

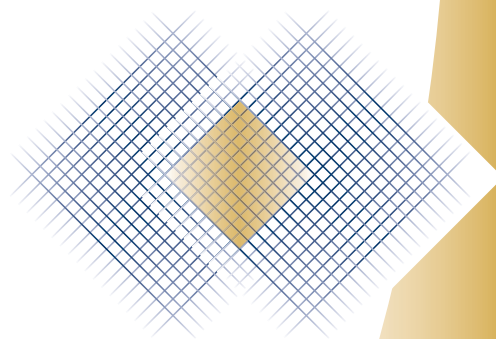


Office of the  
Commissioner of  
Official Languages

Commissariat  
aux langues  
officielles

# Audit

of Community Futures Development  
Corporations and Community Business  
Development Corporations



Industry Canada  
Atlantic Canada Opportunities Agency  
Canada Economic Development for Quebec Regions  
Western Economic Diversification Canada

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# HIGHLIGHTS

The Office of the Commissioner of Official Languages conducted an audit between May and September 2004 in order to evaluate the services offered in both official languages by the Community Futures Development Corporations (CFDC) and Community Business Development Corporations (CBDC) designated to provide bilingual services and to assess how these organizations take the needs of the official language minority communities (OLMC) into account.

Under the *Official Languages Act*, the *Official Languages Regulations* and the Treasury Board policy on grants and contributions, four federal institutions must take measures to ensure that CFDCs located in regions where the demand warrants it provide their services in both official languages. They are the Atlantic Canada Opportunities Agency (ACOA), Canada Economic Development for Quebec Regions (CED), Industry Canada (IC) and Western Economic Diversification Canada (WD). They must also ensure that CFDCs take the needs of OLMCs into consideration in order to promote their vitality and support their development. For Industry Canada, the Federal Economic Development Initiative in Northern Ontario (FedNor) is responsible for CFDCs in Ontario.

CFDCs—called Community Business Development Corporations (CBDC) in the Atlantic region—are non-profit organizations that offer support services to small and medium-sized businesses, access to capital and, in all regions except the Atlantic, strategic services for community economic planning. They receive federal funds representing up to 100% of their operating budget in many cases. They also provide loans from an investment fund that comes in part from the Government of Canada.

It is important to specify that CFDCs and CBDCs are not subject to the *Official Languages Act* and that the federal institutions involved are responsible for carrying out the commitment made by the Government of Canada to enhance the vitality of the OLMCs and to support their development. However, we are of the view that ACOA, CED, IC/FedNor and WD, with regard to the mandates given to CFDCs and CBDCs, have the obligation to take the necessary steps to ensure that these organizations provide bilingual services and take into account the needs of the OLMCs with a view to enhancing their vitality.

The audit revealed that despite the efforts made by ACOA, CED and IC/FedNor, the services provided in both official languages by CFDCs and CBDCs are insufficient. Moreover, CFDCs do not tend to consult OLMCs in their own language during the strategic planning for economic development, and the subsequent plan does not contain information on the specific needs and concerns of these communities.

In Western Canada, the situation is different. No CFDC is designated to provide services in both official languages. Nevertheless, WD has integrated new partners into its network, the Francophone Economic Development Organizations (FEDO), to serve the Francophone communities in each of the four provinces and support their economic development. We congratulate WD for this initiative and encourage the other federal institutions to emulate this model in their region.

## Services to the public

The four federal institutions have taken certain measures to communicate service requirements to CFDCs and CBDCs. A language clause has been inserted in the contribution agreements with these organizations, and CED and IC have taken additional measures to inform them of their linguistic responsibilities. We feel that ACOA and CED should modify their clause to make it more compliant with the spirit of Treasury Board's policy on grants and contributions. WD has also specified the obligations of the FEDOs to the Francophone community in its agreements.

Our visits to the Atlantic region, Quebec and Ontario revealed that signage (except for the name of the CFDCs in Quebec, which was usually in French only) and documentation were generally in both official languages. However, serious problems were noted with respect to the sign used to indicate to clients that service was available in both languages and with the level of active offer of service in person and over the telephone. With respect to service in person, we noted that 10 out of 22 CFDC/CBDCs did not offer satisfactory service in the minority language (4 in Atlantic Canada, 3 in Quebec and 3 in Ontario) and that 9 offices did not offer satisfactory service over the telephone (3 offices in each of the Atlantic, Quebec and Ontario regions). Eight CFDC/CBDCs had a completely bilingual Web site (3 in Atlantic Canada, 1 in Quebec and 4 in Ontario), while 8 sites were partially bilingual (4 in Quebec and 4 in Ontario). FEDOs offered excellent services in French in Western Canada and the documentation, signage and Web site were available in that language.

In most of the CFDC/CBDCs that could not provide services in the minority language, we noted that the linguistic capacity was weak. In each of these CFDC/CBDCs, only one person was bilingual and, when we visited the office, he or she was not in. Measures must be taken to improve the linguistic capacity of these organizations.

## **Economic development of official language minority communities**

The four federal institutions regularly consult OLMCs at the national and provincial levels to determine their specific needs. They also prepare action plans and report to Canadian Heritage each year on their achievements in implementing Part VII of the *Official Languages Act*.


The majority of CFDC/CBDCs meet with or talk to the local OLMC on a regular basis to discuss specific projects and services that they can provide to the minority communities. However, similar consultations on economic development do not take place during the strategic planning process. As a matter of fact, CFDCs in Quebec and Ontario tend to consult the entire population in the official language of the majority and to prepare a comprehensive strategic plan that does not specify the particular needs and concerns of the OLMC. We do not feel that this practice promotes the vitality or contributes to the economic development of the OLMC. In the Atlantic region, the strategic planning process is not done by CBDCs, but rather by other regional economic development organizations.

In Western Canada, FEDOs regularly consult OLMCs to discuss projects and services. They also consult them during the strategic planning process and prepare a plan concerning the economic development of these communities.

## **Managing the level of service and the impact on the development of official language minority communities**

Industry Canada in Ontario and WD in Western Canada have certain mechanisms in place to measure and monitor the compliance of CFDCs and FEDOs with linguistic requirements. IC/FedNor program officers regularly apply follow-up and monitoring measures to ensure that the language obligations of CFDCs are respected. For example, they closely follow the progress made in connection with the action plans on official languages prepared by CFDCs. At WD, the officers perform an analysis of the strategic plan, quarterly reports and annual report prepared by FEDOs in order to ensure that they respect the provisions of the contribution agreements. The two institutions also inserted linguistic elements relating to CFDCs and FEDOs into their audit and evaluation plans. ACOA and CED should implement similar measures to ensure that CFDC/CBDCs in their region respect their language obligations.

We noted that ACOA, CED and IC had no formal mechanism in place to evaluate the quality of the services offered by CFDC/CBDCs. They also do not gather data to evaluate the effectiveness of consultations or discussions that CFDC/CBDCs hold with the OLMC and their impact on the economic development of these communities.



The tool that federal institutions use to evaluate their managers' annual performance does not contain a section that deals explicitly with official languages. We feel that evaluating the performance of all the managers responsible for the designated CFDCs, CBDCs and FEDOs on the quality of service and their contribution to the vitality and development of OLMCs would help make official languages an important priority and improve the results.

## **Recommendations**

The Commissioner submitted 18 recommendations to the four federal institutions concerned in order to improve the delivery of services by CFDCs and CBDCs designated to provide bilingual services and to ensure that they take into account the specific needs and concerns of OLMCs when implementing their programs and services. Eleven recommendations concerned the Atlantic Canada Opportunities Agency, 14 involved Canada Economic Development for Quebec Regions, 11 concerned Industry Canada and 3 recommendations involved Western Economic Diversification Canada.

The four federal institutions prepared action plans to follow up on the recommendations. These plans are found at the end of this report.

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# INTRODUCTION

The Government of Canada supports local economic development by helping communities promote their resources and diversify their economic base through various programs. Four federal institutions play an important role in starting up and expanding businesses, developing innovation strategies and supporting local economic development efforts. They are the Atlantic Canada Opportunities Agency (ACOA), Canada Economic Development for Quebec Regions (CED), Industry Canada (IC) and Western Economic Diversification Canada (WD).

The mandate of the four organizations focusses on the economic development of the various regions of the country.

## Item 1 Mandate of the federal institutions

Atlantic Canada Opportunities Agency	<i>Increase opportunity for economic development in Atlantic Canada and, more particularly, enhance the growth of earned incomes and employment opportunities in that region.</i>
Canada Economic Development for Quebec Regions	<i>Promote the long-term economic development of the regions of Quebec, paying special attention to regions where economic growth is slow and employment insufficient.</i>
Industry Canada	<i>Among other things, the Department helps grow a dynamic and innovative economy that provides more and better-paying jobs for Canadians; supports stronger business growth through continued improvements in productivity and innovation performance; gives consumers, businesses and investors confidence that the marketplace is fair, efficient and competitive.</i>
Western Economic Diversification Canada	<i>Promote the development and diversification of the economy of Western Canada and advance the interests of the West in national economic policy.</i>

Source: Institutions' Web sites, 2004



Created in 1986 by Employment and Immigration Canada, the national Community Futures Program was entrusted with establishing a national network of CFDCs and CBDCs. The Program's goal was to diversify the economy in Canada's rural regions by creating or conserving jobs in new or existing businesses. Various criteria, such as the unemployment rate and the number of people in the region served, determine the placement and possibility of opening a CFDC or CBDC. The service area of each CFDC often corresponds to the territory covered by the regional municipalities or counties.


The Community Futures Program is a comprehensive development approach in which communities take charge of their own economic future and decide the path they will take to reach their goal. The mandate of CFDCs (known as Community Business Development Corporations [CBDC] in the Atlantic region) may vary a bit from one region of the country to the next, but generally they offer:

- support services for small and medium-sized businesses by offering a range of administrative, counselling and information services;
- access to capital for the creation, expansion or stabilization of local businesses; and
- strategic community economic planning services by working with the communities to evaluate local problems, establish objectives, plan and implement strategies to develop the human, institutional and physical infrastructures and to stimulate entrepreneurial spirit, employment and the economy (CBDCs in the Atlantic region are not responsible for this activity).

Since 1995, the Community Futures Program has been the responsibility of ACOA in the Atlantic region, CED in Quebec, Industry Canada's Federal Economic Development Initiative in Northern Ontario (FedNor) in Ontario and WD in Western Canada. In the Northwest Territories and Nunavut, CFDCs are the responsibility of the territorial governments (there is presently no CFDC in the Yukon).

In Quebec, in addition to CFDCs, there are Business Development Centres (BDC), which primarily offer technical and financial assistance to business owners. We included BDCs in our audit.

In 2003, there were 267 CFDCs and CBDCs in Canada: 41 in the Atlantic region, 67 in Quebec (including 10 BDCs), 61 in Ontario, 90 in Western Canada, 7 in the Northwest Territories and 1 in Nunavut. Their activities in 2003 allowed them to grant 5,883 loans worth a total of \$188 million.



CFDCs and CBDCs are non-profit organizations headed by a local volunteer board of directors representing various interests in the community covered by the organization's service area. Thanks to federal contributions (representing up to 100% of the operating budget of many CFDCs and CBDCs) and to the supervision and support from the federal institutions concerned, CFDCs and CBDCs adopt their own development priorities and strategies for the local community. They also grant loans from an investment fund provided by the Government of Canada. BDCs in Quebec administer their own investment fund.

