



NORTHERN
POLICY INSTITUTE

INSTITUT DES POLITIQUES
DU NORD

Commentary No. 15 | September 2016

Governance in Northern Ontario:

Taking Ownership of the Future

Who We Are

Some of the key players in this model, and their roles, are as follows:

Board: The Board of Directors sets strategic direction for Northern Policy Institute. Directors serve on operational committees dealing with finance, fundraising and governance, and collectively the Board holds the CEO accountable for achieving our Strategic Plan goals. The Board's principal responsibility is to protect and promote the interests, reputation, and stature of Northern Policy Institute.

President & CEO: Recommends strategic direction, develops plans and processes, and secures and allocates resources to achieve it.

Advisory Council: A group of committed individuals interested in supporting, but not directing, the work of Northern Policy Institute. Leaders in their fields, they provide advice on potential researchers or points of contact in the wider community.

Research Advisory Board: A group of academic researchers who provide guidance and input on potential research directions, potential authors, and draft studies and commentaries. They are Northern Policy Institute's formal link to the academic community.

Peer Reviewers: Ensure specific papers are factual, relevant and publishable.

Authors and Research Fellows: Provide independent expertise on specific policy areas as and when needed.

Standing engagement tools (general public, government stakeholders, community stakeholders): Ensure Northern Policy Institute remains responsive to the community and reflects THEIR priorities and concerns in project selection.

President & CEO

Charles Cirtwill

Board of Directors

Martin Bayer (Chair)
Ron Arnold
Pierre Bélanger
Thérèse Bergeron-
Hopson (Vice Chair)
Terry Bursey
Dr. Harley d'Entremont
Alex Freedman

Dr. George C. Macey
(Vice-Chair & Secretary)
Hal J. McGonigal
Dawn Madahbee
Gerry Munt
Doug Murray (Treasurer)
Dr. Brian Tucker

Advisory Council

Dr. Gayle Broad
Barbara Courte Elinesky
Brian Davey
Tony Dean
Don Drummond
Tannis Drysdale (Chair)
John Fior
Ronald Garbutt

Peter Goring
Frank Kallonen
Duke Peltier
Kathryn Poling
Peter Politis
Tina Sartoretto
Keith Saulnier

Research Advisory Board

Dr. John Allison
Dr. Hugo Asselin
Dr. Randy Battocchio (Chair)
Dr. Stephen Blank
George Burton
Dr. Robert Campbell
Dr. Iain Davidson-Hunt
Jonathan Dewar

Dr. Livio Di Matteo
Dr. Morley Gunderson
Dr. Anne-Marie
Mawhiney
Leata Ann Rigg
S. Brenda Small
J.D. Snyder
Dr. Lindsay Tedds

This report was made possible through the support of our partners Lakehead University, Laurentian University and Northern Ontario Heritage Fund Corporation. Northern Policy Institute expresses great appreciation for their generous support but emphasizes the following: The views expressed in this commentary are those of the author and do not necessarily reflect the opinions of the Institute, its Board of Directors or its supporters. Quotation with appropriate credit is permissible.

Author's calculations are based on data available at the time of publication and are therefore subject to change.

Edited by Barry A. Norris and Mike Commito

© 2016 Northern Policy Institute
Published by Northern Policy Institute
874 Tungsten St.
Thunder Bay, Ontario P7B 6T6

ISBN: 978-1-988472-76-8

About the Author

David MacKinnon



Mr. MacKinnon is a frequent commentator on Canadian fiscal issues. He has spoken to audiences across Ontario and his work has appeared in the Globe and Mail, the Toronto Star, the National Post and many local newspapers across Canada. He has also been a guest on The Agenda on TVO, the BNN and other national public affairs programs.

Mr. MacKinnon is a native of Prince Edward Island. He was awarded a Bachelor of Arts degree (honours economics) from

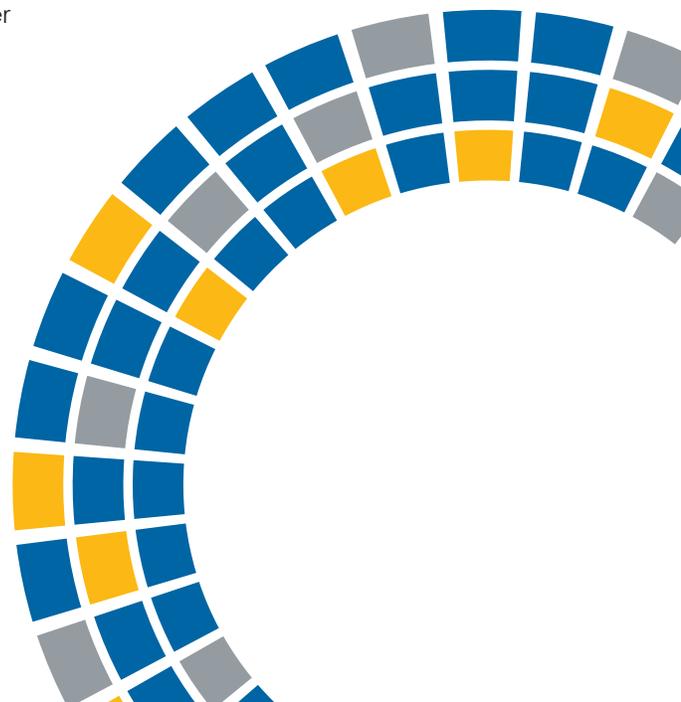
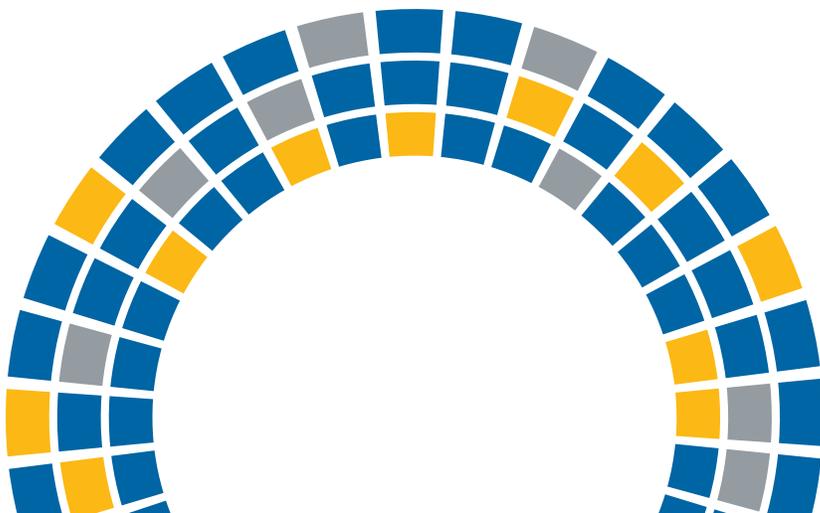
Dalhousie University and an MBA from York University. He was also awarded a Centennial Fellowship by the Canadian Imperial Bank of Commerce and York University to study at York, Harvard and Oxford Universities as well as the European Institute of Business Studies.

