

Creating Equality in Federal Economic Development Agencies in Canada

Issue

While every other federal economic development region within Canada has a standalone agency that is financially accountable to Parliament, the Northern Ontario development agency (FedNor) is the only one to exist solely as a program within Industry Canada. This means that, unlike its agency counterparts, FedNor's finances and performance are not fully accountable to the public and cannot be adequately monitored; conversely, the effectiveness of all other Canadian regional economic development agencies is due in large part to their accountability. FedNor's unique status as a program and not an independent agency also makes it the only federal economic development entity in Canada to lack access to basic protection from political vagaries.

Background

Created in 1987, the Federal Economic Development Initiative of Northern Ontario (FedNor) is a program within the Regional Operations Sector of Industry Canada. FedNor's deliverables have traditionally focused on promoting economic development, diversification, job creation and encouraging sustainable, self-reliant communities in Northern and rural Ontario. In recent years, FedNor's initiatives have expanded to include Community Futures Development Corporations (CFDCs) located throughout the province, including those within rural communities in eastern and southern Ontario. Prior to the dissolution of Parliament in March 2011, the program's budget was an estimated \$50 million.

This system is in contrast to how the federal government handles regional economic development for other areas of Canada. In the 2009 Federal Budget, the Government of Canada announced \$1 billion over five years for the creation of FedDev Ontario, a federal economic development agency for southern Ontario which operates independently of Industry Canada. FedDev is only one of many regional economic development agencies – each operating independently – as established through legislation by the government of Canada. Other such agencies include: Atlantic Canada Opportunities Agency (ACOA Act, 1988); Western Economic Diversification Canada (Western Economic Diversification Act, 1987); Economic Development Agency of Canada for the Regions of Quebec (Economic Development Agency of Canada for the Regions of Quebec Act, 2005).

The federal government has also created the Canadian Northern Economic Development Agency, a similar standalone organization for Canada's northern territories – Nunavut, Northwest Territories, Yukon – in August 2009. The result is that Northern Ontario remains the only economic development region in all of Canada to be overseen by a government program rather than a standalone agency.

Because of FedNor's status as a program, it does not benefit from the same legislative protections and requirements as these aforementioned government agencies. In particular, this means its budgetary and performance results are folded into Industry Canada's reporting figures, without any clear breakdown of individual initiatives within the program, and without any specific outline of successes and failures. This lack of full public transparency is unique to Northern Ontario's federal economic development situation.

As a result of its status as a program, rather than an agency, FedNor is also unique in that it is not afforded the same protection from political pressures as its agency counterparts. Whereas agencies require approval from Parliament to be modified or eradicated, programs such as FedNor merely require approval from the individual ministries as to whether or not they will receive funding or even continue to exist. This places FedNor in a politically precarious position, with no guarantees of its continued approval from one budget year to the next, and no sense of a legislatively defined mandate.

Overall, this leaves Northern Ontario at a unique disadvantage to gauge the success and failure of the federal government's regional economic development efforts, to determine its spending efforts, and to ensure its continuity of service -- -- abilities which are afforded to all of Canada's other regional economic development entities as a result of their different structure.

On four separate occasions in recent federal politics, members of Parliament from Northern Ontario communities have attempted to enact private members' bills that would establish a standalone federal economic development agency for Northern Ontario; three died on the Order Paper, while the fourth was introduced in June 2011. These include:

- Bill C-451: An Act to Establish the Economic Development Agency of Canada for the Region of Northern Ontario (Tony Martin (NDP), MP, Sault Ste. Marie; First Reading 6 June 2007)
- Bill C-499: A Act to Establish the Economic Development Agency of Canada for the Region of Northern Ontario (Anthony Rota (Liberal), MP, Nipissing-Timiskaming; First Reading 4 February 2008)
- Bill C-309: An Act to Establish the Economic Development Agency of Canada for the Region of Northern Ontario (Anthony Rota (Liberal), MP, Nipissing-Timiskaming; Third Reading 9 February 2011.)
- Bill C-204: An Act establishing the Economic Development Agency of Canada for the Region of Northern Ontario (Claude Gravelle (NDP), MP, Nickel Belt; First Reading 8 June, 2011.)

Providing a new structure for the existing FedNor framework by converting it from an internal ministry program to a standalone economic development agency for Northern Ontario will result in, at a minimum:

- The provision of economic development support programs and agencies equal in legal status to that of other regions of Canada
- The ability to track investment dollars into the region instead of a blended Industry Canada budget
- Full public transparency for FedNor's performance and finances
- The assurance of program continuity for both providers and clients of economic development initiatives
- Better provision of services by economic development officers based on the certainty and/or continuity of funding programs from year-to-year
- The federal government demonstrating an expression of confidence in Northern Ontario people, businesses and communities.

Recommendation

That the federal government institute equality among all of Canada's regional economic development agencies by immediately tabling legislation converting the FedNor program within Industry Canada into a standalone economic development agency of Canada for the Region of Northern Ontario utilizing the current resources (both human and financial) and existing infrastructure associated with the FedNor program.