear to Mr. Weaver that we would explore every possible option in terms of what legal authority government may have over the company’s water and chartered timber rights.

“I want to assure the people of Stephenville and Grand Falls-Windsor that our government is not walking away from the table,” said Premier Williams. “Despite the announcement by Abitibi this morning, government, led by Minister Byrne, will continue to have open dialogue with the company to see if an alternative situation can be achieved. We will work to the eleventh hour to see what can be done to have both of these mills remain in operation. However, I also want to be very clear that this government will not be held ransom by the company. While we have clearly demonstrated our willingness to assist the company with their power requirements, we will only do so in a way that is fair and reasonable to consumers and industrial users alike.”

With regards to the company’s intent to close its Number 7 paper machine in Grand Falls-Windsor, Premier Williams indicated it is quite clear what options are available to government if the machine closes prior to 2010.

“I have made it clear that if Number 7 machine closes prior to 2010, legislation under Bill 27 will immediately be invoked,” said Premier Williams. “This includes stripping the company of its timber licences covered by Bill 27.”

Minister Byrne stated that government and Newfoundland and Labrador Hydro had been holding intense negotiations and discussions with Abitibi in an effort to reach a potential power purchase agreement on the development of two hydro projects on the Exploits River – Red Indian Falls and Badger Chute.

“The objective of the agreement would be to assist Abitibi address its energy costs and to provide additional power to the provincial grid without causing serious detriment to Hydro’s other customers, including Newfoundland Power and other industrial users,” said Minister Byrne. “Unfortunately, the terms and conditions of an agreement as proposed by Abitibi would have put a heavy financial burden on every individual electricity ratepayer and, in particular, every other industrial customer.”

The details of the latest proposal from Abitibi include:

- Abitibi and Newfoundland and Labrador Hydro would enter into a partnership to develop two projects on the Exploits River – Red Indian Falls and Badger Chute, adding in excess of 60 MW of new power into the system;
- Newfoundland and Labrador Hydro, with the province’s backing, would raise all the capital – upwards of $300 million – and finance the projects;
- The Abitibi-Hydro partnership would enter into a 30-year power purchase agreement to sell all the electricity output to Newfoundland and Labrador Hydro, and hence Hydro’s customers;
- This “partnership” would have to provide upwards of $14 million annually to Abitibi, with no return to Hydro;

- Additionally, Abitibi requested $7 million a year for the five-year period leading up to the in-service of the two hydro developments;
- In total, a level of support of approximately $455 million;
- Furthermore, at the end of the 30-year agreement, Hydro would only own 25 per cent of the projects, while Abitibi would own 75 per cent, despite the fact that Hydro and its customers have covered the full cost of the development of the projects and the subsidies – in other words, Hydro and its customers paid for the projects and assumed all the risks;
- And, just as important, Abitibi would not give government any commitment on the impact a power purchase agreement would have on its future operations in Stephenville and Grand Falls-Windsor.

“That proposal was totally unacceptable to this government,” said Minister Byrne. “On top of any other increase required for normal operations, it could mean an increase of up to four per cent a year for industrial customers and up to two per cent for other customers. There was no way we could justify such an arrangement.

“Furthermore, we were not prepared to enter into any arrangement with Abitibi that would see the company reap significant profits from a power agreement without ensuring the future viability of the Stephenville and Grand Falls-Windsor mills,” added Minister Byrne.

In an effort to ensure that government and Abitibi had explored all options in reaching a power purchase agreement, Minister Byrne said government had agreed to a proposal by Abitibi that would see the company and Newfoundland and Labrador Hydro cost-share a $2-3 million study and evaluation of the technical, commercial and environmental viability of the two proposed projects. However, Abitibi indicated it would need between $7-14 million to support ongoing operations while the study was being completed which could have been upwards of 18 months.

“We were prepared to do what was reasonable to ensure the future of Abitibi’s operations in the province because we knew of the importance of this company having viable operations in this province,” said Minister Byrne. “However, we considered this level of support to be unreasonable and unfair to Hydro’s ratepayers.”

Premier Williams assured the people of Stephenville, Grand Falls-Windsor, their neighbouring communities, and, indeed the entire province, that this government is placing a high priority on this issue.

“We will not sit idly by and watch this company put the future of these communities at risk” said Premier Williams. “We will not allow this company, or any other for that matter, to put government’s back against the wall and hold the future of its workers and their neighbours in jeopardy. We have an obligation to the people of Stephenville, Grand Falls-Windsor, the surrounding communities and the entire province to leave no stone unturned in our pursuit to see these mills continue to operate.”

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Carmel Turpin, Natural Resources, (709) 729-5282, 685-4624

Appendix B
Interview Participants

Name	Organization
Barry Noftall	Acting Mayor Town of Kippens
Bert Alexander	Chief of Ktaqamkuk Mi'kmaq Alliance Inc. (KMA)
Bill Abbott	Abbott & Haliburton
Craig Harnum	SERC Centre – Marine Institute
Cyril Organ	College of the North Atlantic
Fire Chief Reilly	Town of Stephenville
George Rossiter	Mayor Town of Ramea
Grant Dicks	Innovation, Trade and Rural Development
Ian Stokes	Western College
Jim Cochrane	Port of Stephenville
Joan Burke	MHA
Larry Smith	Airport Authority
Leonard Muise	Community Education Network
Louis MacDonald	College of the North Atlantic
Maurice Hynes	College of the North Atlantic
Mel Dean	Abitibi Consolidated Inc (ACI)
Randy Ricketts	Department of Natural Resources
Ray McIssac	Community Employment Corporation
Roseann White	Holiday Inn
Tom O'Brien	Mayor Town of Stephenville
Sandra Healey	NL Credit Union
Linda Lucas	Bank of Montreal

Appendix C
Zone 9: Socio Economic Data

> "We are surrounded by entrepreneurs."
> - Interview Participant

Economic Zone 9 encompasses 15 communities and covers a geographic area that spans from the South West Coast, to the Port au Port Peninsula, to the Highlands. Historically the region's economy relied on the area's natural resources and in its early days the area was reliant on fishing and farming-related industries. In more recent years, the region's economy has become much more diversified and, while primary industries play an important role, the economy has shifted into other sectors and is more reflective of a service-based economy as measured by both the number of occupations in service related categories and employment in service based industries.

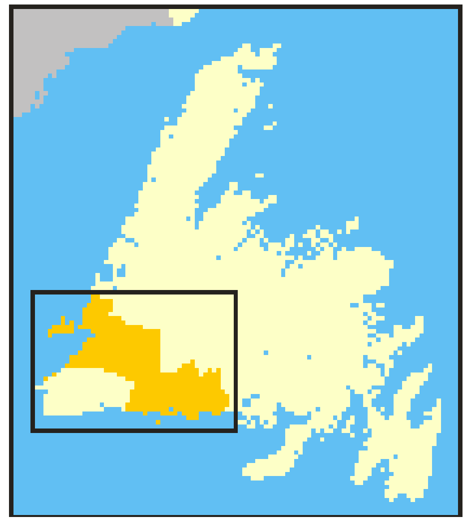


Figure 1 - Newfoundland's Economic Zone 9

The region benefits from the economic development initiatives of the Long Range Regional Economic Development Board (the Board) - a not-for-profit corporation with a mandate to coordinate economic development initiatives in the area. The area of Zone 9, shown in Figure 2**,** is located in southwest Newfoundland and includes the communities of:

- Port au Port East
- Kippens
- Lourdes
- Mainland
- Piccadilly
- Cape St. George
- Port au Port
- Stephenville
- Stephenville Crossing
- St. George's
- McKays
- Burgeo
- Ramea
- Grey River
- Francois

The Town of Stephenville is the main "services center" for Zone 9. As such, it is the centre for commerce, business and retail consumption in this part of the province.

Transportation Linkages

Stephenville and the surrounding area have access to transportation infrastructure by air, sea and road. These linkages include:

- Stephenville Airport;
- The Port of Stephenville (Port Harmon Authority Ltd.);
- The Trans Canada Highway (via Whites Road and Stephenville Crossing); and
- Marine Atlantic connection to North Sydney, Nova Scotia via Port aux Basques.

Collectively, this enables relatively easy connection between Stephenville and the surrounding areas to the benefit of local industry.

Demographic Analysis

With a combined population of approximately 21,830 people, Zone 9 has experienced population decline from 2001 to 2006. This is a trend seen in other areas in Newfoundland and Labrador, and more generally throughout Atlantic Canada. According to Statistics Canada's Community Profiles data, Zone 9 has lost 6.4% of its population since 2001. This decline is consistent with that which has occurred across the Province, but the rate of decline is substantially greater, i.e., 6.4% as opposed to 1.5% for the province as a whole.