Mr. MacKinnon served as Director, Planning and Economics and Executive Director, Development Strategy in the Nova Scotia Department of Development from 1977 to 1981. He later served in several senior capacities in the Ontario Ministry of Finance, the Bank of Montreal and as CEO of the Ontario Hospital Association from 1996 to 2003. He was also CEO of the Ontario Development Corporation, Ontario's major economic development agency, from 1986 to 1993.

He is a Past Chair, West Park Healthcare Center, a Toronto rehabilitation hospital and currently serves as a Director of the Finance Committee at the Canadian Standards Association. He also served several years on the Governing Council and subsequently on the Patient Relations Committee of the Ontario College of Physicians and Surgeons.

In 2012, Mr. MacKinnon joined the board of the Quinte Health Care Center, a community hospital with sites in Picton, Belleville, Bancroft and Trenton.

David and his wife Betsy moved to Prince Edward County in 2010 after sailing in county waters for fifteen years.



Executive Summary

Governance is an important area of concern because inadequate governance can lead to poor economic strategy and an insular mindset, while good governance is the key to the development of good economic strategies. This paper argues that many of Northern Ontario's economic and social problems are linked to governance issues, and that changes in how the region is governed — that is, in how political authority is exercised — could ameliorate these conditions and improve life in the North. Consequently, this paper recommends that Northern Ontario should look outward for alternative governance models, such as regional structures, and apply them here.

To assess how governance in Northern Ontario can be improved, this paper outlines current structures in jurisdictions in other countries, primarily northern regions, to identify trends and issues from the experiences of others that would be helpful in understanding Northern Ontario's governance opportunities and problems. It also focuses on governance in northern regions of other provinces, which share similar issues found in Northern Ontario. A particularly important governance question for the region is that of Aboriginal governance, a key concern given the importance of First Nations peoples in Northern Ontario's population. Progress here is vital, not only for the Aboriginal population, but also for Northern Ontario in general, and this will be explored in the final section of the paper.

The analysis of this literature scan concludes that regional governance would bring together communities in a region with many internal divisions, and it would permit greater economies of scale in the delivery of existing municipal services. As a result, the author posits that Northern Ontario should seek to pursue regional governance models using the following criteria:

- Each should be centred on a substantial existing community to ensure critical mass and to link urban and suburban regions together.
- The shape and size of each region should be influenced by economies of scale in delivering public services.
- Natural geography should play a role.
- The new boundaries should be as close to current district boundaries as possible.
- Affinities that exist with regions of neighbouring provinces should be taken into consideration. For example, a regional structure centred on Kenora should be shaped, in part, by the extensive links between that region and Manitoba.

The author makes several other recommendations related to governance:

- The Ontario and federal governments should treat Northern Ontario as though it were a separate province for the purposes of economic and statistical analysis.
- The Ontario government should propose, in cooperation with other provinces, that the Northern Development Ministers Forum be significantly upgraded and its infrastructure strengthened.
- Northern leaders, especially First Nations leaders, should begin the arduous process of shifting efforts to encourage economic development away from initiatives that depend on government to those that can be done in collaboration with the private sector.
- First Nations communities should consider substantially different governance arrangements to help them converge toward income levels found elsewhere.
- The existing Ontario First Nations Technical Services Corporation should be transformed and upgraded to provide technical and enhanced advisory services to all First Nations communities and people in Ontario.

Introduction

For at least the past thirty years, Northern Ontario's economy has performed less well than that of the province as a whole, or than the economies of the northern parts of other provinces and other northern countries and regions (MacKinnon 2015; Southcott 2013). Northern Ontario is also underperforming in the educational achievement and general social conditions of its population, particularly First Nations people (Southcott 2013).

This protracted period of, effectively, stagnation suggests that business and commodity cycles are insufficient to explain the region's problems. In this paper, it is argued that many of Northern Ontario's economic and social problems are linked to governance issues, and that changes in how the region is governed — that is, in how political authority is exercised — could ameliorate these conditions and improve life in the North.

To begin, what does governance mean and why does it matter?

Most would agree that governance encompasses organization structure, law, administrative process, history, and aspects of management. A useful definition of governance comes from a study by the World Bank. It states that governance is “the traditions and institutions by which authority in a country is exercised” (Kaufmann, Kraay, and Zoido-Lobaton 1999, 1).

That study, based on empirical evidence from 150 countries over a ten-year period, also notes that “there is a strong causal relationship from good governance to better development outcomes such as higher per capita incomes, lower infant mortality and higher literacy” (Kaufman, Kraay and Zoido-Lobaton, 1999, 1).

Former UN secretary-general Kofi Annan has offered a similar judgment: “good governance is perhaps the single most important factor in eradicating poverty and promoting development” (quoted in Graham 2015, 6). It is important to note that neither the World Bank study nor Annan's comments are limited to issues facing underdeveloped regions or jurisdictions. They have relevance wherever there is poverty and wherever people have aspirations for improved economic performance. Northern Ontario has both. Nobel laureate Angus Beaton has focused specifically on the intertwined issues of finance and governance. He notes that, “if poverty and underdevelopment are primarily consequences of poor institutions then, by weakening those institutions or stunting their development, large aid flows do exactly the opposite of what they are intended to do” (quoted in Business Week 2014).

There is consensus that good governance leads to better social and economic conditions. It does so

by enforcing property rights, creating equality of opportunity, promoting responsive governments, and dispersing economic and political power and influence.

Good governance is also essential to the development of good strategy, including economic strategy, and it is here that governance deficiencies have contributed to the development of a Northern Ontario economy that is increasingly out of place with global patterns of economic development (Bromilow and Garvey 2011). Business and government leaders in the North repeatedly stress the importance of primary sectors in building a better future for the region. Yet, as will be covered in more detail later, although primary sectors are important for the region's economy, they matter less than they used to and are likely to matter even less in the future.

A recent article in the *Globe and Mail* describes this trend, including associated reduced materials demand, as follows: “The 21st century business world is less and less a material enterprise that builds physical products, and more and more a virtual enterprise that is driven by software and technology — think Google, Monsanto, even Tesla. It is...the intellectual property that underlies companies' business models that [is] most critical for economic success” (Wolfe 2016).