According to the Treasury Board (TB) policy on grants and contributions with respect to official languages, voluntary non-governmental organizations that receive federal funds must provide services in both official languages where demand warrants it. We are of the view that federal institutions must consider the *Official Languages (Communications with and Services to the Public) Regulations* when they determine the linguistic obligations of CFDCs and CBDCs. It is also up to the federal institutions to ensure that these organizations respect their linguistic obligations and to further clarify the policy regarding Parts IV and VII of the *Official Languages Act*.

## Item 2 Policy on Grants and Contributions

### Policy statement

It is government policy that federal institutions providing grants or contributions to voluntary non-governmental organizations for activities, projects or programs involving service to a public composed of members of both official language communities must take the necessary measures to ensure that the recipients of public funds respect the spirit and the intent of the *Official Languages Act* when serving the public.

### Policy Requirements

[...]

3. In cases where it has been determined that an activity, project or program receiving financial assistance is national in scope and includes services to the general public of both linguistic communities, federal institutions must ensure that recipient organizations will:
  - make any announcements to the public concerning the activity, project or program in both official languages;
  - actively offer services to members of the public in both official languages;
  - make available in both official languages any documents for the general public relating to the activities, projects or programs;
  - encourage members of both official language communities to participate in the activities, projects or programs;
  - organize activities, projects or programs, when appropriate, in such a manner as to meet the needs of the two linguistic communities.
4. When the activity, project or program receiving financial assistance is regional or local in scope and the recipient organization, in consultation with the federal institution providing funding, determines that the demand justifies the use of both official languages, services to the general public must be provided in both official languages (see policy requirement 3 above).

Source: Treasury Board Manual on Official Languages, Chapter 1-4 - Grants and Contributions, 1993

Forty-nine CFDCs and CBDCs must provide services in both official languages: 11 in the Atlantic region, 20 in Quebec (including 6 BDCs) and 18 in Ontario. In Western Canada, no CFDC meets the criteria of significant demand in the service areas. This rule is used when federal institutions offer their services on the basis of service areas that do not correspond to census divisions.

In order to take OLMCs into account, WD integrated new partners into its network, the Francophone Economic Development Organizations (FEDO). These organizations have a mandate to serve the Francophone community in each of the four Western provinces and to support their economic development. We provide more information on them in the “Observations and Recommendations” section of this report.

In this audit, we also took into account Part VII of the Act. Section 41 sets out the responsibilities of federal institutions with respect to Part VII:

*The Government of Canada is committed to (a) enhancing the vitality of the English and French linguistic minority communities in Canada and supporting and assisting their development; and (b) fostering the full recognition and use of both English and French in Canadian society.*

This undertaking is meant to do justice to OLMCs, which may be disadvantaged and not benefit fully from the federal policies and programs that the majority enjoy. Its objective is thus to remedy this situation, which could involve a review of policies and programs, particularly the way in which they are designed and implemented.

Even though CFDCs and CBDCs are not subject to the *Official Languages Act*, ACOA, CED, IC/FedNor and WD, with regard to the mandates given to these organizations, have the obligation to take the necessary steps to ensure that CFDCs and CBDCs provide bilingual services and take into account the needs of the OLMCs with a view to enhancing their vitality.

# OBJECTIVES AND METHODOLOGY

This audit follows the Commissioner's efforts to ensure that federal institutions respect the provisions of the Act. It focussed essentially on the services provided by CFDCs and CBDCs located in regions where demand warrants it. We also examined the extent to which the four federal institutions concerned take the needs of OLMCs into consideration to promote their vitality and support their development when they establish CFDCs and CBDCs.

The objectives of the audit were to determine whether:


- CFDCs and CBDCs provide adequate services in both official languages in regions where demand warrants it;
- the economic development programs of the four institutions enhance the vitality and support the development of OLMCs and take CFDCs and CBDCs into account;
- ACOA, CED, IC and WD consult OLMCs when they establish CFDCs and CBDCs and consider their specific needs; and
- institutions measure the quality of services provided to OLMCs by CFDCs and CBDCs and the impact on their development.

Our audit was conducted at the headquarters of the four federal institutions and in their regional offices across the country from May to September 2004.

We examined, in particular, the institutions' policies, documentation, contribution agreements and key reports. We studied the procedures and systems that the institutions have in place to monitor CFDCs and CBDCs. We met with various managers and employees at headquarters and certain regional offices of each of the four institutions.

We also visited six CBDCs designated to provide services in both official languages in the Atlantic region, eight CFDCs in Quebec (including two BDCs) and eight CFDCs in Ontario. In Ontario, we did not visit the North Simcoe CFDC because a follow-up to recommendations made by the Commissioner in an investigation report was underway at the same time as our audit. In Western Canada, we visited three CFDCs that provide services in English only to check the mechanisms in place to refer Francophone clients who show up at these offices to the FEDOs. We also visited three FEDOs. Although we did not visit CFDCs in the Northwest Territories or Nunavut, it is important for the Government of Canada to examine the situation in these regions to ensure that CFDCs take the concerns of the OLMC into account. With regard to the Yukon, the Government of Canada should examine the possibility of setting up a network of CFDCs and ensure that these organizations consult the OLMC.

We conducted a spot check of each CFDC and CBDC responsible for providing bilingual services included in our sample. The spot checks looked at three elements: written material (signage, CFDC and CBDC publications, federal publications and Web sites), the greeting and services over the telephone, and the greeting and services in person. The goal was to determine whether they were offered in English and French. It is important to note that the audit of services over the telephone and in person was conducted only in the local minority language.



Some CFDCs contained Business Service Centres. In these cases, we examined whether the documentation and other tools that clients used, as well as the services in person, were offered in both official languages.

We also met with the director and a staff member from each CFDC and CBDC visited, and with some members of the board of directors. We interviewed managers from several provincial associations of CFDCs and CBDCs and the director general of three FEDOs.

Finally, we conducted interviews with local OLMC economic organizations in each region of the country visited.

More details on the audit objectives and criteria are presented in Appendix A of this report.

# OBSERVATIONS AND RECOMMENDATIONS

## Services to the public

### a) Communicating language of service requirements

We noted that ACOA, CED, IC and WD take certain measures to communicate service procedures to CFDCs and CBDCs. This communication does not however always produce full delivery of bilingual services in the designated CFDCs and CBDCs.

### Language clauses found in the contribution agreements

In accordance with the Act, the Regulations and the TB policy on grants and contributions, the four federal institutions included a language clause in their contribution agreement with CFDCs and CBDCs. However, the wording of the clause is not identical for the four institutions.

**IC/FedNor** gave us the preliminary version of a new language clause that the Department is considering including in the contribution agreements. This clause respects the provisions set out in the TB policy on grants and contributions.

**ACOA** also uses wording that respects many provisions of the TB policy in its agreements with the CBDC. It does not, however, specify that services should be offered actively.

**CED** includes only the language provisions relating to the publication of announcements or notices and to service delivery in its agreements with CFDCs and BDCs. It should take measures to make the clause more compliant with the spirit of the TB policy.

## RECOMMENDATION 1

**The Commissioner recommends that the Atlantic Canada Opportunities Agency and Canada Economic Development for Quebec Regions modify, within six months of receiving this report or when renewing the agreement, the language clauses included in the contribution agreements with CFDCs and BDCs in Quebec and CBDCs in the Atlantic region so that they more fully reflect the spirit of the Treasury Board policy on grants and contributions with regard to official languages.**

In Western Canada, WD has agreements with four FEDOs' one in each of the Western provinces. Although these organizations are not CFDCs, many of their services are identical to those offered by CFDCs. These organizations are the Société de développement économique de la Colombie-Britannique, Chambre économique de l'Alberta, Conseil de la Coopération de la Saskatchewan and Conseil de développement économique des municipalités bilingues du Manitoba. WD's expectations as to the services that should be offered to the Francophone communities are clearly spelled out in the contribution agreement.

WD inserted a language clause in its contribution agreements with CFDCs and FEDOs even though these organizations do not have bilingualism obligations. The clause specifies that, where there is significant demand, the CFDC or FEDO will publish its notices, announcements and publications in both official languages and provide services to the public in both official languages. Two of the three FEDOs we met with question the relevance of this clause, given that they serve only the Francophone community. The Commissioner suggests that WD clarify its expectations in this regard.

**Some federal institutions do a better job of informing the CFDCs of official language requirements**

Two of the four institutions took measures to better inform CFDCs designated to provide bilingual services of their language obligations and to help them in this area. WD did the same with FEDOs.

**IC/FedNor** took several measures to inform CFDCs of their obligations, including:

- information sessions on official languages held with CFDCs in September 2001 and November 2003;
- a table, used by the designated CFDCs during the preparation of an action plan on official languages, setting out the language obligations;
- supplementary funding of CFDCs designated to provide bilingual services to cover the additional costs associated with delivering services in both official languages;
- regular meetings with people representing the designated CFDCs in order to stress the importance of their language obligations and discuss ways to improve French language services; and
- a list of official language resources provided to CFDCs.

During our meetings, we noted that CFDC staff in Ontario were well aware of their language obligations.

**CED** also communicated its expectations regarding official languages to the CFDCs designated to provide bilingual services. In a letter sent to CFDCs in April 2002, the Department provided details about the use of the appropriate media to reach the two language communities, active offer and the entire range of services to provide in both official languages. CFDCs designated to provide bilingual services are also given additional funding to cover the supplementary costs associated with translation and use of the media.



As for BDCs, we learned that they did not receive additional information about their language obligations. During our meetings with the staff of two BDCs, we noted that one office was not aware of the language clause in its agreement and the related language obligations. The Department should take measures to remedy this situation.

Apart from the language clause in the contribution agreement with the designated CBDCs, ACOA took no formal measures to further inform these organizations of their language obligations. During our interviews, we noted that the staff of some CBDCs were not aware of their official language responsibilities until the Department informed them of our audit. ACOA must ensure that all CBDCs designated to provide services in both official languages in the Atlantic region know their language obligations.

## RECOMMENDATION 2

**The Commissioner recommends that the Atlantic Canada Opportunities Agency and Canada Economic Development for Quebec Regions inform, as quickly as possible, CBDCs and BDCs designated to provide bilingual services of their language obligations and of the concrete measures they must take to meet them.**

### b) Services offered by designated CFDCs and CBDCs

Our review included visits to six CBDCs in the Atlantic region, eight CFDCs in Quebec (including two BDCs) and eight CFDCs in Ontario. We present the overall results and the results by region separately. In order to facilitate the presentation and comparison by region of our findings, we integrated the results for CBDCs and BDCs with those of CFDCs. We then present information on our visits to three CFDCs with no language obligations and three FEDOs in the Western provinces.

We expected CFDCs designated to provide bilingual services to offer their services (in person, over the telephone, in signage, through documents or on their Web site) in both official languages. The overall results were variable. Although the signage (except in Quebec) and documentation were offered in both official languages in the majority of cases, only a third of CFDCs had a sign to indicate to clients that services were available in both official languages. Only 3 of the 22 CFDCs visited made a verbal active offer of service in person and only half did so on the telephone. Ten CFDCs were unable to offer satisfactory service in person and a third were unable to offer satisfactory service on the telephone. As for the Web sites, 8 CFDCs had a completely bilingual Web site, while 8 were partially bilingual.