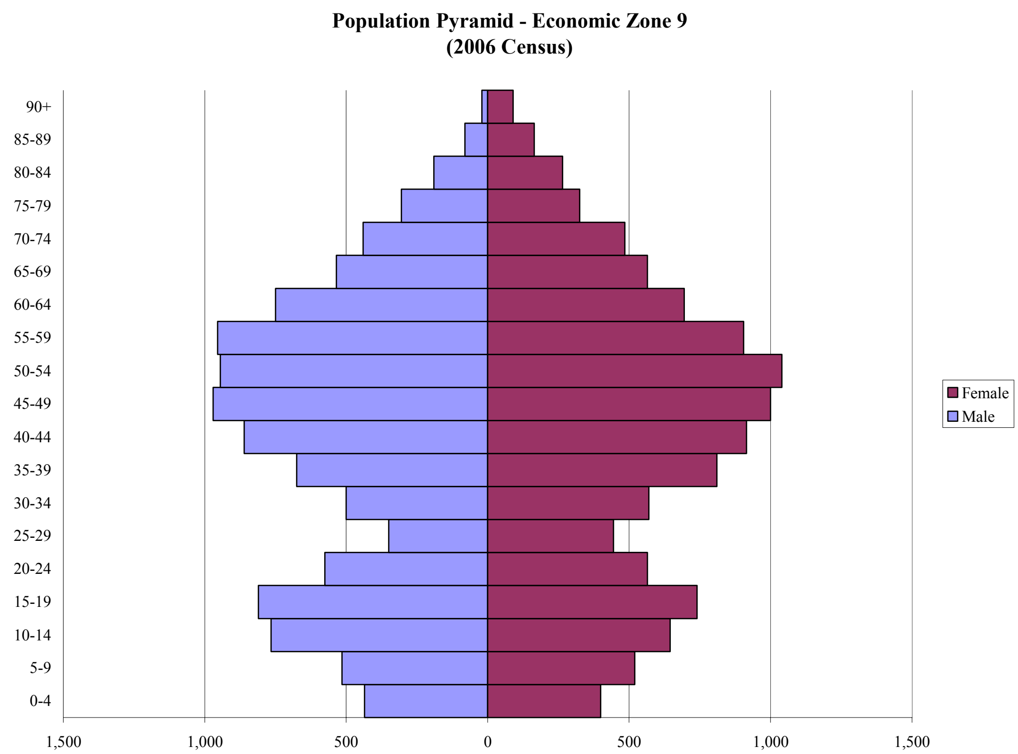


Figure 2 - Population Pyramid for Zone 9

Figure 2 shows an age cohort/gender pyramid that illustrates that a high proportion of the study area's population is over the age of 40. Based on the 2006 Census date, nearly 85% of the study region's population is over the age of 15 years, which is consistent with the province as a whole (84.5% of the population of Newfoundland and Labrador is over the age of 15 years) and typical of the trend across Atlantic Canada, particularly in more rural areas, where smaller youth cohorts are present and the average age of the remaining population has increased. A comparative population pyramid for the Province is provided in Figure 3.

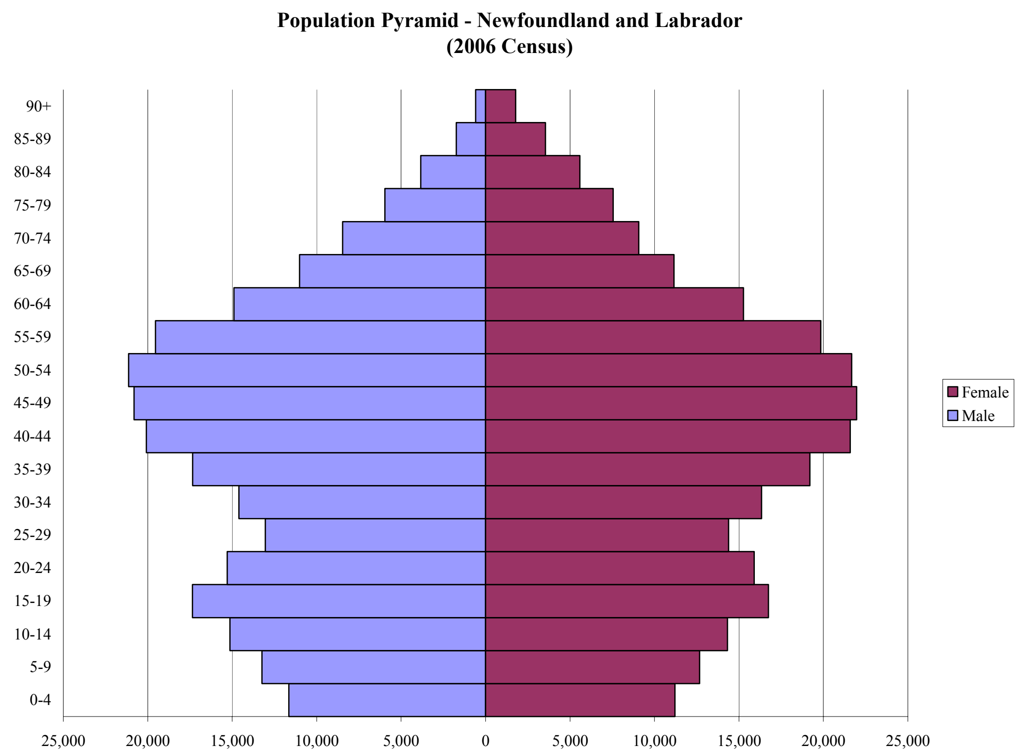


Figure 3 - Population Pyramid for Newfoundland and Labrador

Provincially there appears to be two factors contributing to the lack of population growth:

- out-migration; and
- the fact that deaths outnumber births in Newfoundland and Labrador and in-migration is not sufficient to maintain the population losses, resulting in a net decline (See Table 1 below).

Table 1. Components of Population Growth: July 1, 2006 to June 30, 2007.

Components of Population Growth	***Canada***	***N.L.***
Births	352,848	4,326
Deaths	237,931	4,549
Immigration	238,127	506
Emigration	41,349	203
Net temporary emigration	25,567	107
Returning emigrants	22,532	62
Net non-permanent residents	17,884	86
Net interprovincial migration	...	-3,786

Source: Prepared from 2006 Census Community Profiles

A growing and stable population is reflected in age/gender cohort charts having a wide base that 'supports' the population cohorts above. What appears for Western Newfoundland is that the younger cohorts at the base are much smaller than the cohorts clustered in the 'middle' and 'upper middle', i.e., between 25 and 55 years.

Post 1950 trends in household formation are another factor influencing demographic structure. The post war "baby boomers" (born post war throughout the 1950s) had fewer children than previous generations – and many of those children have left the province.

Further, Newfoundland and Labrador does not tend to retain those foreign migrants that may initially settle in the province. According to Statistics Canada nearly 300,000 people immigrated to Canada in 2006 (297,530) and of these 0.4% (approximately 1,225) came to Newfoundland. It is reasonable to speculate that most foreign born immigrants choose to relocate to those parts of Canada where they are able to connect with a community of immigrants from their country of origin. Not surprisingly, the regions of Canada that have greater retention of immigrants are those that have larger immigrant populations.

Table 1 shows the components of population growth for Newfoundland and Labrador, and Canada, from the period July 1, 2006 to June 30, 2007. Over the period, the Province lost nearly 4,000 residents from its population.

Population Trend

The Newfoundland Statistics Agency has prepared population projections for each of the province's economic zones and for the province as a whole. These projections are based on historical growth rates and the population's components. Three scenarios, high, medium, and low, were projected for each economic zone and the province as a whole. Those for Zone 9 are presented in Figure 4. The graph shows a trend of population decline that predicts that over the next 15 years the population will fall to between 18,000 and 19,200.

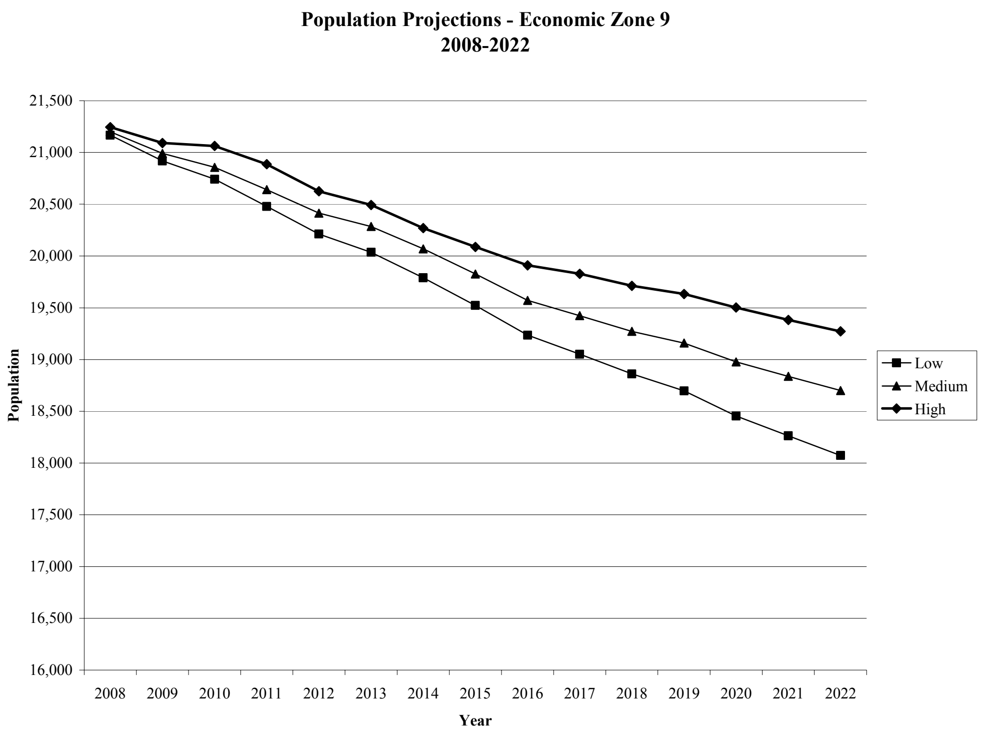


Figure 4 - Population Projections for Zone 9

Contrary to these projections, recently released figures from Statistics Canada show that Newfoundland and Labrador's population actually increased by 1,436 between July 1, 2007 and July 1, 2008, representing the province's first annual population increase in 16 years. This represents an increase of 0.3 per cent to 507,895, as a result of positive net-migration of 1,713 people. With a positive economic outlook for the province generally, fuelled by major industrial energy developments, this trend may continue. At the time of writing, however, it is too early to tell either if this is part of a general trend towards further population increase, or to determine the distribution of this in-migration within the province.