Inadequate governance leads not only to poor economic strategy, but also to an insular mindset. Events and developments in the rest of the world are mentioned infrequently in public discourse on economic development in Northern Ontario. This insularity is evident both in government documents and in the academic literature on the North, which rarely includes comparisons with other jurisdictions or reporting on governance initiatives elsewhere — even in Conteh and Segsworth's (2013a) *Governance in Northern Ontario*, an otherwise exceptional contribution to the literature on the region.

Accordingly, the next section of the paper outlines governance structures in regional jurisdictions in other countries, primarily northern regions, to identify trends and issues from the experiences of others that would be helpful in understanding Northern Ontario's governance opportunities and problems¹.

The third section of the paper focuses on governance in northern regions of other provinces, which share problems and issues found in Northern Ontario. This includes a comparison with the southern part of Ontario and in Northern Ontario, since the two parts of the province are governed differently.

¹ For a more detailed analysis of Northern Ontario relative to other comparators, see MacKinnon (2015).

Unlike in Southern Ontario, in Northern Ontario there are no counties or developed regional governance, with the possible exception of the City of Greater Sudbury. This means that the economies of scale and governance sophistication evident in Southern Ontario are often lacking (Southcott 2013).

The fourth section discusses the particular — and contentious — issue of Aboriginal governance, a key concern given the importance of First Nations peoples in Northern Ontario's population. Progress here is vital, not only for the Aboriginal population, but also for Northern Ontario in general.

The paper then concludes with some general recommendations or suggestions to improve governance in Northern Ontario. Better governance, whereby the region takes more responsibility for its own future, will mean a better future for Northern Ontarians.

Regional Governance in Other Countries

A complete assessment of the overall value and relevance of governance would require a comprehensive approach to all aspects of government programming and services, which is beyond the scope of this paper.

Accordingly, the exploration of this paper is limited to changes in approaches to governance in other, primarily northern, countries, to determine the relevance of governance in those jurisdictions to Northern Ontario. Rapid governance changes over relatively short periods of time in a particular jurisdiction are usually a negative development. They are likely to inhibit the consistent management of issues over time, particularly they when are accompanied by management changes, such as personnel and organizational structure, as is often the case.

Greenland

Greenland, an overseas territory of Denmark since 1814, became self-governing in 2009 after transfers of power from Denmark, which is now responsible only for the territory's foreign affairs, defence, policing, justice, and financial policy. The home country also provides a substantial subsidy to the island. Despite this devolution of powers, tension remains. The current premier, elected in 2013, has led a movement toward independence, an issue that has been hotly debated over the past few years. Greenland also withdrew from the European Community in 1985, the only territory or country to do so until Britain's recent vote to follow suit (Gad 2014).

The Faroe Islands

The Faroe Islands are also an autonomous region of Denmark, which is responsible for foreign relations and defence as well as the provision of financial support. Getting to these arrangements has been difficult. A referendum on independence was shelved in 2001 after Denmark indicated it would stop aid if the vote

was in the affirmative. Moreover, Denmark has also indicated that it would review subsidy arrangements if the islands benefited from oil and gas expected to be found in the area. These have not yet been found.

Åland

Åland is a group of islands located in the Baltic Sea between Sweden and Finland. The official language is Swedish, but the territory is an autonomous region of Finland. Early in the twentieth century, after many years of difficulty and conflict, disputes over the territory were arbitrated by the League of Nations.

Åland has its own parliament, even though the population is only 25,000. The territory's governance relationship with Finland has been renegotiated three times in recent decades. It is a member of the European Union, with a special protocol in place to define that relationship (Åland 2013). Most observers, however, would wonder about the cost-benefit balance of such complex governance arrangements for such a small population.

Scotland

The evolution of governance in Scotland has been a long process. The principal current development is devolution from the national government of the United Kingdom, which has occurred in three stages so far, beginning in 1998 with the creation of a separate Scottish parliament with the power to legislate in a list of devolved areas of authority.

The list was increased substantially in 2012, and is being increased again in the aftermath of the 2014 referendum on independence². The result, according to the Organisation for Economic Co-operation and Development (OECD), will make Scotland "one of the

2 For details, see the website of the Scottish Parliament at <http://www.parliament.scot/>.

most powerful devolved governments in the world" (Scotland Office, 3). Despite these changes, however, the Scottish parliament appears to have fewer powers than the legislatures of Canadian provinces.

The evolution of governance arrangements in Scotland has been complicated and divisive, and more of the same seems likely in future (see Cairney 2015). Scotland's governance future is difficult to predict.

Despite the relatively narrow victory of the "No" side in the independence referendum, the picture has been muddied by the strong support of Scottish voters for remaining in the European Union, even as the majority in the United Kingdom as a whole voted to leave in the recent "Brexit" referendum. As well, the collapse in oil prices — part of worldwide uncertainty in commodity markets — seems likely to have a major influence on the evolution of the relationship between Scotland and the rest of the United Kingdom.

Wales

Discussions on providing more powers to Wales, a principality within the United Kingdom, began shortly after the Second World War, but resulted only in a separate Welsh office. There were sharp divisions of opinion when devolution of powers appeared on the agenda. A referendum on devolution was initially defeated, but approved in a second referendum in 1997. The result was the establishment of the National Assembly for Wales, but with narrower devolved responsibilities than in Scotland (Commission on Devolution in Wales 2012). Sharp differences remain about current arrangements, and additional proposals have been made for further devolution in the aftermath of the Scottish independence referendum. In 2015, the then Secretary of State for Wales, Stephen Crabb, suggested that recent negotiation processes had been "rushed and unsatisfactory" (Watt 2015), while other Welsh politicians complained that plans for further devolution were "third rate" (Green 2015).

The Tennessee Valley Authority

The Tennessee Valley Authority (TVA) is a unique example of regional governance. Established by President Franklin D. Roosevelt as a corporation "clothed with the power of government but possessed of the flexibility and initiative of a private enterprise" (Tennessee Valley Authority n.d.), the TVA serves over 9 million people in seven states.

Although best known as a power producer, the TVA's functions also include matters relating to agriculture, land use, business development, environmental stewardship, navigation, and general economic development. The TVA generally has been regarded as a successful experiment in crossing political and program delivery boundaries. In recent years, the US federal government has sought, unsuccessfully, to divest the TVA to others. A good indicator of the value of the TVA is widespread opposition to this proposal in a region with conservative political values in other respects (Yudken 2015).

Although the TVA operates in a different climate in a different country than that of Northern Ontario, its central theme — public sector goals with private sector management techniques — could be an important theme for the North. Developing alliances with private corporations with long experience in the region could be one way to develop this theme.