## Signage

Almost all CBDCs in the Atlantic region and CFDCs in Ontario display their exterior and interior signs in both official languages (see table 1). In Quebec, most of the CFDCs and BDCs visited display their signs in French only.

In Quebec, we noted that the signs indicating the name of the CFDC were in French only. As for the signs produced by the provincial association of CFDCs, that is, the Réseau des SADC du Québec, the name of the agency was in French only, but the content was bilingual.

In its letter to CFDCs in April 2002, CED specified that it was not necessary to translate the signs indicating the organization's name. According to the Réseau des SADC du Québec, it would be possible to change the signage of CFDCs and BDCs that have an obligation to provide services in both official languages once the financial resources had been identified and an acceptable English name had been chosen.

CFDCs and BDCs are registered under Part III of the *Quebec Companies Act*; they must therefore respect the provisions of the *Charter of the French Language*. This charter does not, however, prohibit the use of a language other than French, provided the French is clearly dominant on public signage. Moreover, a firm's name can be in a language other than French, provided that the French language name is given at least equal prominence. In light of this and of the fact that CFDCs and BDCs receive federal funds, we feel that CED must take measures to make the signs found in the designated CFDCs and BDCs bilingual.

### RECOMMENDATION 3

**The Commissioner recommends that Canada Economic Development for Quebec Regions take, within four months of receiving this report, measures to ensure that the signage in CFDCs and BDCs designated to provide bilingual services is in both official languages.**

#### Publications

In all cases, federal publications were in both official languages, as were CFDC publications (one BDC in Quebec displayed part of its documentation in both languages and has undertaken to have the rest translated).

#### **A number of CBDCs and CFDCs display bilingual signage and documentation**

Some CFDCs also had a resource centre for clients. Many of the documents available to clients were bilingual and an acceptable portion of the documentation from the private sector was in English while the rest was in French.

## Web sites

The Web sites of CBDCs in the Atlantic region were bilingual. In the case of Quebec and Ontario, five CFDCs presented the information on their Web site in both official languages, while eight CFDCs presented partially bilingual information. We encourage these CFDCs to continue their efforts to make their site completely bilingual.

### RECOMMENDATION 4

**The Commissioner recommends that Canada Economic Development for Quebec Regions and Industry Canada ensure, within six months of receiving this report, that the content of the Web sites of CFDCs and BDCs designated to provide bilingual services is available in both official languages.**

**Table 1**  
**Extent to which the material service elements were in both official languages**

Service elements	Atlantic Region			Quebec			Ontario		
	Number respecting the requirements	Total number <sup>1</sup>	%	Number respecting the requirements	Total number <sup>1</sup>	%	Number respecting the requirements	Total number <sup>1</sup>	%
Exterior signage	6	6	100	2	8	25	7	8	88
Interior signage	2	3	67	1	8	13	6	7	86
CFDC Publications	6	6	100	7	8	88	8	8	100
Federal publications	4	4	100	8	8	100	8	8	100
Web sites	3	3	100	1	6 <sup>2</sup>	17	4	8 <sup>2</sup>	50

## Active offer

Making an active offer of service in both official languages means communicating spontaneously and clearly to clients that they will receive services of comparable quality in either official language at designated points of service. Oral and written active offer are important because they put members of the public at ease and encourage them to interact in the official language of their choice with the person serving them.

### Few CFDCs made an active offer of service

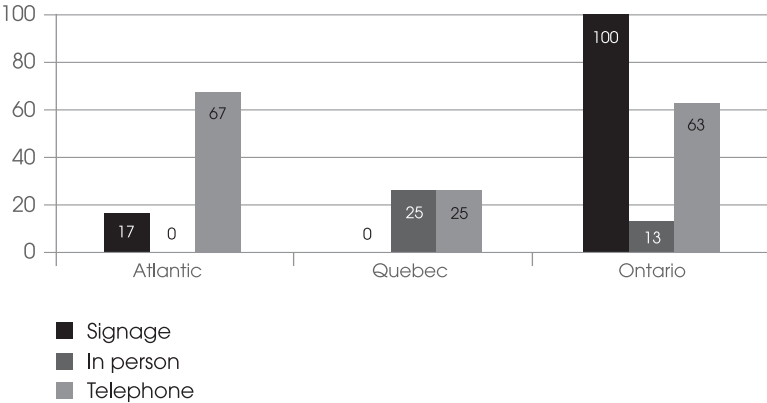
<sup>1</sup> Some CFDCs have no interior signage, no federal publications and no Web site. They were thus deducted from the total number for each material service element that did not apply to them.

<sup>2</sup> Some Web sites were partially bilingual (4 in Ontario and 4 in Quebec).

Only 9 of 22 CFDCs had a sign at the reception indicating that service was offered in both official languages. Of those nine, eight were in Ontario, where all CFDCs visited had an active offer pictogram at the reception.

As for active offer in person, our audit allowed us to conclude that, in the vast majority of cases, CFDCs did not make an oral active offer of service. The situation was better over the telephone, with 11 of 22 CFDCs making an active offer of service. We should mention that four of the five calls in Ontario were routed to an automated telephone system that greeted clients in both official languages. The details of our findings by region are shown in Figure 1.

**Figure 1 - Percentage of CFDCs designated to provide bilingual services greeting the public in both official languages**



Note:  
In order to facilitate the presentation and comparison by region of our findings, we integrated the results for CBDCs and BDCs with those of CFDCs.

**RECOMMENDATION 5**

**The Commissioner recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Industry Canada develop a strategy to ensure that CBDCs, CFDCs and BDCs designated to provide services in both official languages comply fully with the requirements for active offer of service.**

### Service in person

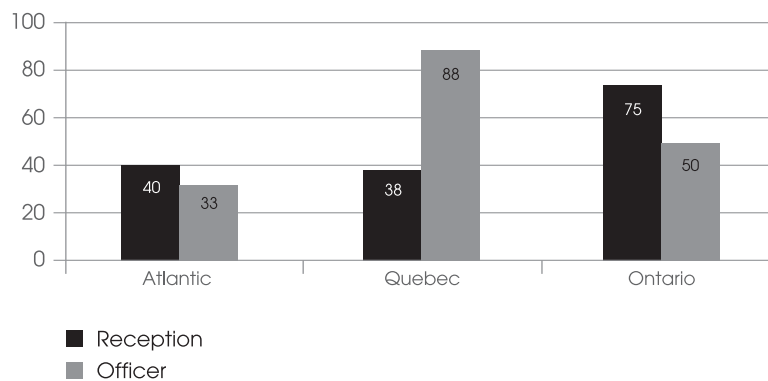
We checked the services at the reception and then asked very specific questions that, in our opinion, could only be answered by one of the office's program officers.

We noted that 10 of the 22 CFDCs audited could not provide satisfactory services in person at the reception and, in 9 offices, the officers could not answer the auditor's specific questions in the minority language.

**Roughly one CFDC out of two does not offer satisfactory service in person in the minority language**

Of the three regions, the Atlantic region had the most difficulty serving clients in the minority language (see Figure 2). Only two CBDCs out of five (the sixth office had no staff at the reception desk) could deliver satisfactory service at the reception, while two CBDCs out of six could provide service from an officer. In Quebec, officers at seven CFDCs out of eight could provide services in the minority language. All CFDCs in Quebec were able to provide reception services in both official languages. However, the quality of the service was poor in more than half the cases. In Ontario, six CFDCs out of eight offered satisfactory reception services in the minority language and four CFDCs out of eight provided satisfactory service from an officer in the minority language. In three CFDCs where the officer could not provide services in French, we learned during our visit that the only bilingual officer was out of the office.

**Figure 2 - Percentage of CFDCs offering satisfactory or very good service in person in the minority language**



Note:

In order to facilitate the presentation and comparison by region of our findings, we integrated the results for CBDCs and BDCs with those of CFDCs.

## Telephone service

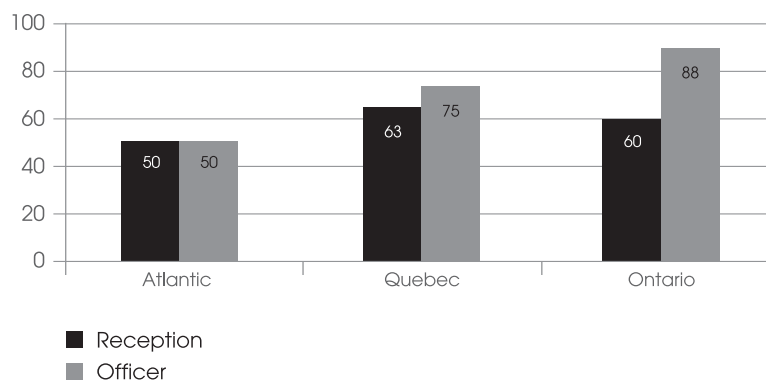
During our telephone calls, we also checked the service at the reception and from one of the program officers in the office.

We noted that telephone services in the minority language were slightly better than services in person. In fact, services at the reception and from an officer were available in the minority language in 58% and 73% of cases, respectively.

### Telephone service in the minority language was slightly better than service in person

Once again, CBDCs in the Atlantic region had more difficulty providing satisfactory telephone services in the minority language (see Figure 3). Only half of the CBDCs were able to provide these services. Of the three regions, Ontario offered the best telephone services in the minority language (three out of five cases at the reception and seven out of eight cases from an officer). The use of an automated service that routed calls in the minority language to a bilingual officer in most cases explains why the services were better. In Quebec, five CFDCs out of eight were able to provide satisfactory telephone services at the reception in the minority language; in the other three cases, the quality of the service in the minority language was poor. As for the telephone services obtained from an officer, six CFDCs out of eight were able to deliver these services in the minority language.

**Figure 3 - Percentage of CFDCs offering satisfactory or very good service over the telephone in the minority language**



Note:

In order to facilitate the presentation and comparison by region of our findings, we integrated the results for CBDCs and BDCs with those of CFDCs.

Our findings show that a number of weaknesses exist in these three regions. Since these CFDCs and CBDCs have an obligation to provide services in both official languages, and since clients expect service in the official language of their choice, the federal institutions concerned must take measures to improve the situation. In the next section, we present information on the capacity of the CFDCs and CBDCs to provide services in both official languages. These data will allow us to explain why a number of CFDCs and CBDCs were not able to serve the auditors in the minority language.

### **Linguistic capacity**

In order to comply with their language obligations, the designated CFDCs and CBDCs must have a sufficient capacity to provide service in both languages. This means that they must have sufficient bilingual staff to serve clients in the official language of their choice during office hours.

The staff of a CFDC or CBDC normally consists of a manager, a receptionist and two to four program officers. In most CFDCs and CBDCs that were unable to provide service in the minority language in the Atlantic region and Ontario, we noted that the linguistic capacity was weak. Only one person in the office was able to serve clients in both official languages and, at the time of our visits, that person was out of the office. As a result, in order to obtain immediate service from the CFDC or CBDC, it was necessary to deal in the language of the majority.

### **The capacity to offer bilingual services must be improved in many CFDCs and CBDCs**

In Quebec, each CFDC had at least two staff members capable of serving clients in both official languages. During our audits, however, we noted that the language skills of the staff responsible for greeting clients often left something to be desired.

**IC/FedNor** took measures to improve the bilingual capacity of CFDCs. For example, the Department:

- closely monitors staff turnover in order to ensure that the necessary bilingual resources are put in place and maintained; and
- allocates additional funding to bilingual CFDCs in order to cover the additional costs associated with the delivery of bilingual services.