Despite the recent data that shows rising population numbers, overall, the socio-economic challenges associated with a shrinking population are being anticipated by both the public and private sectors. The continued aging of the population will have a profound affect on the province and will be felt throughout all facets of the economic system in Newfoundland and Labrador. This is likely to continue for the foreseeable future and will have repercussions for housing demand, succession planning in both the public and private sectors, as well as continue to put pressure on the labour market for both skilled and unskilled labour. The trend will impact the education system, health care, programs to assist the elderly, and commercial and government services.

Immigration & Mobility Characteristics

In examining immigration into Zone 9 based on the place of residence five years ago, the region's immigration characteristics are similar to that of the province. The economic zone has, on average, a lower number of foreign born residents than the province. Table 2 shows the characteristics of the immigrant population of selected towns in the zone.

Table 2. Immigration Characteristics Economic Zone 9 and Newfoundland and Labrador, 2006.

	Stephenville	*Burgeo*	*Cape St. George*	*Kippens*	*Lourdes*	*Port au Port East*	*Port au Port West-Aguathuna-Felix Cove*	*Ramea*	*St. George's*	*Newfoundland and Labrador*
Canadian Born Population	6,525	1,560	875	1,705	550	600	380	615	1,240	490,855
Foreign Born Population	50	30	15	25	0	0	10	0	0	8,380
% Canadian Born Population	99.16%	98.11%	98.31%	97.99%	100%	100%	98.70%	100%	100%	98.05%
% Foreign Born Population	0.84%	1.89%	1.69%	2.01%	0.00%	0.00%	1.30%	0.00%	0.00%	1.95%

Source: Prepared from 2006 Census Community Profiles.

Table 3 provides mobility data from the 2006 census; this data indicates that the population in the study area and in the province is fairly stable. Provincially, 89% of Newfoundlanders lived at the same address in the year prior to the 2006 Census and 8.5% lived within Newfoundland, but at a different address. Only 2% of the population lived in another province or territory before 2006. Many of the towns in the area had more than 89% of residents who lived at the same address a year earlier; the figure for Stephenville and Port au Port was approximately 80%.

Table 3. Mobility Status One year ago, Economic Zone 9 and Newfoundland and Labrador, 2006.

	Stephenville	*Burgeo*	*Cape St. George*	*Kippens*	*Lourdes*	*Port au Port East*	*Port au Port West-Aguathuna-Felix Cove*	*Ramea*	*St. George's*	*Newfoundland and Labrador*
% Lived at the same address 1 year ago	80.95%	92.74%	97.19%	89.57%	94.55%	81.97%	93.59%	95.93%	95.16%	89.35%
% Lived within the same Province 1 year ago; but changed address	16.36%	4.73%	0.00%	8.12%	5.45%	9.84%	5.13%	0.00%	4.03%	8.50%
% Lived in a different Province or Country 1 year ago	2.69%	2.52%	2.81%	2.32%	0.00%	8.20%	1.28%	4.07%	0.81%	2.15%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Prepared from 2006 Census Community Profiles.

Table 4 shows mobility status based on place of residence five years before the 2006 Census for Zone 9 and the province. There is some variability in the percentage of residents that lived in a different province five years before the 2006 Census ranging from a low of 1.65% in Ramea to 23.9% in Port au Port East. It must be noted the relatively small population of some of the communities means that small changes in numbers results in relatively large percentage changes.

Table 4. Mobility Status Five Years ago, Economic Zone 9 and Newfoundland and Labrador, 2006.

	Stephenville	*Burgeo*	*Cape St. George*	*Kippens*	*Lourdes*	*Port au Port East*	*Port au Port West-Aguathuna-Felix Cove*	*Ramea*	*St. George's*	*NL*
% Lived at the same address 5 years ago	57.14%	89.17%	84.71%	74.26%	90.91%	63.25%	78.67%	89.26%	80.42%	72.14%
% Lived within the same Province 5 years ago; but changed addresses	34.76%	6.69%	5.88%	21.60%	7.27%	12.82%	13.33%	9.09%	6.67%	21.80%
% Lived in a different Province or Country 5 years ago	7.94%	3.82%	9.41%	4.14%	1.82%	23.93%	8.00%	1.65%	12.92%	6.05%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Prepared from 2006 Census Community Profiles

Household Formation

Based on the 2006 Census, the selected communities in the area had a total of 5,830 private households that consisted of:

- 1,580 households containing a couple (married or common-law) with children (27%);
- 1,935 households containing a couple (married or common-law) without children (33%);
- 1,300 one person households (22%); and
- 1,010 other household types (18%).

A comparison of household formation for the selected communities within the area and province is provided in Table 5.

Table 5. Comparison of Household Formation, Economic Zone 9 and Newfoundland and Labrador, 2006.

	Stephenville	***Burgeo***	***Cape St. George***	***Kippens***	***Lourdes***	***Port au Port East***	***Port au Port West-Aguathuna-Felix Cove***	***Ramea***	***St. George's***	***Newfoundland and Labrador***
Couple (married or common-law) with children	23.73%	28.46%	31.08%	33.08%	36.96%	23.08%	26.67%	30.77%	29.00%	30.43%
Couple (married or common-law) without children	28.99%	46.92%	32.43%	37.69%	19.57%	34.62%	40.00%	50.00%	28.00%	33.96%
One-Person households	26.63%	15.38%	20.27%	13.85%	26.09%	25.00%	20.00%	19.23%	19.00%	20.20%
Other household types	20.47%	9.23%	16.22%	15.38%	17.39%	17.31%	13.33%	0.00%	24.00%	15.41%
Total - All Private households	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Prepared from 2006 Census Community Profiles.

There are several plausible reasons for the observed trends in household formation. The shift toward more ‘single’ and ‘couples’ arrangements may reflect:

- The aging population – who tend not to have children living with them;
- Declining birth rates;
- Lifestyle choices and trends in family arrangements - more ‘living alone’ and ‘living without children’ household formations; and
- The current affordability/historically lower cost of home ownership in the context of historically low interest rates and higher real incomes (in some cases, this is augmented by intergenerational transfer of wealth).

This trend in household formation may continue for the foreseeable future placing increased demand for housing options that cater to 'couples without children', 'living alone' and 'seniors' household formations. Trends in household formation can have a variety of impacts; these include:

- Increased demand for lower maintenance housing options such as condominium development or apartment units;
- More home renovation activity that is aimed at 'barrier free design options', or senior living needs so that aging residents can increase the length of time that they are able to remain in their homes as independent residents;
- Migration from more rural areas to less rural or urban areas, i.e., cities and towns; and
- Increases in the services offered by business that provide goods and services to support independent living for seniors.

Education

In terms of educational attainment, on average the selected communities in Zone 9 exhibit similar levels to those of the province. Table 6 presents data for the selected communities and the entire province.

Table 6. Educational Attainment, Economic Zone 9 and Newfoundland and Labrador, 2006.

	Stephenville - Town	*Burgeo - Town*	*Cape St. George - Town*	*Kippens - Town*	*Lourdes - Town*	*Port au Port East - Town*	*Port au Port West-Aguathuna-Felix Cove - Town*	*Ramea - Town*	*St. George's - Town*	*NL (Province)*
Less than High School	30.26%	47.44%	52.23%	27.24%	53.47%	35.92%	32.84%	49.07%	37.74%	33.52%
High School graduation certificate	21.33%	21.84%	19.11%	16.28%	23.76%	10.68%	28.36%	23.15%	20.75%	22.10%
College/ Trades certificate or diploma	22.42%	14.33%	6.37%	18.60%	9.90%	15.53%	11.94%	5.56%	19.34%	17.54%
Some College Education	3.10%	1.02%	2.55%	5.98%	3.96%	4.85%	4.48%	9.26%	1.89%	3.39%
University	10.76%	7.17%	5.10%	14.95%	5.94%	6.80%	8.96%	6.48%	7.08%	11.29%
Total Reporting	87.88%	91.81%	85.35%	83.06%	97.03%	73.79%	86.57%	93.52%	86.79%	87.84%

Source: Prepared from 2006 Census Community Profiles.

In terms of educational attainment, the findings are fairly consistent. Kippens - Town (Census subdivision), Stephenville - Town (Census subdivision), and Port au Port West-Aguathuna-Felix Cove - Town (Census Subdivision) have the highest proportion of individuals with a "University certificate; diploma or degree". Lourdes – Town (Census Subdivision) and Cape St. George - Town (Census subdivision) has the highest proportion of residents with "No certificate; diploma or degree".