Governance in Northern Regions of other Provinces and in Southern Ontario

For the most part, other provinces administer their northern regions through conventional ministerial arrangements and departments of northern affairs. Although there have been efforts to recognize that these northern regions are more similar to one another than to the southern regions of their respective provinces, horizontal linkages between them are underdeveloped. One important attempt to deal with this lack of linkages is through the Northern Development Ministers Forum, considered below.

Saskatchewan

Saskatchewan has tried an unusual approach to managing its northern region. From 1971 to 1991, a broad range of provincial programming was delivered by the Department of Northern Saskatchewan with its head office in La Ronge. Elected officials and public servants found, however, that there were arguments against the separation of much provincial programming in one region from other departments and from the legislative complex in Regina.

Perhaps the best judgment on the efficacy of this arrangement was its short lifespan. In 1991, the province reverted to a new Department of Northern Affairs, structured along the lines of similar departments in other provinces (Quiring 2006).

Quebec

Northern Quebec, more than half the total area of the province, is divided into two administrative regions. The government of Kativik, the most northerly of the two, is responsible for transportation infrastructure, economic development, policing, and the environment, among other services. The population of Kativik is mainly Inuit³.

Eeyou Istchee Baie-James, the second district, was newly established in 2014. The regional government is responsible for land-use planning, regional economic development, financial arrangements to support development projects, lakes and rivers, parks, power, and waste management. Particular priority is attached to land-use issues. The unique aspect of this model is that the government is made up of eleven Cree representatives and eleven from the non-Aboriginal population, with the chair rotating between the two groups every two years (CBC News 2014).

3 See the Kativik Regional Government website, at <http://www.krg.ca/>.

The relevance of Quebec's experience with these two territories to Northern Ontario is less than one might anticipate, however, as their population, taken together, is only about 5 percent of Northern Ontario's. Moreover, the Aboriginal share of the population in both Quebec districts is much greater than that in Northern Ontario. This circumstance enables a direct role in government for Aboriginal people in the two districts that would be difficult to put in place in Northern Ontario, although cooperative governance might make sense for particular regions or communities within Northern Ontario. On the other hand, Ontario could learn from Quebec's experience with regional governance, with all its advantages in program delivery over large geographical areas.

Southern Ontario

Southern Ontario, unlike Northern Ontario, is divided into counties, which deliver certain functions, such as arterial roads, health services, and social services, locally. Northern Ontario thus forgoes some of the advantages of scale in delivering public services.

Other major differences exist between the two parts of the province which might lead some to question the relevance of comparing their governance arrangements. In fact, however, the whole province is subject to global economic trends, which are arguably more important than local circumstances. In addition, the historical and administrative linkages between the two parts of Ontario are obviously important.

Developed regional governments, which cover much of Southern Ontario⁴, are absent in the North, with the possible exception of the City of Greater Sudbury, the successor to the Regional Municipality of Sudbury.

4 Editor's Note: It should be mentioned that there are several regional service delivery organizations present in Northern Ontario. These include District Social Service Administration Boards, District Service Boards, Local Health Integration Networks and Boards of Health. While, at present, these entities are largely constrained to local service delivery and administration, they demonstrate the value of regional coordination. They could, in theory, form the basis for truly independent regional governance. This would require, however, significant changes in their legislated authority and accountability structures and should, as outlined in this paper, include structural linkages and shared authority with indigenous peoples and communities in the North.

Instead, Northern Ontario is divided into districts, although the Association of Municipalities of Ontario says these “do not serve any municipal purpose” (AMO 2016). In Southern Ontario, regional governments have had the additional benefit of reducing long-standing and counterproductive rivalries among communities. Hespeler, Cambridge, and Kitchener, for example, were constant rivals before regional governance was introduced⁵.

Regional governments, because there are fewer of them, also make it much easier for regions to discuss issues of concern to them with senior governments. The Niagara Region, for example, now has thirty representatives drawn from local municipalities. As a result, local differences are managed at the local level, while the region speaks with one voice (Niagara Region n.d.).

Governance arrangements similar to those in Southern Ontario should be very attractive in Northern Ontario for the reasons noted and to overcome long-standing problems stemming from a lack of collaboration. Conteh and Segsworth note that “there is a systemic lack of policy cooperation among the public, private, and community or non-profit sectors in a number of fields [in Northern Ontario]” (2013b, 9).

Research and Networking Organizations

Enhanced collaboration, collaborative research, and extensive networking constitute a more indirect approach to Northern Ontario governance issues.

The Northern Development Ministers Forum

The Northern Development Ministers Forum, established in 2001, recognizes the similarities that exist between Northern Ontario and the northern regions of other provinces. Its mandates are to reinforce cooperation, advance the social and economic interests of northerners, exchange information, and, where appropriate, recommend actions that governments can take within their respective mandates (Northern Development Ministers Forum n.d.). Although the Forum provides valuable research and information exchange activities, it does not set policy or deliver programs.

Mid-Canada Development Corridor

In the 1960s, Richard Rohmer proposed that a mid-Canada development corridor be established to put in place the extensive new infrastructure that would be needed both to support development and to further populate the mid-north region. After extensive discussion, the proposal faded away, but it has surfaced occasionally since, with little actual result (Van Nostrand 2014).

Both the Northern Development Ministers Forum and proposals for a mid-Canada corridor reflect a theme of great importance that Canadians have

not yet fully addressed. In terms of demographics, economic development, social characteristics, and the environment, the northern regions of each province more closely resemble one another than their respective southern regions, and are underserved relative to the three northern territories. Two prominent observers consider this to be a governance crisis by itself (Coates and Poelzer 2014).

The Nordic Council

The Nordic Council is a substantial collaborative mechanism linking Denmark, Finland, Norway, Sweden, and Iceland. Eighty-seven delegates from the legislative bodies of these countries meet regularly to deal with a broad set of issues common to them all. A Council of Ministers supports and coordinates the work.

What is now known as the Nordic model emerged after the Second World War after centuries of disputes, wars, and conflict in the region. The change has been dramatic: the model is now characterized by several layers of collaborative arrangements in culture, education, welfare, civil rights, the environment, and trade. There is an agreed-upon research and policy planning agenda, although actual implementation of legislation and program changes remains with national legislators.

The senior adviser to the Nordic Council notes that “it is no secret that Nordic cooperation is respected: many countries and regions of the world have their eyes on the Nordic countries and the Arctic and consider the cooperation to be very admirable. Nordic cooperation is unique” (Qvistgaard 2015).

⁵ The author was previously employed by the Ontario Ministry of Treasury, Economics and Intergovernmental Affairs, and participated in regional matters at the time several regional governments were planned or implemented.