Most of the designated CFDCs in Ontario that did not have bilingual resources a year ago used a good part of the additional funds to hire a bilingual member of the OLMC. In addition, some CFDC staff are taking language courses. Despite this, a number of CFDCs that have an obligation to provide bilingual services indicated that they would need additional funds to improve the situation.

In Quebec, **CED** also provides additional funding to bilingual CFDCs in order to cover the additional costs associated with translation and use of the media. Some CFDCs use part of these funds to improve their staff's language skills.

In the Atlantic region, **ACOA** takes no additional measures to help the designated CBDCs provide comparable services in both official languages. Since the results of our audits show that CBDCs in that region have the most difficulty offering bilingual services, we feel that ACOA should review the situation and take the necessary measures to improve it.

A number of CFDCs and CBDCs that could not serve clients in the official language of their choice did not have enough bilingual employees. We feel that this observation merits serious consideration as soon as possible given that these offices were designated to provide services in both official languages and that their clients expect service in the official language of their choice.

## **RECOMMENDATION 6**

**The Commissioner therefore recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Industry Canada take, within three months of receiving this report, measures to ensure that CBDCs, CFDCs and BDCs designated to provide bilingual services have sufficient linguistic capacity to offer services of comparable quality in both official languages.**

### **Bilingual services in Prince Edward Island**

At the start of our audit, ACOA informed us that one of the three CBDCs in Prince Edward Island was designated to serve the clientele in both official languages. Since this office was part of our sample, we visited it during the summer.

We learned that this CBDC does not offer services in both official languages. Moreover, it had no agreement with ACOA since it did not receive financial resources from the Agency for its operational budget. It has been autonomous for a number of years.

### **Ways must be found to provide services in both official languages in Prince Edward Island**

The OLMC is aware that the designated CBDC does not offer service in both languages. Instead it turns to the Société de développement de la Baie acadienne (SDBA) for services in French. A number of the services provided by the SDBA are similar to those of the CBDC (business consultation services for individuals and businesses, advice on business planning, strategic planning for the Evangeline region of P.E.I., and so on). The SDBA has a contribution agreement with ACOA for the delivery of services to Acadian and Francophone clients.



The SDBA does not issue loans to business people as the CBDC does; it can, however, put business people on the right path by helping them find other sources of financial support, either public or private.

**ACOA** must review the delivery of services to Francophone clients in the service area of the CBDC designated to provide bilingual services. Since it does not have an agreement with the CBDC and the minority language clients tend to approach the SDBA for services related to businesses, it should seriously consider modifying its agreement with the SDBA so that it can offer the entire range of services currently provided by CBDCs, including loan services. For its part, the SDBA would be prepared to supply all these services provided ACOA allocates it the necessary resources.

#### **RECOMMENDATION 7**

**The Commissioner thus recommends that the Atlantic Canada Opportunities Agency review, upon receipt of this report, the services that CBDCs offer to the OLMC in Prince Edward Island and take the necessary measures to ensure that this community receives the same services as those offered to the official language majority community and that they are of comparable language quality.**

#### **Services provided by Francophone Economic Development Organizations**

As mentioned previously, none of the CFDCs in Western Canada are currently designated to provide bilingual services. However, **WD** has agreements with four FEDOs, one in each of the Western provinces. Although these organizations are not CFDCs, many of their services are identical to those offered by CFDCs. **WD**'s expectations about the services that should be offered to the Francophone community are clearly indicated in the contribution agreement (information, technical assistance, advice, training, community economic development, and so on).

#### **Francophone Economic Development Organizations offer services in French in the Western Canadian provinces**

We visited three FEDOs and noted that all the services were available in French. With respect to loans, one of the three organizations managed the investment fund, as was the case with the province's CFDCs. Although the other two were not currently responsible for this fund, they had access to funding through the establishment of a loan loss reserve program, or from other sources, to help existing businesses or to help create new businesses. Within a few years, **WD** anticipates that all FEDOs will be able to function like CFDCs with respect to the administration of the investment fund.

Some managers of the federal institutions covered by our audit stated that there was an important difference between the mandate of a CFDC and that of a FEDO: the CFDC operates at the local level while the FEDO has a province-wide mandate. While it is true that the Francophone organization has a province-wide mandate, we noted that it reaches the province's various Francophone communities through its regional offices and its staff frequently travels to these communities.

We also audited three CFDCs with no language responsibilities to see if they had mechanisms in place to refer Francophone clients who show up at their offices to the FEDOs. These three CFDCs have small towns or villages within their service area with a significant French-speaking population.

Two of the three CFDCs referred the auditor in English to the province's FEDO. The third specified that it could only help in English. We learned that there was a verbal agreement whereby CFDCs referred Francophone clients to FEDOs when necessary. Since the agreement is somewhat informal, it is not always applied, as the results of our visits show. We feel that WD should formalize this process to ensure that the OLMC is well aware of the organizations that can serve it in its own language. An appropriate way of formalizing this practice would be to install a permanent bilingual sign in some CFDCs informing the OLMC where it can obtain comparable services in its own language.

#### **RECOMMENDATION 8**

**The Commissioner thus recommends that Western Economic Diversification establish, within three months of receiving this report, an official mechanism whereby a member of the OLMC who visits a CFDC serving small towns with a significant minority language population is informed where he or she can obtain comparable services in his or her own language.**

**c) Access to information from Canada Business Service Centres in CFDCs designated to provide bilingual services**

Canada Business Services Centres (CBSC) are points of access to government information on the business world. CBSCs possess a wide range of information on programs, services and regulations established by governments. They also answer clients' questions about how to set up a new business or help an existing business to prosper.

CBSCs are the result of co-operation agreements among the 37 federal departments offering business services, the provincial and territorial governments and, in some cases, the private sector, associations, the academic community and research institutes. Since the Government of Canada participates in CBSC programs, the services provided through these agreements must be provided in both French and English throughout the network. The CBSC National Secretariat plays an important role in support of all the centres and provides advice on official languages.

At present, there are 13 CBSCs, one for each province and territory. There is also an expanding network of partners that provides access to information from CBSCs in communities all across the country.

The participants and federal partners, who assume responsibility for the development and management of CBSCs, vary from province to province. WD is responsible for the four Western provinces, IC manages the centres in Ontario and the three territories, CED takes care of the centre in Quebec, and ACOA is responsible for the centres in the Atlantic region.

Six of the eight CFDCs visited in Ontario give clients access to the information dispensed by CBSCs. We noted that the database was bilingual and that the small collections of documents or manuals available in each office included an acceptable portion of French titles. However, in five CFDCs, the keyboard used by the clients did not display French accents and three centres could not help us in French because the sole bilingual employee was out of the office. The implementation of the Commissioner's recommendation on the subject of the insufficient linguistic capacity of a number of CFDCs will undoubtedly improve the in-person assistance relating to access to CBSC information.

**RECOMMENDATION 9**

**The Commissioner thus recommends that Industry Canada examine, within three months of receiving this report, the keyboards used in CFDCs designated to provide bilingual services that give access to the information dispensed by Canada-Ontario Business Services Centres and ensure that French accents appear on them and can be produced easily.**

## Economic development of official language minority communities

### a) Consultations with OLMCs to determine their needs and establish a plan

To comply with the spirit of the Act and the TB policy on grants and contributions, ACOA, CED, IC and WD must establish a mechanism to ensure that CFDCs and CBDCs designated to provide bilingual services:

- offer services of comparable quality in English and French; and
- provide support to OLMCs that is well adapted to their needs, which in turn effectively contributes to their development and actively enhances their vitality.

We feel that such a mechanism should include an ongoing consultation process with OLMCs in order to determine the economic development needs and priorities and to develop, in co-operation with the members of the local OLMC, a strategic economic plan reflecting these priorities and needs.

### The four federal institutions prepare action plans for the implementation of Part VII of the Act

ACOA, CED, IC and WD are among the 31 designated federal institutions required to establish action plans to promote English and French in Canadian society and enhance the vitality of OLMCs and support their development, as established in Part VII of the Act. Our review of the 2002–2003 progress report on the three-year plan to implement Part VII shows that some institutions provide details on the activities relating to CFDCs, CBDCs and FEDOs undertaken during the year to support local economic development.

Among the measures **IC/FedNor** mentions specifically in its report:

- co-operating with CFDCs in order to ensure the delivery of all their services (including access to capital services) in both official languages, where demand warrants, and raising public awareness of the work of these organizations in Ontario;
- the Business Planning Initiative in those regions in which CFDCs are participating; and
- raising CFDC staff's awareness of their linguistic responsibilities and the needs of OLMCs.

**WD** mentions that it is continuing its efforts to develop a strategic and unified network of Francophone businesses to service Western OLMCs. Here are some examples:

- the four FEDOs made progress on issues affecting Western Francophones by encouraging innovative, sustainable and entrepreneurial economic practices;
- a business incubator was launched in part to promote businesses in the services and innovation sectors;
- projects made it possible to propose models to young Francophone entrepreneurs; and
- a region-wide project called *Corridor touristique francophone de l'Ouest* served to raise the profile of Francophone communities.

For its part, **ACOA** indicates in its report that it has been providing support to entrepreneurs through CBDCs for a long time by providing loans and advice on the business world. In 2002–2003, the Agency also provided funds to CBDCs in Yarmouth and Digby, Nova Scotia, to allow them to hire a Francophone development officer.

In its 2002–2003 progress report, **CED** presents only data on the translation budget of CFDCs and BDCs designated to provide bilingual services.

Despite the activities undertaken by these organizations to implement Part VII of the Act, our analysis of the progress report shows that the four institutions did not establish performance indicators to allow them to evaluate the measures taken and the effects that the activities of CFDCs, CBDCs, BDCs and FEDOs had on OLMC vitality and development. It is important that they include these elements in their next action plan on Part VII of the Act.

#### **RECOMMENDATION 10**

**The Commissioner thus recommends that Canada Economic Development for Quebec Regions include in its action plan on Part VII of the *Official Languages Act* specific measures undertaken by CFDCs and BDCs to adequately enhance the vitality and support the development of OLMCs.**

## RECOMMENDATION 11

**The Commissioner also recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, Industry Canada and Western Economic Diversification define performance indicators in their action plan on Part VII of the *Official Languages Act* in order to evaluate the measures taken and the results attained by CFDCs, CBDCs, BDCs and FEDOs with respect to the vitality and development of OLMCs.**

In response to our preliminary report, CED provided a few examples of initiatives undertaken by CFDCs that have an impact on the vitality and development of OLMCs. We believe that the addition of this information to the annual progress report of the action plan on Part VII with regard to OLMCs would be appropriate. It would also enhance awareness of the Department's responsibilities towards this part of the Act.

It is important to specify that Industry Canada, in cooperation with ACOA, CED, WD and other federal institutions, will be implementing a strategy regarding the economic development of OLMCs in connection with the Government of Canada's *Action Plan for Official Languages*. The initiatives to be taken over the next five years include:

- strengthening the network of co-ordinators in order to improve awareness and the information and consultation services dedicated to OLMCs;
- creating apprenticeships in minority communities;
- establishing pilot projects in the fields of tele-learning and tele-training; and
- extending the *Francommunautés virtuelles* program (this program allows Francophone organizations to increase the French language content, services and applications on the Web).

