

ISSUE IN FOCUS



Celebrating 100 Years

SASKATCHEWAN
CHAMBER of COMMERCE

Funding Disparity Between WD and ACOA

Background:

The SCC commissioned an independent researcher to study the issue and draft a report on the disparity in funding between Western Economic Diversification Canada (WD) and the Atlantic Canada Opportunities Agency (ACOA). The findings of the report suggest that western Canada receives significantly less funding for regional economic development from the Federal Government than the Atlantic Provinces based on a variety of different measures.

Issue:

When comparing expenditures (including internal services) between WD and ACOA from 2011-12 to 2017-18, the Atlantic provinces have received almost \$1 billion more (\$957,974,621) in federal regional economic development funding than western Canada. The disparity in RDA dollars between ACOA and WD reaches a total of about \$1.1 billion when factoring in forecasted and planned spending for 2018-19 and 2019-20 respectively on top of the actual spending from 2011-12 to 2017-18 referenced earlier.

Measured on a per-capita basis, in 2017-18 ACOA spent approximately \$100 more per person in the Atlantic Provinces than WD did in western Canada. And while the rationale for this funding disparity has centered around the former's chronically high unemployment rates, this reasoning does not adequately consider western Canada's larger scale and its significant economic challenges as of late.

In terms of expenditures per unemployed worker, in February 2018 Statistics Canada estimated that there were 115,900 unemployed residents in the Atlantic Provinces, while 362,000 people were unemployed in the western provinces during the same period.

In Federal Budget 2018-19, ACOA was allocated \$2,824 per unemployed worker, while WD was allocated just \$413 per unemployed worker.

Western Canadian firms have millions less available to them when compared to firms operating in the Atlantic Provinces. This chronic underfunding of WD vis a viz ACOA also has consequences for the former's ability to leverage additional funding from more traditional sources. In 2016-17, the amount leveraged per dollar invested by ACOA in community development projects was \$1.44. In contrast, WD reported during the same period on its five economic development initiative project areas that it leveraged only \$1.22 of funds from other sources for every dollar contributed.

Recommendations:

1. That the Federal Government begin a process to provide equitable funding for WD.

History:

Letter to Federal Ministers of Western Economic Diversification Canada & Finance
2019