Education attainment across the study area, for reporting individuals, is summarized as follows:

- 41% - Less than High School;
- 21% - High School graduation certificate;

- 14% - College/Trades certificate or diploma;
- 4% - Some College Education; and
- 8% - University.

Figure 5 indicates that Kippens and Stephenville have the largest share of individuals with a university education while Stephenville, Kippens and Port au Port East have a relatively large proportion of individuals with College/Trades certificates or diplomas. These figures are consistent with provincial averages.

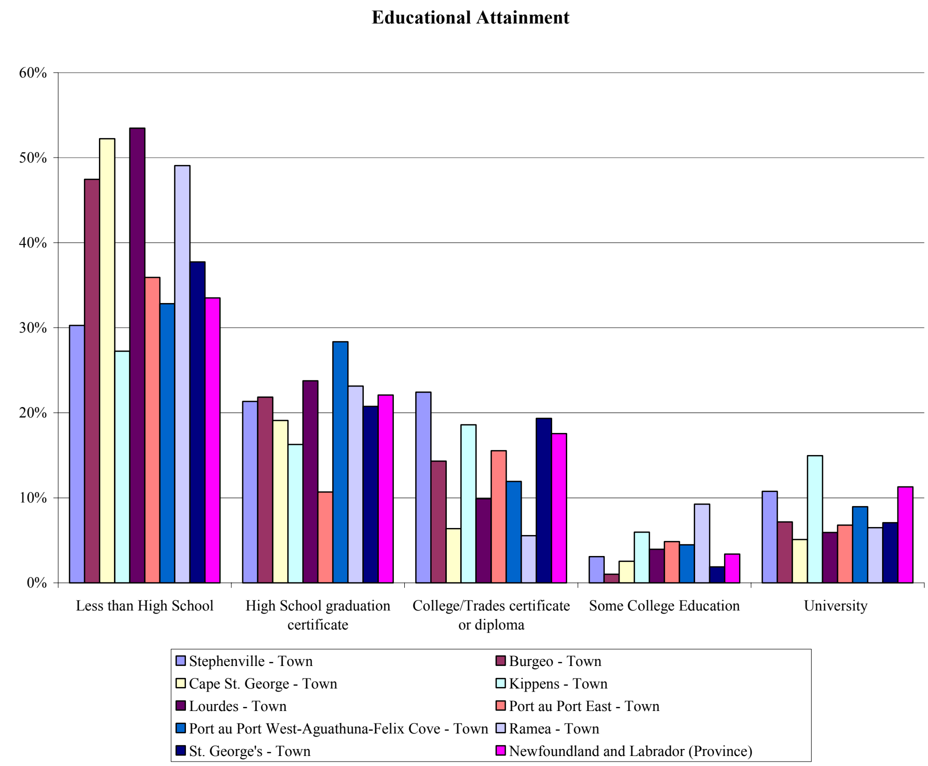


Figure 5 – Educational Attainment, Selected Towns

Labour Force Characteristics

Table 7 provides data on the distribution of occupations in the selected towns in the region. The same distribution is also provided for the province. The table indicates the relative dominance of the service sector in the Stephenville area.

Table 7. Comparative Distribution of Occupations, Economic Zone 9 and Newfoundland and Labrador, 2006.

	Stephenville	*Burgeo*	*Cape St. George*	*Kippens*	*Lourdes*	*Port au Port East*	*Port au Port West-Aguathuna-Felix Cove*	*Ramea*	*St. George's*	*NL*
Resource-based industries	6%	12%	15%	8%	26%	13%	15%	21%	4%	10%
Construction	5%	6%	17%	10%	12%	0%	9%	7%	13%	7%
Manufacturing	4%	11%	3%	5%	5%	4%	12%	14%	8%	9%
Wholesale trade	4%	1%	0%	1%	0%	4%	0%	3%	2%	3%
Retail trade	17%	13%	3%	12%	0%	15%	18%	10%	15%	13%
Finance & real estate	2%	2%	5%	1%	0%	0%	0%	3%	3%	3%
Health care & social services	13%	9%	8%	18%	5%	13%	12%	3%	18%	13%
Educational services	14%	6%	17%	15%	19%	8%	12%	5%	10%	7%
Business services	11%	19%	8%	8%	7%	17%	6%	26%	9%	15%
Other services	24%	22%	20%	20%	17%	29%	12%	7%	22%	21%

Source: Prepared from 2006 Census Community Profiles.

Table 7 also indicates the continuing dependence of some communities on resource-based industries, as well as the various business and other services provided by the larger communities in the zone, e.g., business services, health care, educational services. Figure 6 provides the same information graphically.

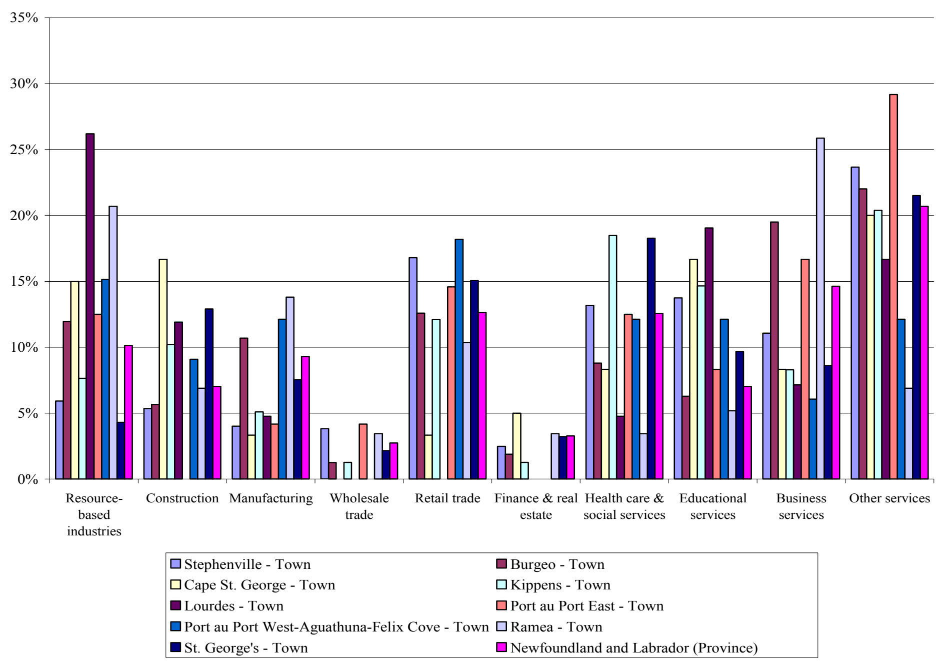


Figure 6 – Occupation Distribution, Selected Towns

Labour Market Statistics

In 2006, the average unemployment rate for the study area was 30% while the average for the province was 19% (see Table 8). Labour force characteristics are only widely reported at Census time and more regular reporting is for wider geographic regions so more recent data is not available.

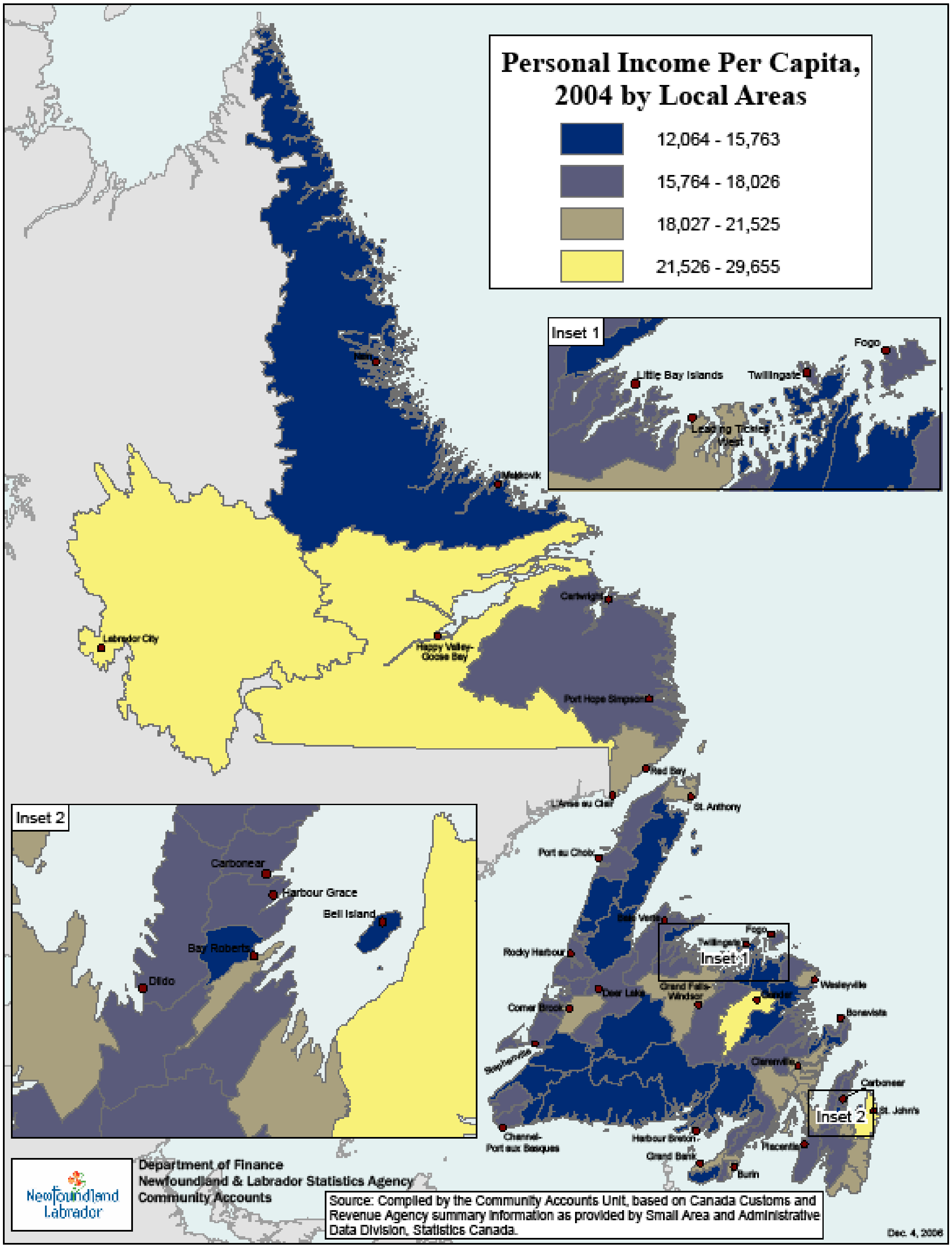
Table 8. Labour Market Statistics, Economic Zone 9 and Newfoundland and Labrador, 2006.