### **The federal institutions consult the OLMCs to determine their needs**

The four institutions concerned regularly consult the national and provincial organizations of OLMCs in order to learn about their needs. ACOA, CED, IC/FedNor and WD also conducted joint official consultations with OLMCs for the first time in early 2004. The exercise was designed not only to learn more about these communities' needs, but also to inform them of the federal programs and services that support their economic development and discuss the expected results of the implementation of section 41 of the Act. In addition, representatives of these institutions participated in round table discussions and national committees for OLMCs in order to discuss their concerns and determine their specific needs. The four federal institutions will take into account the information gathered during the preparation of their next action plan on Part VII of the Act.

In March 2003, IC, in co-operation with ACOA, CED and WD, also created a new Web site called *CommunAction.ca*. This site provides OLMCs with information on the Government of Canada's economic and regional development programs and services.

CFDCs are responsible for consulting the local OLMC in order to identify its specific needs. This requirement is spelled out in writing in Ontario. In Quebec, this requirement is communicated orally during regular annual meetings with CFDCs. In the Atlantic region, the formal consultations are not carried out by CBDCs but rather by other regional economic development organizations. However, CBDCs are responsible for promoting their services and for discussing specific projects with the local community.

In Ontario, **IC/FedNor** requires CFDCs to implement an official languages action plan and to update it annually. This plan includes various elements for which CFDCs must demonstrate that measures have been taken. A certain number of these elements concern the need for CFDCs to take account of the concerns and specific needs of OLMCs by consulting them on an ongoing basis and by developing strategies that will have to be integrated into the activities of CFDCs.

Most of the economic OLMC representatives that we met mentioned that CFDCs and CBDCs consult them on a regular basis about specific projects and to inform them of the support and services that they can provide to minority communities.

In **Western Canada**, FEDOs work daily with OLMCs in order to support community economic development and to provide French language services to small and medium-sized businesses.

**The consultations with OLMCs during the strategic planning for local economic development leaves something to be desired in a number of regions**

CFDCs must also prepare strategic plans to guide the local economic development. These requirements are communicated in writing to CFDCs in Quebec and Ontario (BDCs in Quebec and CBDCs in the Atlantic region are not responsible for this activity). They hold meetings with various representatives from their region during the preparation of their strategic plan. Representatives from the private sector, non-profit organizations and other levels of government participate in these meetings in order to develop a vision for their community. The strategic plan takes into account factors that are important for the community, including economic, social and cultural factors. In the majority of cases, the meetings are held in the official language of the majority. As a result, OLMC representatives who attend these meetings have no choice but to intervene in that language. Moreover, the overall strategic plan that is prepared does not reflect the specific needs and concerns of the OLMC.

In Atlantic Canada and in certain regions of Quebec and Ontario, the strategic plan is prepared by another regional economic development organization and the CFDC or CBDC participates in the consultation process. Here again, the strategic plan is usually an overall plan that represents the objectives and activities to be undertaken over the next three or five years for the entire local population.

According to the OLMC representatives that we interviewed, CFDCs do not often consult them about local development while preparing their strategic plan. Moreover, they had never seen such a plan for the OLMC.

OLMCs have indicated many times in recent years that their needs are not the same as those of the majority. These differences are economic as well as cultural and vary from one region to the next. From that point of view, it is essential to provide OLMCs with a mechanism whereby they can participate in the economic development of their community and their region. A consultation with the local OLMC alone, or at least a separate consultation for the two language groups, would produce more conclusive results about the needs and concerns of OLMCs. This information should also be discernable in the strategic plan for local economic development. In the regions where the plan is prepared by other economic organizations, ACOA, CED and IC/FedNor should ensure that the economic development strategic plan takes into account the specific needs and particular concerns of the OLMC.

#### **RECOMMENDATION 12**

**The Commissioner thus recommends that Canada Economic Development for Quebec Regions and Industry Canada ensure that CFDCs consult OLMCs separately during the strategic planning for local economic development and that the specific concerns and needs of this community are clearly identified in the strategic plan prepared as a result of these consultations.**

In **Western Canada**, FEDOs consult OLMCs during the strategic planning process and prepare a plan for each of the four provinces relating to the economic development of that community. This plan contains specific objectives with deadlines, in particular with regard to business planning and development, business support planning and services, and strengthening community capacities.



### **Board of directors and investment committees**

Each of the CFDCs and CBDCs visited can count on the support of a board of directors and, in many cases, an investment committee.

The board of directors consists of local volunteers representing various interests of the community in the CFDC's or CBDC's service area. They make important decisions on behalf of the organization. Most of the boards of directors responsible for the designated CFDCs and CBDCs include at least one member of the OLMC.

A number of CFDCs and CBDCs have an investment committee that reviews loan applications from community members. The investment committee recommends for or against the loan and submits its decisions to the board of directors for approval. The board is ultimately responsible for approving the loans.

The initial evaluation of the loan application is done by an officer at the CFDC or CBDC, who prepares and presents a summary of the application to the investment committee or board of directors. That summary is normally in the language of the majority. The decision on the loan is then communicated to the applicant in the language of his or her choice.

**Most of the boards of directors include at least one OLMC member, but the investment committees are not always aware of the specific needs of the OLMC**

The members of the investment committee or board of directors are not normally aware of whether the client is a member of the Francophone or the Anglophone business community. Nor are they always familiar with the OLMC's specific needs and concerns, given that the strategic plan for economic development does not always reflect this community's specific needs. We also noted that the committees responsible for reviewing loan or project applications had not received any directive specifying that they should take the specific needs and concerns of the official language minority business community into account when reviewing projects.

### **RECOMMENDATION 13**

**The Commissioner thus recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Industry Canada ensure, within three months of receiving this report, that the committees responsible for accepting or refusing loan or project applications are informed of their responsibilities to take into account the specific needs and particular concerns of OLMCs.**

In **Western Canada**, the members of the board of directors of FEDOs come from different regions of each province and represent the OLMC of their respective region. One of the three FEDOs we visited had also set up an investment committee whose members represent the minority community.


### **Concerns in Ontario**

A number of economic organizations representing OLMCs in Ontario told us that the needs of their community are different from those of the English-speaking community. These needs are felt in every region of the province. The Community Futures Program, which is provided by the CFDC, covers only rural regions and its mandate is quite limited. One way of responding to a number of the OLMC's economic development needs would be to have a federal regional economic development agency responsible for each region of the province.

**Many OLMC members in Ontario are concerned about the absence of an economic development agency in certain regions of the province**

In the other regions of the country, the regional economic development organizations (ACOA in the Atlantic region, CED in Quebec and WD in Western Canada) can fund economic development programs in their respective region that are outside the CFP framework. FedNor can do likewise in Northern Ontario. For example, in the West, WD provides funds to FEDOs to serve OLMCs in the four provinces. ACOA, for its part, provides financial support to the Société de développement de la Baie acadienne in Prince Edward Island so that it can provide French language services to the province's OLMC. In the absence of these organizations in southern and eastern Ontario, the communities cannot benefit from a funding mechanism to support many economic development projects or to establish services for Francophones. They are thus disadvantaged compared with OLMCs in other regions.

The Francophone community in Ontario is the largest in Canada outside Quebec and is to be found in the north, south, east and centre of the province. Since FedNor covers only the north of the province, Francophones in other regions do not have access to resources to fund a number of economic development programs.



In May 2004, the Government of Canada announced its intention to invest \$10 million in the economic renewal of Eastern Ontario. The funds for this pilot project will be managed by FedNor and awarded by the region's CFDC. This additional funding will help the CFDC promote the growth and expansion of small businesses, develop community innovation strategies and support local economic development efforts. In mid-October 2004, CFDCs began to submit project applications to FedNor for approval.

We recognize that the measures taken in Eastern Ontario represent progress. However, it is important to establish permanent mechanisms in every region of the province to enhance the vitality of the OLMC and to contribute to its economic development. One way of respecting this would be to set up a regional development program in those regions of Ontario not covered by FedNor.

#### **RECOMMENDATION 14**

**The Commissioner thus recommends that Industry Canada examine the merits of setting up a federal regional economic development agency in those regions of the province not currently served by FedNor.**

**b) Consultations with OLMCs when establishing new CFDCs designated to provide bilingual services**

The four federal institutions concerned stated that the network of CFDCs and CBDCs was established several years ago and that new organizations are not often created. However, when the time comes to open a new office, the institution relies on the criteria of significant demand of the Regulations related to service areas to determine whether it should provide bilingual services or not. This rule applies to CFDCs and CBDCs, since each office serves a number of small towns and their surrounding areas, and the boundaries of this service area do not correspond to census divisions.

The staff of CFDCs and CBDCs designated to provide bilingual services that we interviewed stated that they consult or talk to the OLMC regularly. This was validated by a number of economic OLMC representatives, who mentioned that most CFDCs and CBDCs consult them on an ongoing basis about specific projects and to inform them of the support and bilingual services they can provide to the minority communities.

We feel that the process followed by the federal institutions during the creation of new CFDCs and CBDCs designated to provide services in both official languages seems adequate, as is the way in which the organizations inform the OLMC of their office's language designation.

## Managing the service level and impact on OLMC development

Systems and monitoring and performance reporting measures constitute an important part of an organization's management and accountability regime. It is by measuring performance, reporting on it and taking the necessary measures to improve it that an organization demonstrates its commitment to improvement. Performance can be measured on a regular (daily or monthly by means of systems or mechanisms) or periodic (audit, program evaluation or study) basis.

### a) Systems and procedures to monitor compliance

Only two of the four institutions have mechanisms in place to measure or monitor compliance with parts IV and VII of the Act on a regular or periodic basis: IC/FedNor and WD. At CED, certain formal mechanisms were in place in 2002 and 2003, but they have not been followed for a year since the Department was satisfied with the measures taken and by the fact that CFDCs agreed to improve the noted shortcomings. At ACOA, no mechanism is in place to monitor compliance with the language requirements of CBDCs designated to provide bilingual services in the Atlantic region.

**Only two out of four institutions have systems and procedures in place to monitor compliance**

IC/FedNor asks its program officers to regularly apply follow-up and monitoring measures in order to ensure that CFDCs' language obligations are respected. Here are some examples:

- the follow-up on the progress made in relation to the action plan on official languages that CFDCs must implement to respect the condition of their agreement (the plan concerns activities relating to parts IV and VII of the Act);
- discussions with members of CFDCs' boards of directors about official languages initiatives;
- an audit conducted by FedNor officers in the context of their co-operation with CFDCs; and
- the use of a monthly payment request process as a monitoring measure.

At **WD**, program officers analyse the strategic plans, quarterly reports and annual reports prepared by FEDOs. They also closely follow the activities undertaken and receive a copy of any document produced by these organizations.

As in Western Canada, program officers at **CED** and **ACOA** analyse the documentation submitted by CFDCs and CBDCs (such as the annual report, the quarterly reports and the strategic plan) in order to monitor their activities. Since these documents contain no information on the services offered to OLMCs in their official language nor on their specific needs, we feel that these two institutions are not in a position to realize the two fundamental objectives of Part VII.

In 2002 and 2003, **CED** asked the designated CFDCs to prepare action plans to implement the language obligations specified in its letter of April 2002. The program officers were responsible for closely following these plans, and evaluation grids were prepared for this purpose. In CFDCs where problems persisted, CED asked that measures be taken to correct the situation. No formal follow-up has been undertaken since then to determine whether everything now complies with the Act and with the spirit of the TB policy on grants and contributions.