The Arctic Council

The Arctic Council, founded in 1996, has eight members: Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, and the United States. Several Indigenous peoples' organizations are permanent participants (Arctic Council 1996). Several other countries, including China, Japan, and the United Kingdom, that do not have Arctic regions are permanent observers at the Arctic Council. The European Union has sought, but not yet obtained, observer status. This level of interest demonstrates the relevance of the Council and its programs.

The Council has six working groups, dealing with Arctic contaminants, monitoring and assessment, conservation of flora and fauna, the environment, and sustainable development. In addition, the Council decided in 2009 to focus on search and rescue in the Arctic, safety standards for oil and gas production, and limiting carbon dioxide drivers of climate change (Axworthy, Koivurova, and Hasana, 2012). Council meetings are held every two years and are normally attended by the foreign ministers of member states. The meetings generate substantial public interest, and decisions are made by consensus.

In recent years, the Council has survived increased tensions between Russia and other members, and has operated relatively smoothly with little controversy over a twenty-year period. Most observers consider it has been successful in drawing public attention to the Arctic region, its opportunities and problems.



General Conclusions from other Experiences

The relevance of other governance experiences for Northern Ontario can be assessed in relation to several criteria:

- have these governance models been in place long enough to achieve positive results?
- are these arrangements generally supported without serious divisions in relation to them?
- is the population served by each big enough to permit comparisons with Northern Ontario?
- are the resources expended on each arrangement reasonable in relation to the population served?
- in each case, is there enough similarity between the constitutional and political environment and Northern Ontario to permit easy adaption of lessons learned elsewhere?

Based on these criteria, governance arrangements that involve the devolution of powers from other governments should be avoided. Devolution in nearly all the examples cited — Greenland, the Faroe Islands, Scotland, and Wales — has been both protracted and divisive, and remains so. These experiences suggest that devolution of some provincial powers to a new type of northern assembly or even to a newly created province of Northern Ontario, as some have suggested, likely would lead to years and perhaps decades of division, and would involve important constitutional issues.

Other possibilities exist for a new administrative jurisdiction or jurisdictions in Northern Ontario that would deliver existing services, including municipal services. In Quebec, for example, Kativik has functioned without much difficulty for forty-five years, and that model has since been expanded with the establishment of Eeyou Istchee Baie-James in 2014.

The example of the Tennessee Valley Authority also seems relevant. The TVA provides common services over a large region that encompasses several jurisdictions, and can be viewed as a significant public/private sector partnership that has certainly stood the test of time. As well, the collaborative arrangements outlined above — the Nordic Council, the Arctic Council, and the Northern Ministers Development Forum — have operated over reasonable periods of time, can demonstrate substantial accomplishment, and are neither controversial nor divisive.

Many efforts have been made to assess regional government in Ontario over the sixty years since the first of these was established in Toronto. Generalizing from these experiences is challenging because, as a World Bank study of municipal financing notes: "[N]o one model stands out. The appropriate governing structure

in any one municipality will depend on the specific characteristics: the nature of the services it provides, the revenues sources available to it, the size and location of the municipality, the size of the municipality relative to the state or the province or the country as a whole, the nature of intergovernmental relations, the history of cooperation with neighbouring municipalities, and other factors" (Slack 2006, 101).

It is possible, however, to examine regional administration of programming for different types of municipal responsibilities.

For example, the Brockville and District Chamber of Commerce, in a study of municipal economic development activities, notes that regional economic structures across Ontario have been successful, and recommends that a county regional development organization be put in place for the Leeds and Grenville district (Brockville and District Chamber of Commerce n.d.). A similar study of Newfoundland and Labrador likely is also relevant to Northern Ontario given important similarities in the economic patterns of both regions. The study notes that regional organizations have been successful in that province and that cooperation, collaboration, and acting regionally are crucial for general development (Vodden, Hall, and Freshwater, 2013).

Some of the criteria noted above in relation to other jurisdictions are also relevant. Regional governments cover most of southern Ontario, generate little ongoing controversy once operational, and, in at least one case, a regional government has served as an intermediate stage for later full integration. Regional governments also enable stronger voices at provincial and national forums because local disagreements and controversies are managed locally.

Overall, the available evidence strongly suggests that regional governance could be a major step forward for Northern Ontario, but the structures that are most appropriate likely would vary depending on their location and size. Moving forward, the question of whether new regional governments in Northern Ontario should be one-tier or two-tier structures would need detailed examination.

Aboriginal Governance

Aboriginal communities in Ontario, especially First Nations communities, face extraordinary governance problems, and substantial changes in their governance could greatly improve the economic and social conditions of Aboriginal people. Indeed, many positive changes could be made without government action or policy change.

There has been much commentary describing the serious barriers that exist to good governance on reserves. These include the small size of many First Nations communities, government structures that are far too large in relation to populations served, government ownership of land, collective landholding, lack of accountability because of the absence of local collection of taxes, and many other factors (see, for example, Flanagan, Alcantara, and Le Dressay 2010).

Unequal economic and social conditions for First Nations in Northern Ontario have been amply documented for many years. By almost all measurable criteria, the economic and social welfare of Aboriginal people remains well below that of the remainder of the population (Ontario Ministry of Aboriginal Affairs 2015)⁶.

In a community well-being index developed by the federal government to facilitate analysis of First Nations issues, two First Nations communities are in the top one hundred Canadian communities, while ninety-eight of the one hundred lowest-scoring communities in Canada were First Nations communities (Graham 2015). Such significant disparities, existing over decades, cannot be attributed solely to business or commodity cycles or episodic financial crises. History and governance must play important roles, and are intertwined for both Aboriginal people and the entire population of Northern Ontario.

In 2004, the total registered First Nations population of Ontario was 163,654, with 79,186 living on-reserve and 82,852 living off-reserve (Ontario Ministry of Aboriginal Affairs 2015). In 2006, for Canada as a whole, 300,755 out of a total of 698,025 First Nations citizens lived off-reserve (Milke b 1).

Between 2001 and 2006, the proportion of First Nations people living off-reserve or outside traditional First Nations communities grew substantially although published figures vary depending on whether they are published by municipal, provincial or federal governments or other organizations.

Milke concludes that "a greater proportion [of First Nations people] lived off reserve in 2006 when compared with 2001" (Milke b 1).

Location matters. Incomes of Aboriginal citizens living off-reserve are much higher than those living on-reserve. In 2006, the Ontario Ministry of Aboriginal Affairs noted that "the average personal income of First Nations People is \$24,000. It is lower than the averages for both Metis and Non-Aboriginal people at \$29,000 and \$38,000 respectively. First Nations people overall have a higher average personal income than those who live on-reserve. On-reserve First Nations people average \$17,000 annually" (Ministry of Aboriginal Affairs Quick Facts 2015).