	Stephenville	*Burgeo*	*Cape St. George*	*Kippens*	*Lourdes*	*Port au Port East*	*Port au Port West-Aguathuna-Felix Cove*	*Ramea*	*St. George's*	*NL*
Working Age Population	5,485	1,460	785	1,500	505	510	330	540	1,060	422,385
In the labour force	2,750	805	335	850	225	250	165	295	470	248,685
Employed	2,255	490	205	695	140	170	140	180	320	202,525
Unemployed	495	320	125	155	85	75	25	115	150	46,150
Not in the labour force	2,735	655	450	655	280	265	165	245	590	173,705
Participation rate	50%	55%	43%	57%	45%	49%	50%	55%	44%	59%
Employment rate	41%	34%	26%	46%	28%	33%	42%	33%	30%	48%
Unemployment rate	18%	40%	37%	18%	38%	30%	15%	39%	32%	19%

Source: Prepared from 2006 Census Community Profiles.

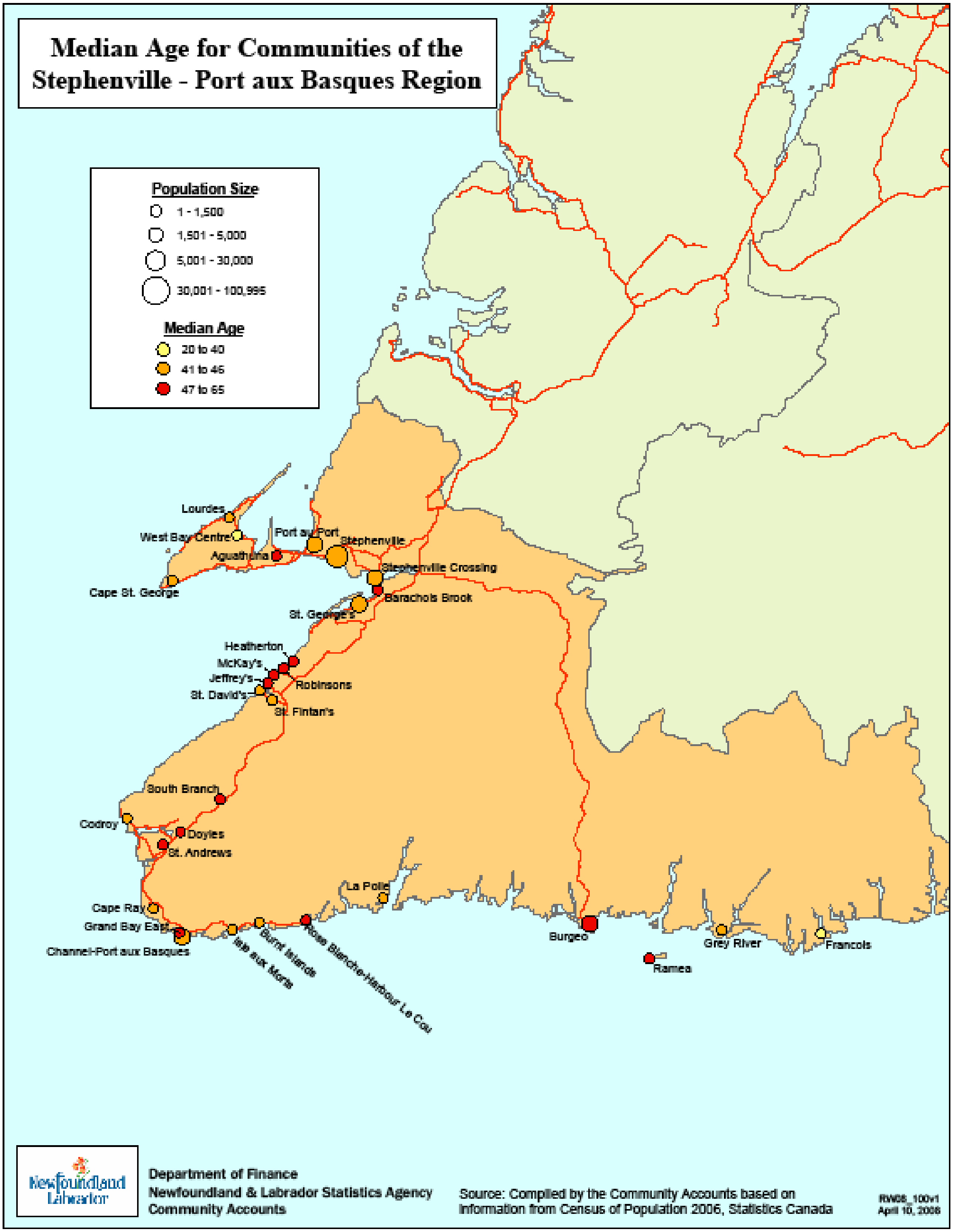
Appendix D

Community Accounts Zone 9 Mapping



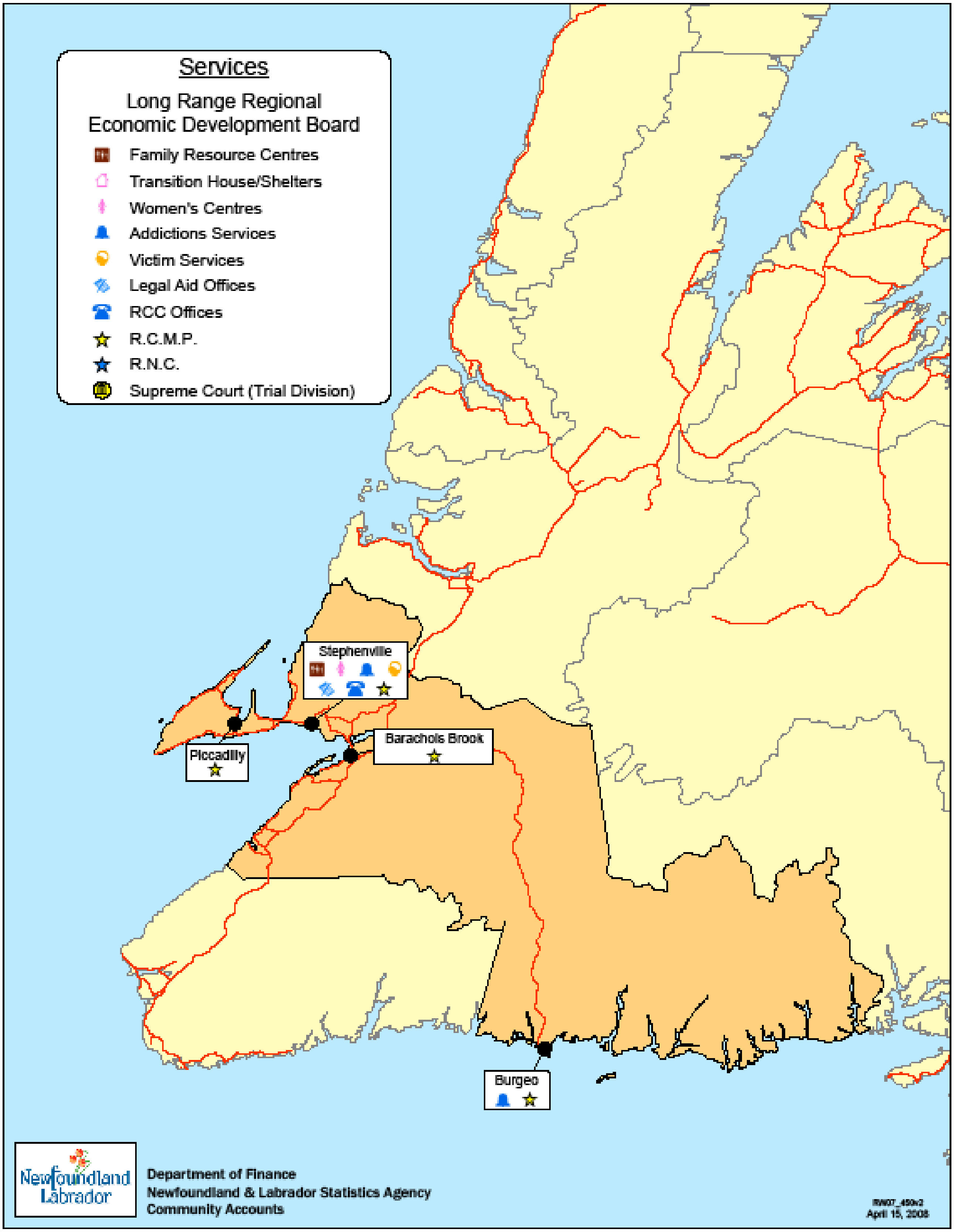
Map #1 Personal Income Per Capita.