There was only one activity relating to Part VII of the Act in CED's letter of April 2002, which was to ask CFDCs to develop and implement an economic development strategy based on the needs of the community that expressly includes the OLMC. As shown earlier, CFDCs do not tend to mention the specific needs and concerns of the OLMC in their strategic plans. A distinct strategic planning process would be more effective.

In February 2004, CED also held a session partly to inform those responsible for Part VII and the program officers from the regional offices of the requirements of this part of the Act and of the linguistic responsibilities of CFDCs. These responsibilities are set out in the action plans prepared by these organizations and closely followed by CED officers in 2002 and 2003.

**The Treasury Board requires that the Community Futures Program be audited and evaluated**

At the request of the Treasury Board, audits and evaluations of the Community Futures Program were also conducted in all regions over the past two years.

The evaluation report for the Community Futures Program in Ontario was published in March 2003. The evaluation specifies that the program is relevant, cost-effective and gives very good results. One of the recommendations in this report asks **IC/FedNor** to integrate more specific objectives into CFDCs' annual plans concerning Francophones and any other group targeted by these organizations. The Department agreed to follow up on this recommendation. The "cost-effectiveness" part of the document mentions that the program has already had some growth crises because of its delivery structure, the application of a performance evaluation system and other federal requirements, such as those in the *Official Languages Act*. Despite this, the author adds that FedNor, in co-operation with CFDCs, has resolved a number of these problems.

A financial audit was also conducted during the same period. No linguistic element was covered in this report. In 2002, IC also conducted a qualitative study of OLMCs with respect to section 41 of the Act. The participants in this study indicated that CFDCs, on a national level, would benefit from being better known within the OLMC. The four federal institutions followed up on this suggestion, since the majority of the economic members of OLMCs that we met stated that they maintain regular communications with CFDCs and CBDCs.

**WD**, for its part, undertook a program evaluation and a financial audit of its network of unilingual CFDCs in 2003. In 2004, the Department undertook an evaluation of FEDOs and of the 2000–2004 action plan on the implementation of section 41 of the Act.

The evaluation of FEDOs demonstrates the effectiveness of this approach with regard to community economic development. It states that the services offered by these organizations are essential for OLMCs. In addition, FEDOs succeeded in establishing effective partnerships with CFDCs and the Women's Enterprise Initiative, and with other federal departments and organizations. These partnerships allowed FEDOs to find new clients and new resources to support their activities. They also play an important role in terms of community economic development and succeeded in starting up a number of projects in this area. Some recommendations were formulated relating essentially to the sharing of best practices with regard to the composition of the boards of directors, the revision of loan loss reserve programs, the improvement of certain monitoring tools and the development of expertise in specialized areas. The Department undertook a follow-up on these recommendations.

In the evaluation of the 2000–2004 action plan, the author mentions that, overall, the plan was implemented as planned and that FEDOs are important because they provide a great deal of support to OLMCs. Some recommendations concerned FEDOs, such as the need:

- to clarify the roles and responsibilities of WD, its program officers and FEDOs;
- to conduct a campaign to raise awareness of the services offered by FEDOs; and
- to re-examine the needs of Francophone businesspeople.

WD developed an action plan in response to the recommendations.

**CE**D also conducted two audits and an evaluation of the Community Futures Program in 2002 and 2003. Although the audits were financial audits, the program evaluation touched on various activities delivered by CFDCs (business funding and assistance, local economic development, business services, and so on). Despite this, there was nothing specific in the report about the services offered to OLMCs and the impact of CFDCs on these communities.

Between 2000 and 2003, CED conducted three surveys of its Anglophone clientele to measure satisfaction with the various services provided by the Department. The results revealed that the Anglophone clientele was satisfied with the various services offered in English. We feel that CED could have added a few well-defined questions in order to better target the access, extent and quality of services offered by CFDCs and BDCs, as well as the impact of their contribution with regard to the economic development of the Anglophone communities.

**AC**OA conducted an evaluation of the Community Futures Program in 2003. This provided the Agency with a follow-up on the evolution, results and impact of the program offered by CBDCs in the Atlantic region. It contained no information on bilingual services and on the CBDCs' impact on the OLMC. A few years ago, ACOA conducted a survey of CBDC clients in Nova Scotia in order to check their satisfaction with the services. No element of this survey dealt with official languages.

It is critical to have in place systems and procedures that allow one to not only effectively realize the objectives of the Act, but also monitor compliance of the results in a regular and periodic fashion. IC/FedNor and WD have in place systems and procedures and have undertaken projects to ensure that CFDCs and FEDOs comply with the TB policy on grants and contributions. ACOA and CED should do the same in their respective regions.

#### **RECOMMENDATION 15**

**The Commissioner thus recommends that the Atlantic Canada Opportunities Agency and Canada Economic Development for Quebec Regions implement, within six months of receiving this report, monitoring and control mechanisms to ensure that CFDCs, BDCs and CBDCs designated to provide bilingual services respect their linguistic responsibilities.**



## **b) Evaluating the quality of services offered by CFDCs**

**IC/FedNor** took certain measures to evaluate the services of CFDCs in Ontario. For example, in its March 2003 newsletter, FedNor asked its program officers to conduct regular follow-ups and put in place monitoring measures, based on the officer's needs, to ensure that language obligations are observed. One of the measures proposed concerns audits of services. While some program officers told us that they occasionally conduct spot audits, there was no formal mechanism in place for conducting this exercise.

In 2001, IC/FedNor also hired a consultant to develop a strategy for the delivery of French language services for CFDCs in Ontario. The Department wanted to examine the situation in order to be able to respond to the recommendations made by the Commissioner in an investigation of a CFDC in southwestern Ontario. The consultant visited 16 of the 18 CFDCs designated bilingual in order to evaluate the capacity of each to provide services in both official languages, and studied the characteristics of each of the Francophone communities served by these CFDCs. IC/FedNor took certain measures to follow up on the findings regarding service in both languages and regular consultations with OLMCs in order to improve the situation in Ontario. However, as shown by the results of our audits of CFDCs, services in both official languages are poor in several offices.

In **Western Canada**, FEDOs offer excellent services in French to OLMCs. We noted this during our meetings with representatives of these organizations. In Quebec and the Atlantic region, no mechanism is in place to evaluate the quality of the services offered in both languages by the designated CFDCs, CBDCs and BDCs.

We feel that three of the four federal institutions should have formal mechanisms in place to evaluate the quality of the services offered by CFDCs, CBDCs and BDCs. This could be done through spot checks or surveys of the clientele. Data should also be gathered to evaluate the effectiveness and impact of the consultations or discussions that these organizations have with OLMCs as well as their action.

### **RECOMMENDATION 16**

**The Commissioner thus recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Industry Canada establish, within six months of receiving this report, formal mechanisms to evaluate the quality of the services in both official languages offered by CFDCs, CBDCs and BDCs designated to provide bilingual services, as well as the effectiveness and impact of their consultations or discussions with OLMCs.**

### c) Using the results of monitoring

The four federal institutions give some information on the impact of CBDCs, CFDCs and BDCs on the communities in the Departmental Performance Report of March 2003. However, only **WD** gives specifics on the impact of FEDOs on OLMCs.

The Department mentions, among other things, that FEDOs provided 9,618 information services, 1,262 technical consultation services and 848 training services. The Web sites of these organizations received 48,275 visits during the year.

**Only two institutions out of four can take measures to improve the situation thanks to certain monitoring mechanisms**

**IC/FedNor** and **WD** had included elements relating to the official languages and OLMCs in their program evaluation report of CFDCs and FEDOs and they are committed to taking measures to improve the situation. In addition, **IC/FedNor** closely follows the implementation of the action plan on official languages prepared by CFDCs, and **WD** analyses and follows up on the various reports submitted by FEDOs. We believe that **IC/FedNor** could do more with the information gathered.

**ACOA** and **CED** cannot take similar measures given that the formal systems and procedures are not in place to monitor the compliance of CFDCs, CBDCs and BDCs with the spirit of the TB policy on grants and contributions.

As mentioned before, it is important to have in place mechanisms to evaluate the quality of the services offered by CFDCs, CBDCs and BDCs and the effectiveness of their consultations or discussions with OLMCs. This information would be very useful for managing quality and as data for the institution's performance reports.

We feel that the implementation of recommendations 15 and 16 will allow the federal institutions concerned to gather relevant information on the delivery of services in both official languages by the designated CFDCs, CBDCs and BDCs and on the effectiveness of their consultations or discussions with OLMCs. This information should then be used to improve the situation, if necessary, and produce performance reports.

## RECOMMENDATION 17

**The Commissioner thus recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Industry Canada, once the monitoring systems and procedures are in place, periodically measure the quality of the services provided by CFDCs, CBDCs and BDCs that have an obligation to provide services in both official languages and the impact on the development of OLMCs, and use this information to manage the quality of the services and to produce performance reports.**

Issues relating to official languages in general are not part of the formal process for assessing managers. The four federal institutions use a detailed form to evaluate the performance of their managers. However, these forms do not include a section explicitly on official languages.

**Official languages are not a specific element of the formal annual process of assessing managers**

We were informed that managers who have specific responsibilities in the area of official languages have objectives to meet to that end as part of their annual performance. For the others, this component is part of an existing general category in which managers are assessed on the implementation of a number of programs. We feel that evaluating the overall performance of managers—those responsible for CFDCs, CBDCs and BDCs that have an obligation to provide services in both official languages, and for FEDOs—on service and on the vitality and development of OLMCs would contribute to making it an important priority.

## RECOMMENDATION 18

**The Commissioner thus recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, Industry Canada and Western Economic Diversification Canada ensure that the performance of managers with respect to official languages is evaluated, specifically during the annual assessment process.**

# CONCLUSION

During our audit, we tried to determine whether CFDCs and CBDCs designated to provide bilingual services ensure satisfactory services in both official languages. We also wanted to determine to what extent ACOA, CED, IC and WD take the needs of OLMCs into consideration in order to enhance their vitality and adequately support their development when they set up CFDCs and CBDCs.

We noted that the four federal institutions take certain measures to communicate the service requirements to CFDCs and CBDCs. For example, a language clause was inserted in the contribution agreements with these organizations. Despite this, ACOA and CED should modify these clauses so that they more fully reflect the spirit of the TB policy on grants and contributions with regard to official languages. CED and IC took additional measures to inform CFDCs of their language responsibilities. WD did the same with FEDOs.

The results of our audits of CFDCs and CBDCs in the Atlantic region, Quebec and Ontario demonstrated that the efforts made by the federal institutions responsible for these regions do not always translate into the delivery of bilingual services. Although the majority of offices visited comply with the requirements in terms of signage and documentation, we noted major shortcomings in terms of the active offer of service. We also noted that 10 of 22 offices did not offer satisfactory service in the minority language in person and that nine offices did not do so over the telephone. Eight CFDCs had a completely bilingual Web site, while 8 had a partially bilingual site. In Western Canada, FEDOs—whose mandate is to serve the Francophone communities in the four provinces—offered excellent French language services.