Much of this disparity is doubtless due to geography and other factors. However, the fact that economic welfare and living conditions are so much better off-reserve must serve, at least in part, as commentary about governance and related issues of opportunities on-reserve as opposed to elsewhere. Many Aboriginal people, in short, are voting with their feet.

There can be no reasonable expectation that First Nations communities as small as most are in Northern Ontario could provide the governance necessary for sustained convergence on economic welfare with other northern communities or to engage fully with global economic patterns and opportunities.

John Graham notes that, "[i]n the rest of Canada and elsewhere in the Western world, local governments serving 600 or so people have responsibilities limited to recreation, sidewalks and streets, and perhaps water and sewers. No countries assign to such small communities responsibilities in the 'big three' areas of education, health and social assistance, let alone in other complex areas such as policing, natural resource management, economic development, environmental management and so on" (2012, 38).

The changing distribution of First Nations people raises a related governance question: is enough attention being given to issues related to the urban population of First Nations people relative to that given to the smaller on-reserve population?

6 This Ministry is now the Ministry of Indigenous Relations and Reconciliation. The document, "First Nations in Ontario Quick Facts," is now no longer available on the government's website. The author was working from a hard copy version that was printed in 2015.

Possible New Directions for First Nations People and Communities

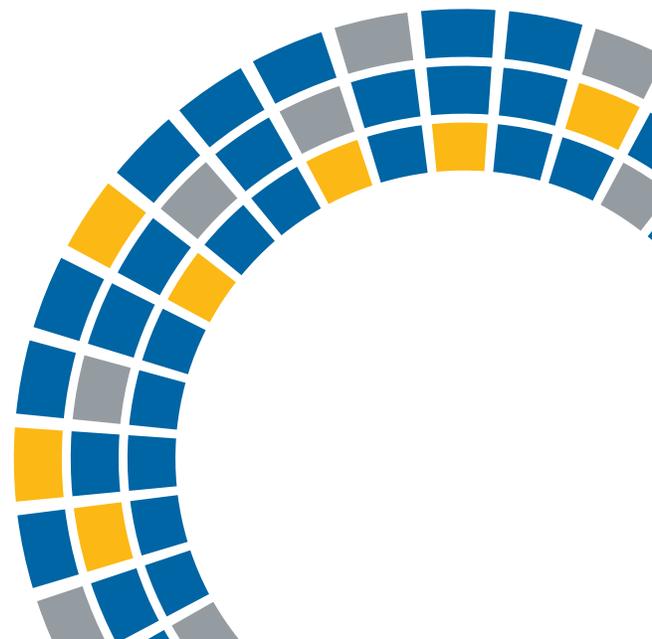
For changes to improve governance in Northern Ontario's First Nations communities to take place, Aboriginal leaders should consider new strategic directions. One such direction is to consider the experience of Aboriginal peoples elsewhere in Canada and in other countries and apply them to the region.

Another approach is to recognize the limited capacity of governments to resolve many Aboriginal issues. It is not as though governments have not tried, at least in monetary terms. Federal expenditures, adjusted for inflation, on Aboriginal issues increased by 882 percent per registered First Nations person between fiscal years 1949-50 and 2011-12; in contrast, federal program spending per capita for all Canadians over that period increased by 387 percent. Provincial spending per registered First Nations person rose by 985 percent between fiscal years 1993-94 and 2011-12, compared with an increase of 25 percent for all Canadians (Milke 2013a). Despite these efforts, the economic and social status of most First Nations communities remains poor, and well below that of other Northern Ontario communities. Clearly, money alone cannot solve these issues. Instead, the leadership necessary for change will almost certainly have to come from within the Aboriginal community.

Aboriginal leaders should also recognize that resource projects and primary industries are likely to be much less important as a source of growth in the future than in recent decades. Primary sectors and major resource projects have been emphasized heavily in most recent literature about Aboriginal economic opportunities. This emphasis is likely misplaced: the services sector and the innovation associated with it now accounts for about 80 percent of employment in most advanced countries (Piketty 2014).

It is also likely that growth in commodity sectors will be muted in the years to come by slower growth in China and globally, implying that subdued commodity demand is likely to be a fact of life for many years. A recent World Bank study predicts that prices of thirty-seven of the forty-six commodities the Bank monitors will fall. Moreover, these predicted lower prices are not likely to be short term in nature because they are linked to slower growth in emerging markets, a trend that can be expected to continue (Cosgrave 2016).

These trends do not bode well for communities and regions that base their hopes for the future on primary sectors. Opportunities in the primary sectors are significant – they employ 6.5% of the labour force directly and indirectly many more – but they will almost certainly be insufficient — for both the Aboriginal community and Northern Ontario as a whole.



Conclusions and Recommendations

No off-the-shelf model of governance philosophy or structure from other northern regions would be easily adaptable to Northern Ontario. Although it is possible to imagine some models in which power is devolved to the region from senior governments, most such approaches would involve legislative changes or complex agreements that have proved divisive elsewhere.

Instead, Northern Ontarians need to think creatively and view their region through a different lens. For example, the Northwestern Ontario Municipal Association, the Northeastern Ontario Municipal Association, and the provincial government should explore jointly the possibility of creating new regional governments similar to those in southern Ontario. Regional governance would bring together communities in a region with many internal divisions, and it would permit greater economies of scale in the delivery of existing municipal services. It would also draw on the extensive and generally positive experience with regional governance in Quebec and Southern Ontario.

These regional governments should include elected representatives of First Nations people, perhaps in proportion to their share of the population in each district. This variant of the Quebec model, while a precedent for Ontario, is not co-governance. Rather, its goals would be to ensure Aboriginal voices are heard and to encourage Aboriginal leaders to contribute fully and consistently to new governance arrangements for the benefit of the whole northern community.