It is noted that Zone 9 has income per capita levels that are on par with other regions of the province – i.e., low to moderate.



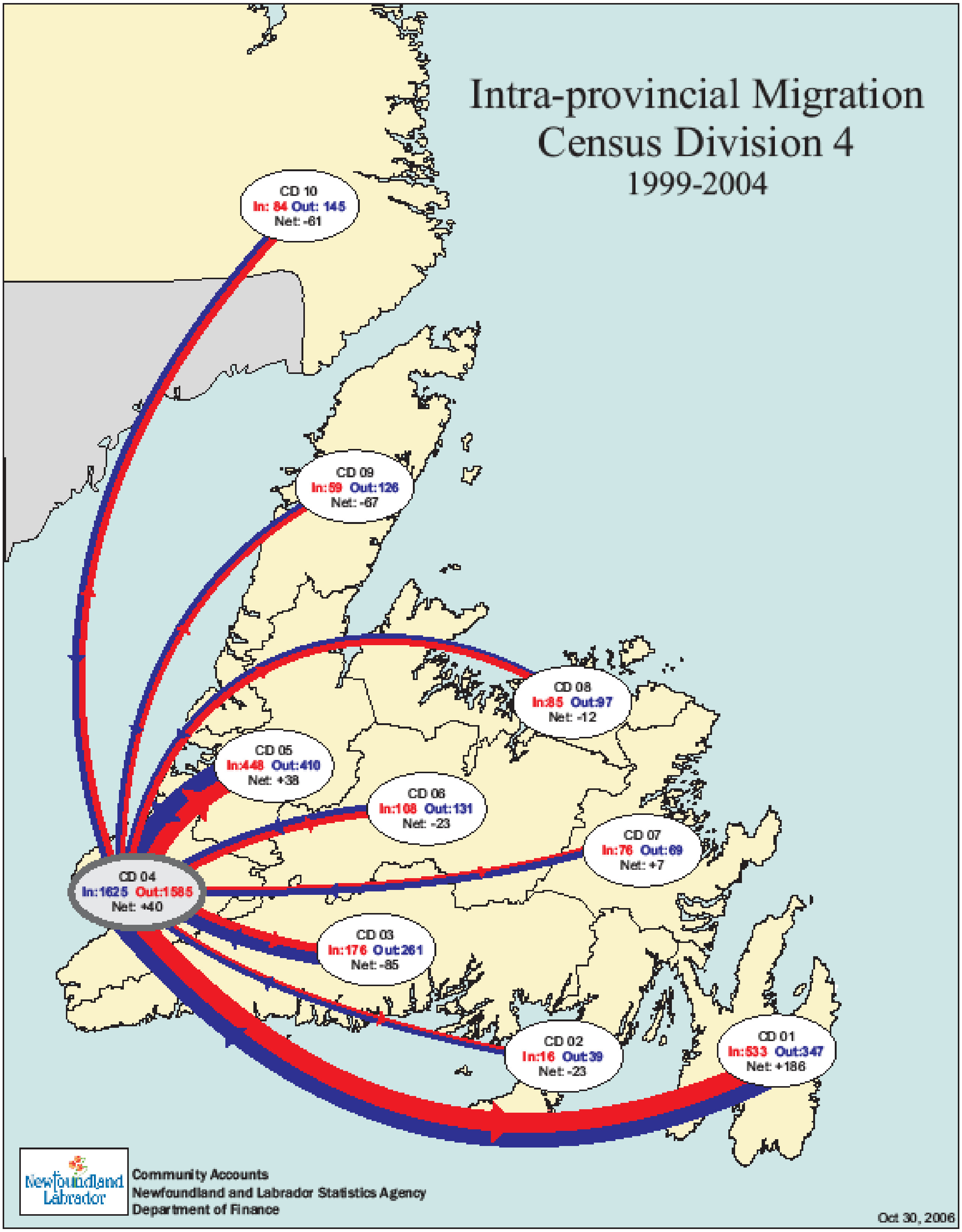
Map #2 Median Age

It is noted that Median Age levels in Zone 9 communities are relatively high.