We noted that the four federal institutions regularly consult OLMCs at the national and provincial level to determine their needs and prepare action plans on the implementation of Part VII of the Act. For their part, most CFDCs and CBDCs regularly meet with the OLMC in their respective service area in order to discuss specific projects and services they could provide to the minority communities. Nevertheless, the consultations with OLMCs during the strategic planning for local economic development in Quebec and in Ontario leave something to be desired in several regions. In most cases, the consultations take place in the official language of the majority and the strategic plan that is prepared after this exercise does not contain information on the specific needs and concerns of OLMCs. In Western Canada, FEDOs consult OLMCs during strategic planning and prepare a plan for each of the four provinces touching on the economic development of these communities.

We examined the monitoring mechanisms and systems and procedures established by the federal institutions to monitor the compliance of CFDCs and CBDCs with the requirements of the TB policy on grants and contributions. We noted that WD and IC had put in place a number of measures for this purpose. In Ontario, several of these measures were established following our investigation of the North Simcoe CFDC. As for ACOA and CED, they did not currently have mechanisms and formal systems in place to monitor compliance and report on the results obtained. It is equally important for ACOA, CED and IC to have mechanisms in place to evaluate the quality of the services in both official languages offered by CFDCs and CBDCs and the impact of their consultations or discussions and actions on OLMCs. The institutions concerned could then use the data gathered through these mechanisms and systems to better manage the quality of their services and produce performance reports.

Table 2 provides a summary of our findings for each element verified in the course of our audit.

For more information, please contact Marcel Charlebois, Assistant Director, Client Services and Audit, Investigations Branch at (613) 995-1010 or 1-877-996-6368 (toll free).

#### Audit Team

- Claude Ethier
- Ghyslaine Rose

**Table 2**  
Grade given by region for each element of service audited

Element of service	Atlantic	Quebec	Ontario	Western Canada
Linguistic clause in agreement	++	+	+++	N/A
Bilingual signage	+++	-	+++	N/A
Bilingual publications	+++	+++	+++	N/A
Bilingual Web site	+++	-	+	N/A
<b>Active offer</b>				
• Sign	-	-	+++	N/A
• In person	-	-	-	N/A
• Over the telephone	++	-	++	N/A
Bilingual service in person	-	+	+	N/A
Bilingual service over the telephone	+	++	++	N/A
Bilingual capacity	+	++	+	N/A
<b>Official consultations with OLMC</b>				
• National and provincial organizations	+++	+++	+++	+++
• Local organizations <sup>3</sup>	N/A	+	+	+++
• Strategic planning <sup>3</sup>	N/A	-	-	+++
Monitoring compliance	-	+	+++	+++
Evaluating the quality of bilingual services	-	-	+	N/A
Using the results of monitoring	-	-	++	++

<sup>3</sup> These activities are not done by CBDCs, but rather by other regional economic development organizations.

**Legend:**

+++	Very good
++	Good
+	Fair
-	Poor
N/A	Not applicable

NOTE **Very good** The majority of the organizations (federal institution or CFDCs/CBDCs) meet the requirements  
**Good** Several CFDCs/CBDCs meet the requirements / the federal institution meets a good part of the requirements  
**Fair** A few CFDCs/CBDCs meet the requirements / the federal institution meets some requirements  
**Poor** Very few CFDCs/CBDCs meet the requirements / the federal institution meets very few or none of the requirements

# LIST OF RECOMMENDATIONS

## AND ACTION PLANS PREPARED BY THE FEDERAL INSTITUTIONS INVOLVED

The general comments by the federal institutions, followed by their action plan for each recommendation, appear below.

### General comments

#### Atlantic Canada Opportunities Agency

ACOA continues to comply with section 41 of the *Official Languages Act* in the spirit of the Treasury Board policy on grants and contributions regarding official languages. ACOA provides funding to CBDCs through contribution contracts. It is primarily through these contracts that the Agency will continue to enhance the vitality of the linguistic minorities and to support and assist with their development.

#### Canada Economic Development for Quebec Regions

CED's approach to this matter is in keeping with the spirit of the Treasury Board policy on grants and contributions regarding official languages and is in keeping with the commitment set out in Part VII of the *Official Languages Act*. As well, the Office of the Commissioner of Official Languages set out its position in June 1999 to the effect that CFDCs do not act as third parties for the government within the meaning of section 25 of the Act. CED is of the view that, by requiring that CFDCs and BDCs continue their efforts to improve the delivery of their services in English, it is fulfilling the commitment set out under section 41 of the Act, as well as the obligation to comply with the spirit of the Treasury Board policy on grants and contributions. This is especially true in light of the fact that the Department supports the measures by means of additional financial resources.

#### Industry Canada

As voluntary non-governmental organizations that receive contributions from IC/FedNor—and not as third parties providing services on behalf of the Department, within the meaning of section 25 of the *Official Languages Act*—CFDCs are subject to the language obligations identified in the Treasury Board policy on official languages (Grants and contributions – Chapter 1-4). In addition, the obligations arising from Part VII of the Act do not apply to recipients of contributions, such as CFDCs. This being said, IC/FedNor reiterates its commitment to support the development of OLMCs and its willingness to adhere to the commitment provided for in section 41 of the Act.



## **Western Economic Diversification Canada**

WD is particularly proud of the effort put forward by the Francophone Economic Development Organizations (FEDOs) to provide timely, relevant services and act as catalysts in the communities of Western Canada. As grassroots organizations, FEDOs have significant knowledge of and experience with the communities they serve. WD is a proud contributor to their continued success. The Department is currently in the process of renewing multi-year funding agreements with many of its service delivery partners. Integration of services among highly skilled partners has been very successful for WD and it hopes to continue building upon that success.

## **Action plans**

- 1. The Commissioner recommends that the Atlantic Canada Opportunities Agency and Canada Economic Development for Quebec Regions modify, within six months of receiving this report or when renewing the agreement, the language clauses included in the contribution agreements with the CFDCs and the BDCs in Quebec and CBDCs in the Atlantic region so that they more fully reflect the spirit of the Treasury Board policy on grants and contributions with regard to official languages.**

### **Atlantic Canada Opportunities Agency**

During the next fiscal year, ACOA will be preparing new contracts with each of the CBDCs. At this time, the Agency will be able to review and revise the linguistic clause in the agreement to better reflect ACOA's expectations.

### **Canada Economic Development for Quebec Regions**

Since 1999, the contractual agreements between CED and CFDCs have included a language clause. This clause was amended in 2001 in order to broaden its scope to bring it into line with the *Official Languages Regulations*. In April 2002, this clause was clarified in a letter sent to CFDCs setting out the expectations of CED, which are in keeping with the spirit of the TB policy on grants and contributions with regard to official languages. The Department will review the language clause, as well as the specific expectations and related performance measurements, with a view to enhancing them in the next agreement, which will come into effect in April 2006, contingent upon the financial resources available.

- 2. The Commissioner recommends that the Atlantic Canada Opportunities Agency and Canada Economic Development for Quebec Regions inform, as quickly as possible, CBDCs and BDCs designated to provide bilingual services of their language obligations and of the concrete measures they must take to meet them.**

#### **Atlantic Canada Opportunities Agency**

The Agency will inform the 11 CBDCs of the linguistic expectations conveyed in the contracts with ACOA.

#### **Canada Economic Development for Quebec Regions**

The contractual agreements between CED and BDCs include a language clause identical to the one contained in the 2001 contract with CFDCs. As it did with the designated CFDCs, CED is planning to clarify to all BDCs its expectations with regard to official languages, which are in keeping with the spirit of the Treasury Board policy on grants and contributions with regard to official languages. In this regard, the Department will be adapting the documentation provided to CFDCs and will forward it to the designated BDCs with a view to discussing it with them by the summer of 2005. It will formalize its expectations and performance measurements in the next agreement, which will take effect in April 2006.

- 3. The Commissioner recommends that Canada Economic Development for Quebec Regions take, within four months of receiving this report, measures to ensure that the signage in CFDCs and BDCs designated to provide bilingual services is in both official languages.**

The Department will encourage designated CFDCs and BDCs to adopt, in accordance with Quebec legislation, a name that has an English version and will provide, if applicable, the financial resources needed to defray the additional costs, as well as bilingual indoor and outdoor signage tools.

- 4. The Commissioner recommends that Canada Economic Development for Quebec Regions and Industry Canada ensure, within six months of receiving this report, that the content of the Web sites of CFDCs and BDCs designated to provide bilingual services is available in both official languages.**

**Canada Economic Development for Quebec Regions**

CED estimates that, overall, CFDCs have improved the presentation of their Web sites in both official languages, in accordance with the terms set by the Department in April 2002. The monitoring of the quality of these Web sites in English will be integrated into the monitoring plan set out in response to recommendation 5.

**Industry Canada**

IC/FedNor will ask the Office of the Commissioner of Official Languages for details, in order to obtain more information about the nature of the deficiencies identified. As well, IC/FedNor will hire a consultant to identify deficiencies, establish costs, introduce a process to address deficiencies, and develop common English and French terminology used by CFDCs.

- 5. The Commissioner recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Industry Canada develop a strategy to ensure that CBDCs, CFDCs and BDCs designated to provide services in both official languages comply fully with the requirements for active offer of service.**

**Atlantic Canada Opportunities Agency**

This recommendation does not apply because CBDCs do not have an obligation under the *Official Languages Act* or the Treasury Board policy on grants and contributions.

**Canada Economic Development for Quebec Regions**

CED will be developing a monitoring plan to ensure that designated CFDCs and BDCs comply with the Department's expectations with regard to service in both official languages. This plan will allow the Agency to follow up in a more stringent manner, mainly by implementing monitoring and control mechanisms and making an assessment of the quality of the services provided (see recommendations 15, 16 and 17).

## **Industry Canada**

Although the contribution agreement signed with designated CFDCs already includes obligations with regard to making an active offer, IC/FedNor has agreed to review the findings contained in this report and examine the components of the active offer with designated CFDCs. As well, it is planning to implement a project to raise awareness among frontline staff about the importance and specific elements of an active offer as part of all communication initiatives (by telephone, in person, and so on).

- 6. The Commissioner recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Industry Canada take, within three months of receiving this report, measures to ensure that CBDCs, CFDCs and BDCs designated to provide bilingual services have sufficient linguistic capacity to offer services of comparable quality in both official languages.**

## **Atlantic Canada Opportunities Agency**

Where the Agency has inserted a linguistic clause in the contract with a CBDC requiring the delivery of services in both official languages, ACOA will assess the linguistic capacity and, if applicable, take the necessary action to rectify the situation.

## **Canada Economic Development for Quebec Regions**

CED is planning to increase its contribution to CFDCs designated bilingual to allow for a comparable offer of service to be made in English. These amounts can be applied towards language training for staff already in place. As well, CED will propose that new resources hired in the future be bilingual, as required, and plans to discuss this matter at the time the agreement is renewed.

## **Industry Canada**

Since 2002, IC/FedNor has provided designated CFDCs with additional financial resources to help increase their capacity to provide quality services to OLMCs. Regarding the deficiencies that have not yet been addressed, IC/FedNor has stated that it will be reviewing its options in order to develop a new service model, under which improved services would be provided to OLMCs in Ontario. After having completed this process and having identified the next steps, IC/FedNor will be able to determine where its language capacity needs to be improved (for example, in existing bilingual CFDCs or under another service model).