Many criteria could be used to determine the number and attributes of new regional governments that would be appropriate:

- Each should be centred on a substantial existing community to ensure critical mass and to link urban and suburban regions together. This was the approach taken by the Regional Municipality of Sudbury and its successor, the City of Greater Sudbury, as they grew.
- The shape and size of each region should be influenced by economies of scale in delivering public services. Where advantages of size are considerable, these services should be lodged in municipalities that are as large as possible. Other services, such as parking lot administration, should be delivered by the level of municipal government that is closest to the population.
- Natural geography should play a role. Manitoulin Island, for example might be treated as one municipality, similar to Prince Edward County in the south, which is separated from the rest of Ontario by the Bay of Quinte and a canal.
- The new boundaries should be as close to current district boundaries as possible. Although these districts serve no specific municipal purpose, they have evolved naturally and people are generally familiar with them.
- Affinities that exist with regions of neighbouring provinces should be taken into consideration. For example, a regional structure centred on Kenora should be shaped, in part, by the extensive links between that region and Manitoba. Similarly, any regional structure in the Lake Timiskaming area should be influenced by the extensive cultural and linguistic linkages that exist with the Quebec region on the east side of the lake.
- The Ontario and federal governments should treat Northern Ontario as though it were a separate province for the purposes of economic and statistical analysis — perhaps the most important single step they could take to improve governance in the region (Cuddy 2016). Northern Ontario's population is nearly as large as Nova Scotia's, and the region should be treated accordingly in the national statistical system (MacKinnon 2015). Good governance needs good base information about standard economic and social variables, but such information is deficient in Northern Ontario, as many commentators have observed (see, for example, Segsworth 2013).
- The Ontario government should propose, in cooperation with other provinces, that the Northern Development Ministers Forum be significantly upgraded and its infrastructure strengthened. Networking arrangements elsewhere have generally been successful, and Canada and Ontario should build on this experience. Greater participation by legislators in each jurisdiction, a substantial permanent secretariat, and public meetings are three possible new directions.
- Northern leaders, especially First Nations leaders, should begin the arduous process of shifting efforts to encourage economic development away from initiatives that depend on government to those that can be done in collaboration with the private sector.

One possible approach derives from experience in Nova Scotia. In that province, a voluntary Economic Planning Board was established in 1963 and operated for more than forty years. During the early years of its existence, this organization was an important part of Nova Scotia's planning efforts (Memory NS n.d.). A similar organization in Northern Ontario could be established with participation by chambers of commerce, national organizations such as the Conference Board of Canada, the Alliance of

Manufacturers and Exporters, labour organizations, business leaders, regional research centres such as Northern Policy Institute, and First Nations representatives.

Such an organization could advise on government plans and economic development but its prime purpose would be to encourage increased self-reliance, private leadership, greater exposure to the global economy, and on-the-ground exposure to the world's most successful economic jurisdictions.

- First Nations communities should consider substantially different governance arrangements to help them converge toward income levels found elsewhere. The first step could be to establish an accreditation organization, or partner with an existing one, to benchmark the governance performance of First Nation communities. This difficult process would have to be voluntary, and some incentives from government might be necessary to get it started. Such an organization, however, would enable much improved judgment by First Nations people about the performance of current governance arrangements.
- The second step would be to transform and upgrade the existing Ontario First Nations Technical Services Corporation, the current mandate of which is to provide technical and enhanced advisory services to all First Nations communities and people in Ontario. The corporation's mandate could be enlarged to include managing the delivery of public services, under contract to First Nations communities that are too small to be able to deliver them effectively alone. The corporation could also assist with transitional programming and support for First Nations persons who choose to move off-reserve.

A previous study by the author demonstrated that examining Northern Ontario's underperformance through the lens of experience elsewhere could lead to useful policy innovation (MacKinnon 2015). This study leads to a similar conclusion with respect to governance. There is much that Northern Ontario can learn, particularly from Quebec, from the model in place in Southern Ontario, and from major national and international networking and collaborative organizations. What Northern Ontario needs is a willingness to make major changes by working within existing constitutional provisions and political structures, to develop a stronger regional identity, and to take more responsibility for its own future.



“What Northern Ontario needs is a willingness to make major changes...”

References

- Åland. 2013. "Åland's Autonomy." Mariehamn, Åland. Available online at <http://www.aland.ax/en/facts-about-aland/lands-autonomy/>, accessed January 22, 2016.
- AMO (Association of Municipalities of Ontario). 2016. "Ontario Municipalities." Available online at <http://www.amo.on.ca/AMO-Content/Municipal-101/Ontario-Municipalities>.
- Arctic Council. 1996. "Declaration on the Establishment of the Arctic Council." September 19. Available online at https://oarchive.arctic-council.org/bitstream/handle/11374/85/00_ottawa_decl_1996_signed%20%284%29.pdf?sequence=1&isAllowed=y.
- Axworthy, Thomas, Timo Koivurova, and Waliul Hasanat, eds. 2012. *The Arctic Council: Its Place in the Future of Arctic Governance*. Toronto: University of Toronto, Munk School of Global Affairs.
- Brockville and District Chamber of Commerce. n.d. "The Benefits of a Regional Economic Development Organization." [Brockville], ON. Available online at <http://www.gananoque.ca/sites/gananoque.ca/files/meetings/supporting-materials/Regional%20Economic%20Development%20Report%20-%20Brockville%20Chamber%20%20Aug.pdf>.
- Bromilow, Catherine, and Elaine Garvey. 2011. *Board Effectiveness: What Works Best*. Altamonte Springs, FL: Institute of Internal Auditors Foundation.
- Business Week. 2014. "A Well Deserved Prize: Recognition for an Economist Who Came Up With Ways to Measure Poverty and Consumption." Editorial, October 19–25, 18.
- Cairney, Paul. 2015. "Five Reasons Scottish Devolution Plans Are Doomed to Failure." *Conversation*, May 15. Available online at <http://theconversation.com/five-reasons-scottish-devolution-plans-are-doomed-to-failure-41915>.
- CBC News. 2014. "Eeyou Istchee-James Bay government launches in Quebec." January 21. Available online at <http://www.cbc.ca/news/canada/north/eeyou-istchee-james-bay-government-launches-in-quebec-1.2504781>.
- Coates, Ken, and Greg Poelzer. 2014. "It's Time to End the Neglect of Canada's 'provincial Norths'." MLI Commentary. Ottawa: Macdonald-Laurier Institute. April. Available online at <http://www.macdonaldlaurier.ca/mli-commentary-its-time-to-end-the-neglect-of-canadas-provincial-norths/>.
- Commission on Devolution in Wales. 2012. *Empowerment and Responsibility: Financial Powers to Strengthen Wales*. Cardiff. Available online at <http://gov.wales/docs/caecd/publications/140320silk1en.pdf>.
- Conteh, Charles, and Bob Segsworth, eds. 2013a. *Governance in Northern Ontario: Economic Development and Policy Making*. Toronto: University of Toronto Press.
- . 2013b. "Introduction." In *Governance in Northern Ontario: Economic Development and Policy Making*, ed. Charles Conteh and Bob Segsworth, 3–15. Toronto: University of Toronto Press.
- Cosgrave, Jenny. 2016. "World Bank slashes outlook for 80% of commodity prices." *CNBC*, January 26. Available online at <http://www.cnn.com/2016/01/26/>.
- Cuddy, James. 2016. "Getting the Small Things Right: How data suppression and provincial reporting distort Northern realities." Briefing Note 6. Thunder Bay, ON: Northern Policy Institute. Available online at <http://www.northernpolicy.ca/upload/documents/publications/briefing-notes/data-suppression-en.pdf>
- Flanagan, Tom, Christopher Alcantara, and André Le Dressay. 2010. *Beyond the Indian Act: Restoring Aboriginal Property Rights*. Montreal; Kingston, ON: McGill-Queen's University Press.
- Gad, Ulrik. 2014. "Greenland: A Post-Danish Sovereign Nation State in the Making." *Cooperation and Conflict* 49 (1): 98–118.
- Graham, John. 2012. "Dysfunctional Governance: Eleven Barriers to Progress among Canada's First Nations." *Inroads* 31 (Summer): 31–46.