Map #3 Services

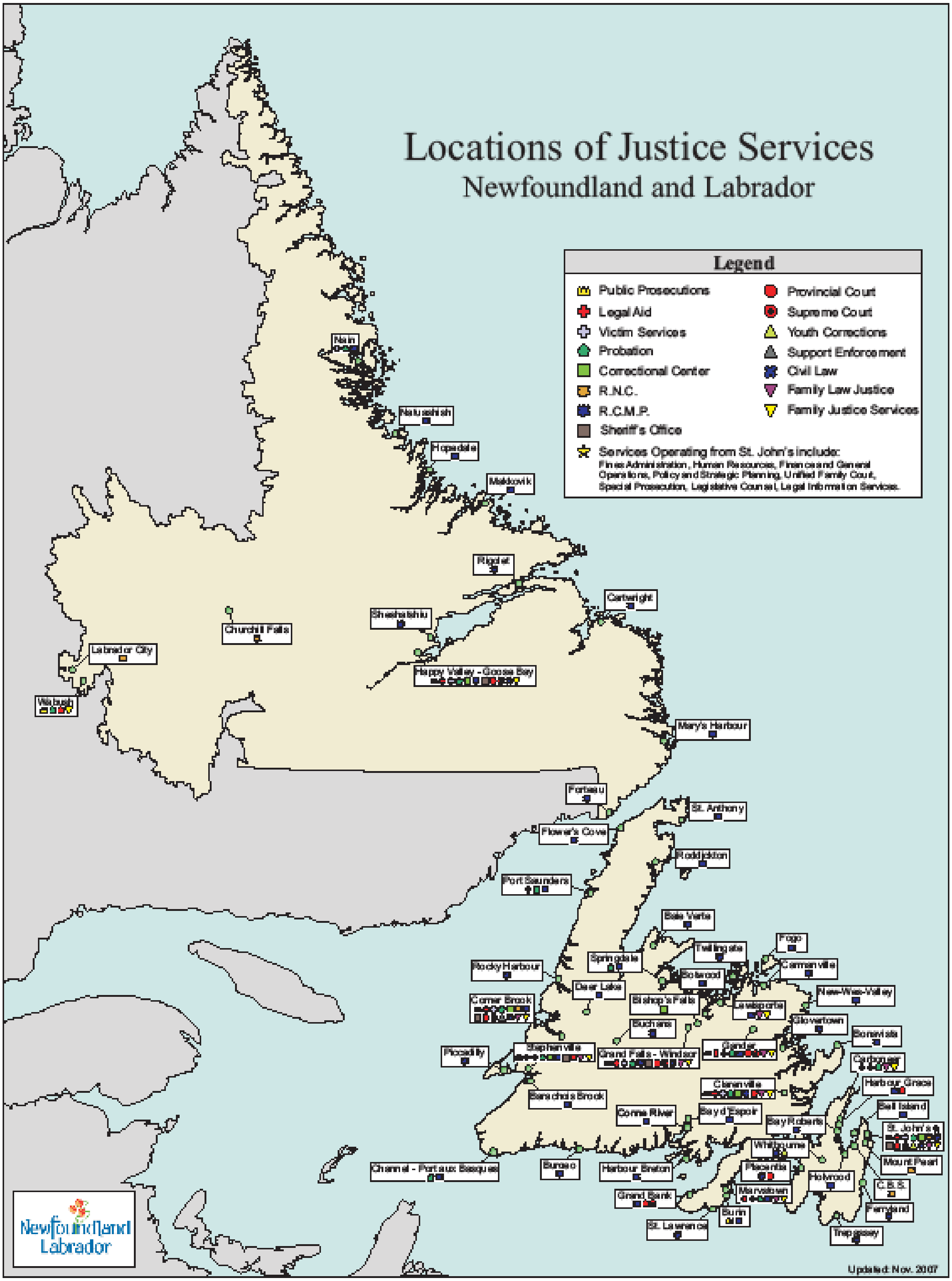
Map #4 MANL Organization Members



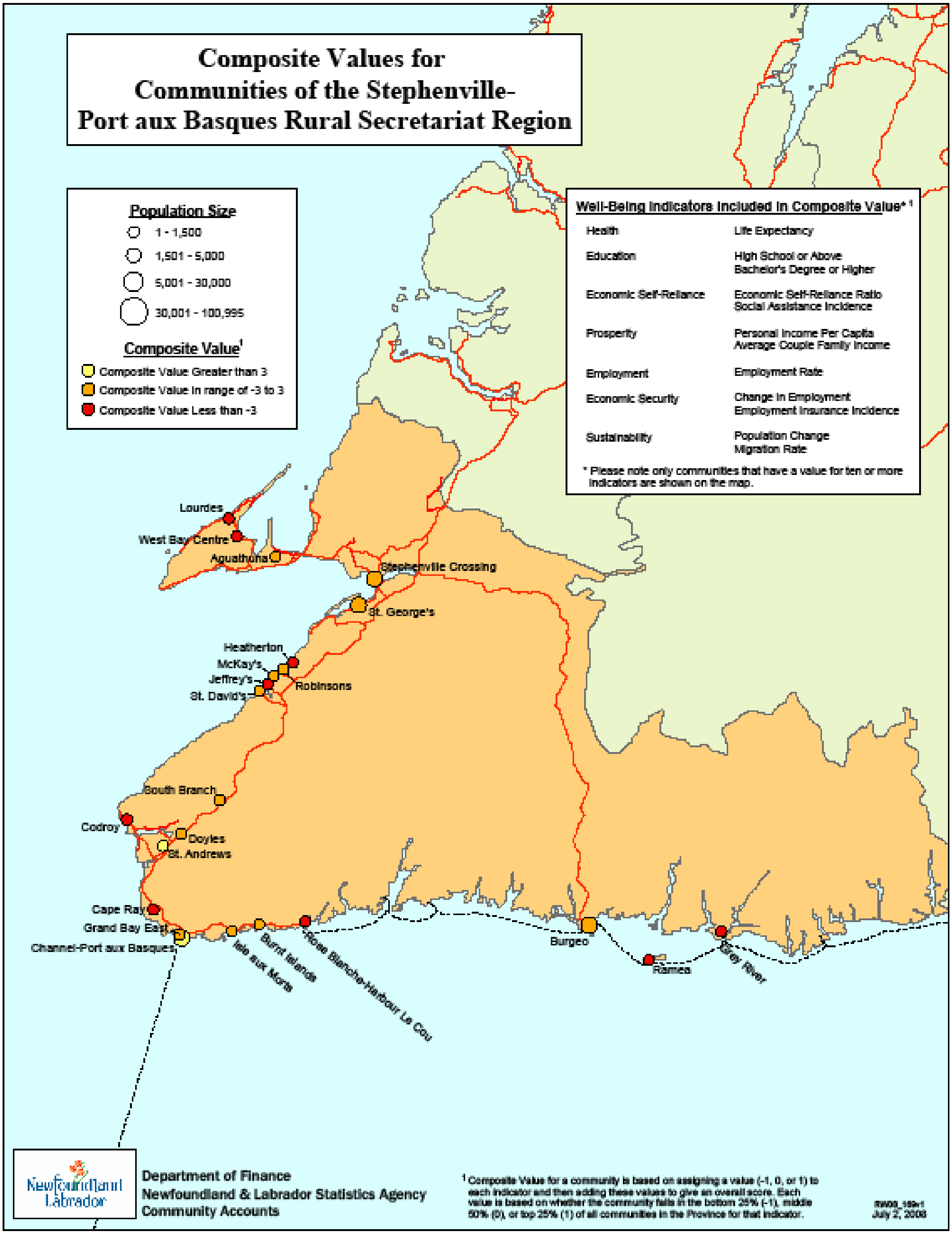
Source: Based on income tax records, Small Area Administrative Data Division, Statistics Canada

Map #5 Intra-Provincial Migration

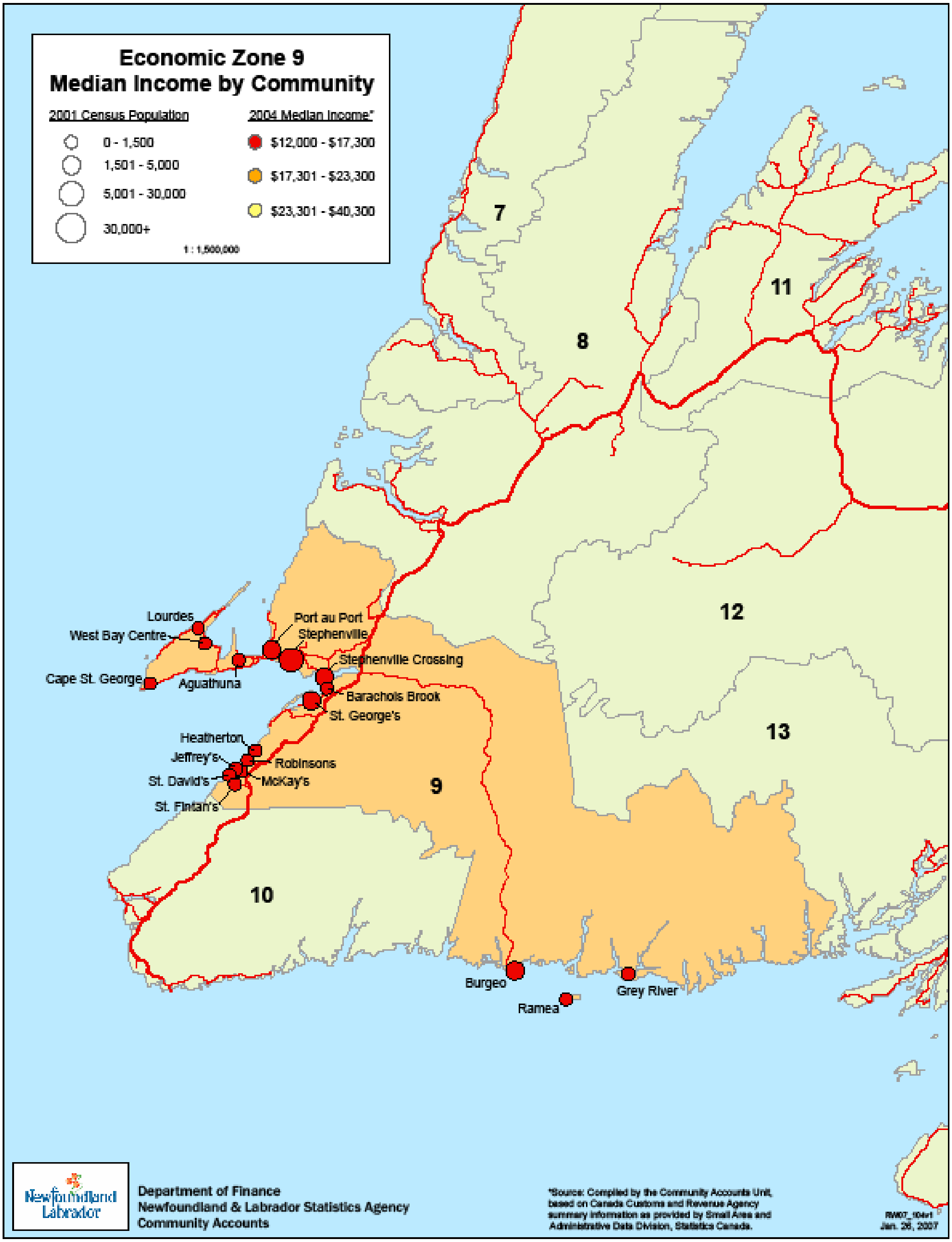
Zone 9 experienced a net out migration in recent years.



