

Rural 'bonding' studied

Susan Zielinski, February 22, 2011

Research into bonds that would give rural Albertans the opportunity to invest in their community has become a classroom project for University of Alberta students.

And the study is underway in Olds.

Olds Institute for Community and Regional Development and 14 students in the U of A's Department of Rural Economy have partnered for a class project to take a look at the benefit of developing local opportunity bonds that are allowed under the Alberta Agricultural Financial Services Act.

Stirling McLeod, past chairman with Olds Institute, said bonds could be a valuable tool for rural communities to access the capital people would invest elsewhere.

"If capital moves to the urban area, then jobs move to the urban area and our young people move.

"When our young people move, that puts more pressure on the ability of rural communities to sustain their infrastructure, things like hospitals and schools," McLeod said.

"Once those start dying, then the community is in big, big trouble."

Olds has the advantage of being located along Hwy 2, and attracts people with Olds College. Other communities don't, he said.

Bonds may be useful in helping communities develop viable businesses, construct recreation facilities or other infrastructure projects.

McLeod doesn't want Albertans to miss out on the opportunity to at least discuss the possibility of community bonds.

"Sustainable rural development is a retirement passion of mine and I just see this as a tool that needs to be explored."

U of A students involved in the capital retention project will be meeting with organizations and residents in Olds on March 7 and will present their preliminary findings April 9.

John Parkins, U of A rural economy professor and project supervisor, said British Columbia has had some success with similar bond programs.

"We're trying to learn from other places to find out from a government perspective, and from community perspective, the opportunities and restraints of doing this," Parkins said.

Unlike a community foundation that creates an endowment fund and gives out community grants, bonds allow private money to be invested for a financial return.

"Instead of going to the stockmarket in Toronto to invest, could they invest in ways locally that could give them something comparable in terms of return on their investment, but also taps into some of their interests as residents and people who are concerned about the future of their community."

The capital retention project is funded by the province's Access to the Future Fund through the Rural Experiential Learning Initiative (RELI).

Other students are working on an RELI interpretation project for Olds College's wetland and botanic garden, which is under construction.