- . 2015. "Closing the Well-Being Gap through Improved First Nation Governance." Winnipeg: Frontier Centre for Public Policy.
- Green, Chris. 2015. "Clegg and Cameron hail 'landmark' deal on Welsh devolution." *Independent*, February 27. Available online at <http://www.independent.co.uk/news/uk/politics/clegg-and-cameron-hail-landmark-deal-on-welsh-devolution-10075711.html>.
- Kaufmann, Daniel, Aart Kraay, and Pablo Zoido-Lobaton. 1999. "Governance Matters." Policy Working Paper 2196. Washington, DC: World Bank.
- MacKinnon, David. 2015. "A New Northern Lens: Looking Out Is as Important as Looking In." Report 3. Thunder, Bay, ON: Northern Policy Institute. Available online at <http://www.northernpolicy.ca/upload/documents/publications/research-reports/paper-a-new-northern-lens.pdf>.
- Memory NS. n.d. "Nova Scotia Voluntary Planning Board." Halifax. Available online at <https://memoryns.ca/nova-scotia-voluntary-planning-board>, accessed January 22, 2016.
- Milke, Mark. 2013a. "Ever Higher: Government Spending on Canada's Aboriginals since 1947." Vancouver: Fraser Institute, Centre for Aboriginal Studies.
- . 2013b. "Increasing number of Aboriginals choose not to live on reserves." *Calgary Herald*, January 12.
- Niagara Region. n.d. "About Niagara Region." Available online at <https://www.niagararegion.ca/about-niagara/default.aspx?footer=1>.
- Northern Development Ministers Forum. n.d. "About Us." Available online at http://www.focusnorth.ca/english/about_us.php, accessed January 22, 2016.
- Ontario. 2016. Ministry of Aboriginal Affairs. "First Nations in Ontario Quick Facts." Toronto.
- Piketty, Thomas. 2014. *Capital in the Twenty-First Century*. Trans. Arthur Goldhammer.
- Quiring, David. 2006. "North-South Relations, 1905 to the 1980s." *Encyclopedia of Saskatchewan*. Available online at http://esask.uregina.ca/entry/north-south_relations_1905_to_the_1980s.html.
- Qvistgaard, Nicolai Stampe. 2015. "Nordic Council President: Nordic cooperation relevant for everyone." Press release. UArctic, June 29. Available online at <http://www.uarctic.org/news/2015/6/nordic-cooperation-relevant-for-everyone/>.
- Scotland Office, Government of the UK. 2015. "5 Things You Might Not Know About Scotland's New Powers." June 3. Available online at <http://www.gov.uk/government/organisations/scotland-office>.
- Segsworth, Bob. 2013. "Results Measurement and Economic Development in Northern Ontario." *Governance in Northern Ontario: Economic Development and Policy Making*, ed. Charles Conteh and Bob Segsworth, 58–75. Toronto: University of Toronto Press.
- Slack, Enid. 2006. "Fiscal Aspects of Alternative Methods of Governing Large Metropolitan Areas." In *Perspectives on Fiscal Federalism*, ed. Richard M. Bird and François Vaillancourt, 101–22. Washington, DC: World Bank.
- Southcott, Chris. 2013. "Regional Economic Development and Socio-economic Change in Northern Ontario." In *Governance in Northern Ontario: Economic Development and Policy Making*, ed. Charles Conteh and Bob Segsworth, 16–42. Toronto: University of Toronto Press. In *Governance in Northern Ontario*, University of Toronto Press, 2013.
- Steele, Shelby. 2006. *White Guilt: How Blacks and Whites Together Destroyed the Promise of the Civil Rights Era*. New York: HarperCollins.
- Tennessee Valley Authority. n.d. "The 1930s." Available online at <https://www.tva.com/About-TVA/Our-History/The-1930s>, accessed January 22, 2016.

- Van Nostrand, John. 2014. "If We Build It, They Will Stay." *Walrus*, September 8. Available online at <https://thewalrus.ca/if-we-build-it-they-will-stay/>.
- Vodden, Kelly, Heather Hall, and David Freshwater. 2013. *Understanding Regional Governance in Newfoundland and Labrador: A Survey of Regional Development Organizations*. St. John's: Memorial University of Newfoundland. Available online at https://www.mun.ca/harriscentre/reports/research/2013/1305_UnderstandingRegionalGovernance.pdf.
- Watt, Nicholas. 2015. "Devolution settlement had 'corrosive effect' on UK, says Wales secretary." *Guardian*, June 23. Available online at <https://www.theguardian.com/uk-news/2015/jun/23/devolution-settlement-corrosive-wales-changes-stephen-crabb>.
- Wolfe, David. 2016. "Ottawa has been ignoring a critical piece of trade advice for 30 years." *Globe and Mail*, March 26, B7.
- Yudken, Joel. 2015. "If It Ain't Broke, Don't Fix It: Potential Impacts of Privatizing the Tennessee Valley Authority." EPI Briefing Paper 402. Washington, DC: Economic Policy Institute.



About Northern Policy Institute

Northern Policy Institute is Northern Ontario's independent think tank. We perform research, collect and disseminate evidence, and identify policy opportunities to support the growth of sustainable Northern Communities. Our operations are located in Thunder Bay, Sudbury, Sault Ste. Marie, and Kenora. We seek to enhance Northern Ontario's capacity to take the lead position on socio-economic policy that impacts Northern Ontario, Ontario, and Canada as a whole.

To stay connected or get involved, please contact us at:

1 (807) 343-8956 info@northernpolicy.ca www.northernpolicy.ca

Related Research

**Mid-Canada Boreal Corridor:
Planning for Canada's future**
John van Nostrand

**True North: How "Northern" is
Northern Ontario?**
Mike Commito

**Revolution or Devolution? How
Northern Ontario should be
governed**
Dr. David Robinson

**A New Northern Lens: Looking out is
as important as looking in**
David MacKinnon



NORTHERN
POLICY INSTITUTE

INSTITUT DES POLITIQUES
DU NORD

northernpolicy.ca