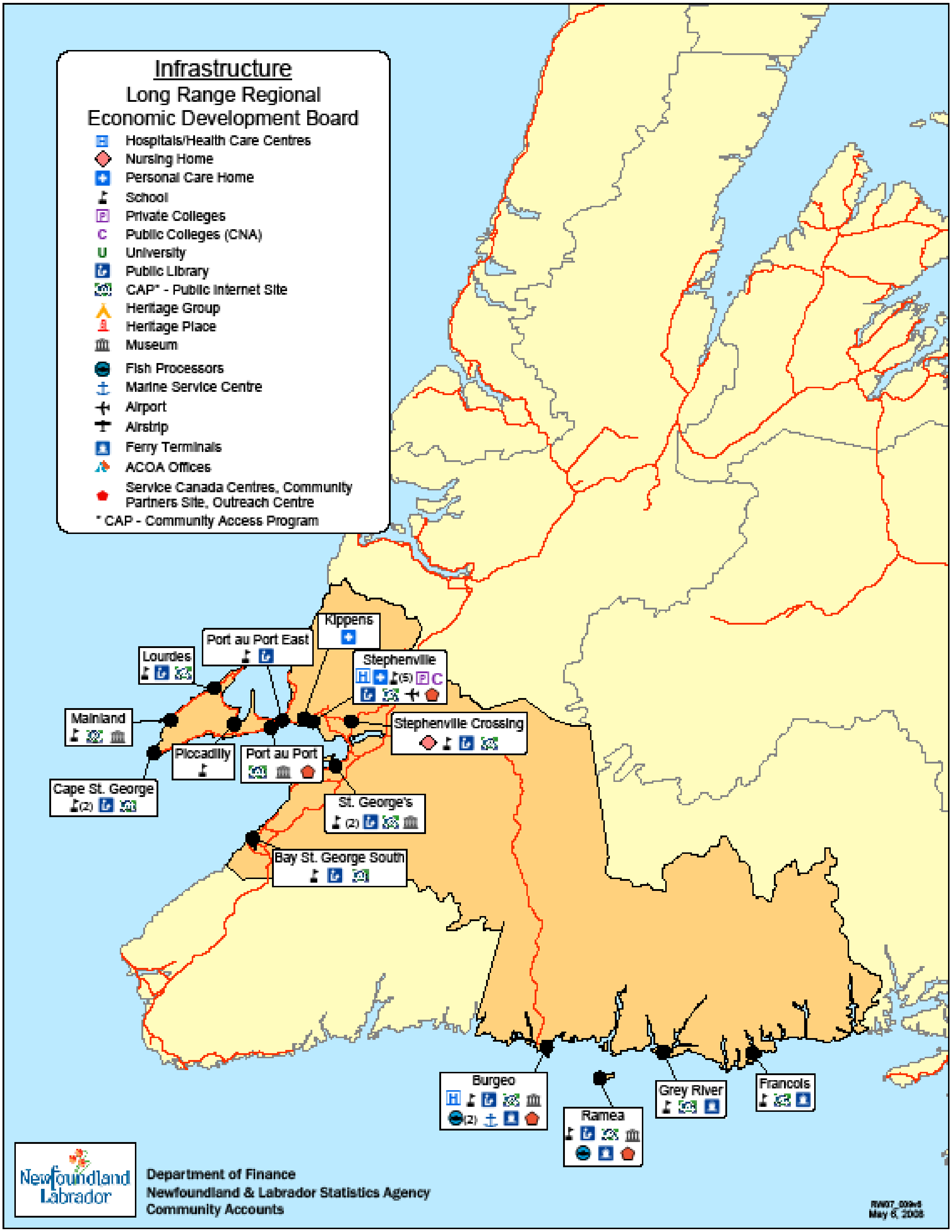
Map #6 Locations of Justice Services



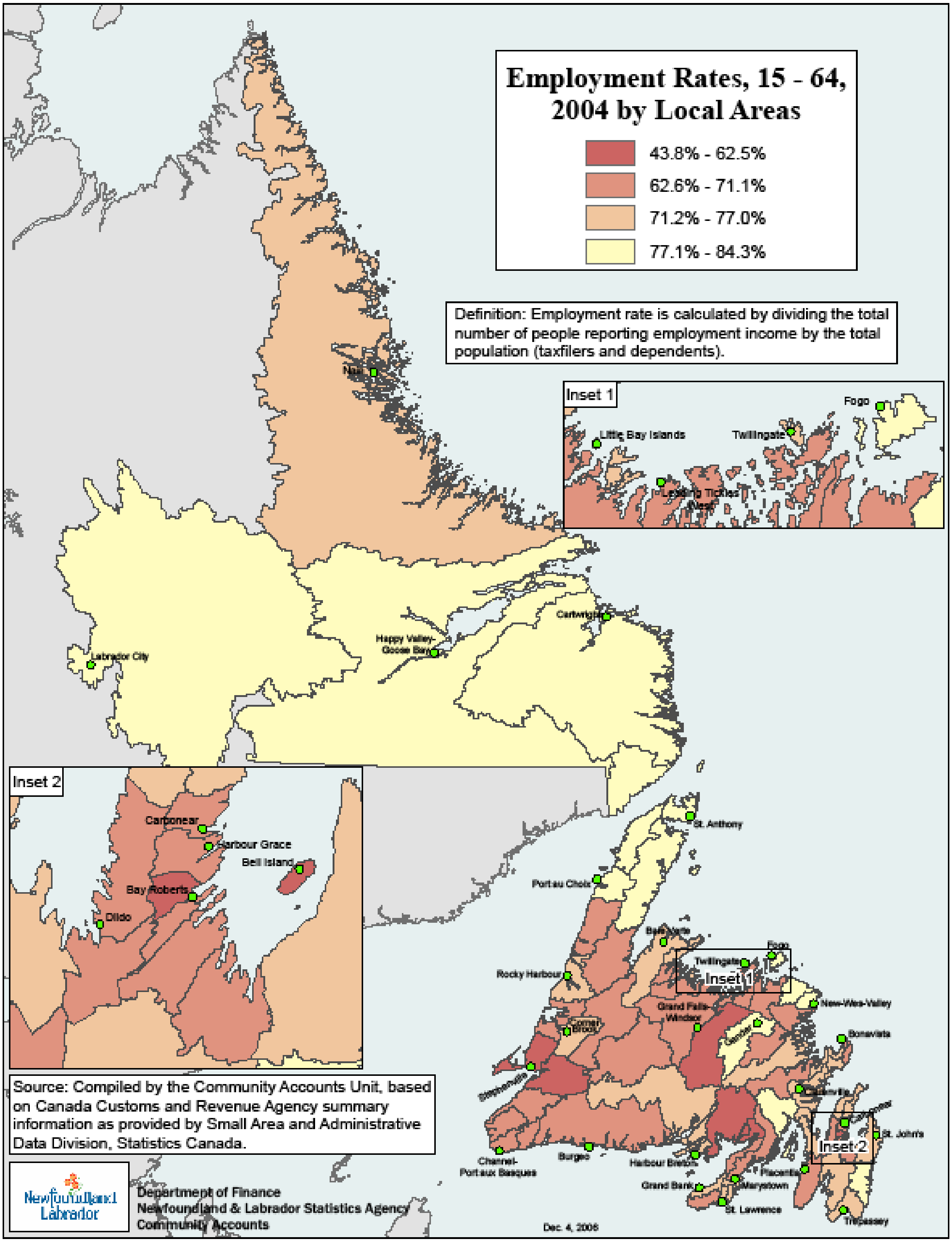
Map #7 Well Being Indicators



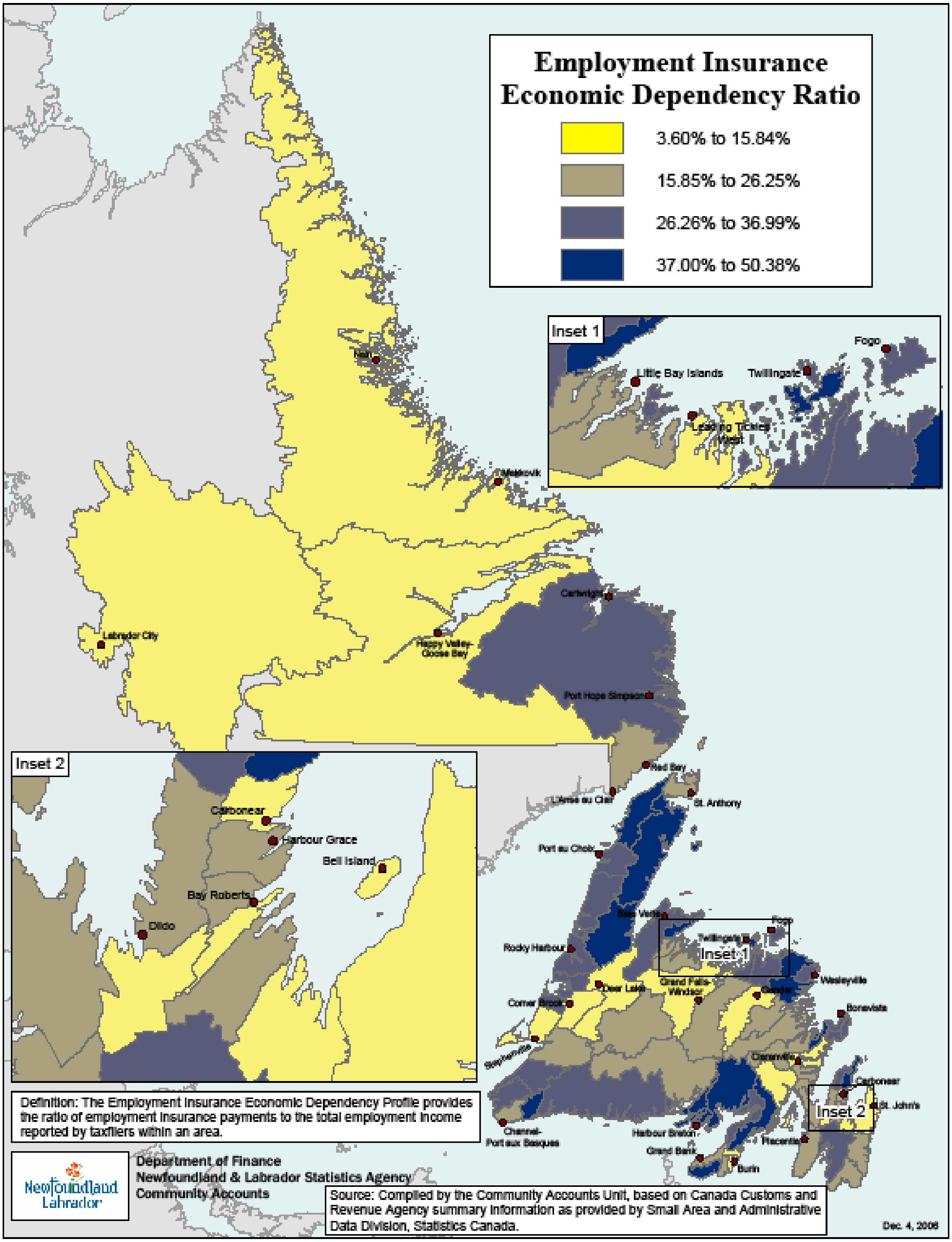
Map #8 Medium Income by Community



Map #9 Infrastructure



Map #10 Employment Rates



Map #11 Economic Dependency Ratio

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