7. **The Commissioner recommends that the Atlantic Canada Opportunities Agency review, upon receipt of this report, the services that CBDCs offer to the OLMC in Prince Edward Island and take the necessary measures to ensure that this community receives the same services as those offered to the official language majority community and that they are of comparable language quality.**

ACOA will examine the situation and various options with respect to the OLMC in Prince Edward Island and the Community Futures Program to determine the best course of action.

8. **The Commissioner recommends that Western Economic Diversification Canada establish, within three months of receiving this report, an official mechanism whereby a member of the OLMC who visits a CFDC serving small towns with a significant minority language population is informed where he or she can obtain comparable services in his or her own language.**

WD will ensure that a referral mechanism, established among all of its service partners, is communicated to its regional offices and service partners. WD will also examine the potential for its service partners to maintain referral records to other service partners in order to monitor the effectiveness of this mechanism.

9. **The Commissioner recommends that Industry Canada examine, within three months of receiving this report, the keyboards used in CFDCs designated to provide bilingual services that give access to the information dispensed by Canada-Ontario Business Services Centres and ensure that French accents appear on them and can be produced easily.**

Within three months of the date on which this report is received, IC/FedNor will examine the keyboards used in designated CFDCs that provide access to information from the Canada Business Service Centre in Ontario. As required, it will install bilingual keyboards and ensure that simple instructions for finding accents used in French are available.

**10. The Commissioner recommends that Canada Economic Development for Quebec Regions include in its action plan on Part VII of the *Official Languages Act* specific measures undertaken by CFDCs and BDCs to adequately enhance the vitality and support the development of OLMCs.**

The vitality and development of OLMCs is made an integral component of the work carried out by these organizations, even though CFDCs and BDCs are not third parties working on behalf of the government within the meaning of section 25 of the *Official Languages Act* and do not have any specific obligations under Part VII of the Act.

**11. The Commissioner recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, Industry Canada and Western Economic Diversification Canada define performance indicators in their action plan on Part VII of the *Official Languages Act* in order to evaluate the measures taken and the results attained by CFDCs, CBDCs, BDCs and FEDOs with respect to the vitality and development of OLMCs.**

**Atlantic Canada Opportunities Agency**

It would be difficult for the Agency to include, in its action plan on Part VII of the *Official Languages Act*, performance indicators to evaluate the measures taken and the results attained by CBDCs with respect to the vitality and development of the Francophone linguistic minority in Atlantic Canada. ACOA's relationship with the CBDCs is of a contractual nature and the linguistic clause is limited to the delivery of services in French to the Francophone minority community. The Agency will monitor compliance with this commitment by CBDCs.

**Canada Economic Development for Quebec Regions**

CED will be including provisions for performance indicators that distinguish between the results obtained for English-speaking and French-speaking clients, at the time the agreement is renewed.

**Industry Canada**

IC/FedNor will be identifying the indicators to be included in Industry Canada's action plan, which provides for assessing the measures taken and the results achieved under the Community Futures Program with regard to the vitality and development of OLMCs. Performance indicators and information will have to be monitored by CFDCs as part of this assessment. These will be identified in the follow-ups to recommendations 6, 16 and 17, in addition to being included in the quarterly reports.

### **Western Economic Diversification Canada**

Within the context of funding renewal, significant work has been undertaken by working groups with both WD and service partner representatives. These working groups aim to clearly define core services and expectations of CFDCs and FEDOs and are developing valid performance indicators to effectively measure the success in achieving these core objectives.

Current draft indicators regarding support to OLMCs encompass such areas as information services, business services, technical advice, skills development and community economic development. As a result of this ongoing work, WD will be in a better position to accurately assess the contributions that both FEDOs and CFDCs make to the vitality and development of OLMCs.

**12. The Commissioner recommends that Canada Economic Development for Quebec Regions and Industry Canada ensure that CFDCs consult OLMCs separately during the strategic planning for local economic development and that the specific concerns and needs of this community are clearly identified in the strategic plan prepared as a result of these consultations.**

### **Canada Economic Development for Quebec Regions**

Not all CFDCs do strategic planning, since there are local development centres and these have a role in this area. However, the Department will ensure that this aspect is included in its discussions with concerned CFDCs at the time the agreement between CED and CFDCs is renewed.

### **Industry Canada**

In future meetings with IC/FedNor staff and designated CFDCs, IC/FedNor officials will stress the need to consult OLMCs separately, in their language, with regard to strategic planning for assisting local economic development and to clearly identify the specific concerns and needs of these communities in the strategic plan that is developed following these consultations. At these meetings, IC/FedNor will review the official language requirements set out in the action plans of CFDCs, with a view to ensuring that this expectation with regard to service is clearly laid out and understood by CFDCs.

**13. The Commissioner recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Industry Canada ensure, within three months of receiving this report, that the committees responsible for accepting or refusing loan or project applications are informed of their responsibilities to take into account the specific needs and particular concerns of OLMCs.**

**Atlantic Canada Opportunities Agency**

The Agency will remind the 11 CBDCs of their contractual obligations.

**Canada Economic Development for Quebec Regions**

CFDCs do not have responsibilities under Part VII of the Act. The same applies to the committees responsible for approving loan and project applications.

**Industry Canada**

IC/FedNor will be reviewing its options with regard to establishing and clarifying the responsibilities of committees responsible for approving loan and project applications with respect to supporting the development of OLMCs.

**14. The Commissioner recommends that Industry Canada examine the merits of setting up a federal regional economic development agency in those regions of the province not currently served by FedNor.**

This recommendation will be shared with the Minister of Industry and the Minister of State (FedNor).

**15. The Commissioner recommends that the Atlantic Canada Opportunities Agency and Canada Economic Development for Quebec Regions implement, within six months of receiving this report, monitoring and control mechanisms to ensure that CFDCs, BDCs and CBDCs designated to provide bilingual services respect their linguistic responsibilities.**

**Atlantic Canada Opportunities Agency**

This recommendation also incorporates recommendations 5, 17 and 18. The Agency will examine the current monitoring and control systems and develop a plan for improvement, where required. Implementation will be within six months.



### **Canada Economic Development for Quebec Regions**

In addition to the measures it will be implementing in response to recommendation 5, the Department developed a guide for monitoring contribution agreements. Training in this regard is currently being provided to advisors, including staff in charge of following up with CFDCs. As well, a monitoring tool specific to the agreements under the Community Futures Program, which will include components relating to official languages, is currently being developed. Training in this regard will be provided to staff in charge of following up with CFDCs and BDCs by March 2005. This will allow us to rigorously track compliance with the clauses of the agreement and adherence to the Department's expectations, which were formalized in writing in April 2002.

**16. The Commissioner recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Industry Canada establish, within six months of receiving this report, formal mechanisms to evaluate the quality of the services in both official languages offered by CFDCs, CBDCs and BDCs designated to provide bilingual services, as well as the effectiveness and impact of their consultations or discussions with OLMCs.**

### **Atlantic Canada Opportunities Agency**

ACOA will develop a mechanism to evaluate the quality of the services provided in French by CBDCs that have signed a contractual agreement that includes the provision of such services. However, CBDCs do not conduct consultations with the Francophone minority community in Atlantic Canada.

### **Canada Economic Development for Quebec Regions**

In 2002 and 2003, CED asked CFDCs designated bilingual to draft action plans for adhering to the expectations laid out in the letter of April 2002. Every year, CED conducts follow-ups to ensure that CFDCs make improvements to how they provide bilingual services. These follow-ups have allowed the Department to conclude that the provision of service in English has indeed improved. With regard to recommendation 5, in order to ensure more rigorous tracking, CED is planning to have an external audit conducted specifically to review the services in English provided by the designated CFDCs and BDCs. The Department's Quality and Review Branch will be involved in this audit exercise.

With regard to the second part of the recommendation on the impact of the consultations held by CFDCs with OLMCs, the response to recommendation 10 applies.

## **Industry Canada**

The quality of the services provided by CFDCs in both official languages and the impact on OLMCs will be assessed by IC/FedNor through measures provided for under the CFDCs' action plans with regard to official languages, including the applicable control and monitoring mechanisms, and at the time agreements are renewed.

**17. The Commissioner recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Industry Canada, once the monitoring systems and procedures are in place, periodically measure the quality of the services provided by CFDCs, CBDCs and BDCs that have an obligation to provide services in both official languages and the impact on the development of OLMCs, and use this information to manage the quality of the services and to produce performance reports.**

## **Atlantic Canada Opportunities Agency**

ACOA will develop a mechanism to evaluate the quality of the services provided in French by CBDCs that have signed a contractual agreement that includes the provision of such services.

## **Canada Economic Development for Quebec Regions**

In accordance with the follow-up plan provided for in the response to recommendation 5, CED plans to continue monitoring the quality of service regularly and annually, and will take care to include this aspect in its corporate audit plan for the Community Futures Program regarding all future audits.

Since this approach is in keeping with the spirit of the Treasury Board policy on grants and contributions, it would not be appropriate to include it in performance reports. The same applies to measuring the impact of CFDCs on the vitality of OLMCs, since CFDCs and BDCs do not have obligations under Part VII of the *Official Languages Act*, as stated in recommendation 10.

## **Industry Canada**

See recommendation 16. As well, the quality of services and the impact on OLMCs will be measured as part of the overall assessment of the Community Futures Program in Ontario.

**18. The Commissioner recommends that the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, Industry Canada and Western Economic Diversification Canada ensure that the performance of managers with respect to official languages is evaluated, specifically during the annual assessment process.**

**Atlantic Canada Opportunities Agency**

The Agency will consider the best methods to efficiently monitor managers' responsibilities with respect to the *Official Languages Act* and its application to ACOA.

**Canada Economic Development for Quebec Regions**

Since CFDCs and BDCs are not third parties acting on behalf of the government, it would not be appropriate to include quality of service and the development of OLMCs by designated CFDCs and BDCs as official performance criteria for managers. That being said, however, the performance agreements for all managers within the Department contain a clause on the management of official languages, with regard to both human resources and the delivery of programs generally.

**Industry Canada**

Official languages and OLMCs are important priorities for IC/FedNor. The managers responsible for the Community Futures Program are assessed on the performance of the Program, of which official languages are an element.

**Western Economic Diversification Canada**

Adequately and accurately evaluating the performance of managers that have file responsibilities overlapping with OLMCs is an important part of WD's commitment to effective management under the *Public Service Modernization Act*. Their work in a variety of areas, including support to OLMCs and other departmental priority areas such as entrepreneurship, innovation, and sustainable communities, form a significant part of ongoing assessment processes. In reviewing the department's evaluation process in 2005–2006, WD will take into consideration the comments put forward by the Commissioner of Official Languages.

# OUR RESPONSE

## TO THE GENERAL COMMENTS AND ACTION PLANS PRESENTED BY THE FEDERAL INSTITUTIONS INVOLVED

Two of the four federal institutions (ACOA and the CED) have stated that they are responsible for respecting the spirit, rather than the letter, of the Treasury Board policy on grants and contributions with regard to official languages because they are not mentioned in Schedule 1 of the *Financial Administration Act*. We have taken steps to reflect this element in the report.

CED and IC/FedNor have pointed out that section 25 of the *Official Languages Act* does not apply to them because CFDCs and BDCs are not third parties providing services on their behalf. We agree. It should be noted that we make no mention of this section in the audit report.

With regards to Part VII of the Act, we agree with the federal institutions involved that they—and not the CFDCs and CBDCs—are responsible for carrying out the commitment made by the Government of Canada to enhance the vitality of the official language minority communities in Canada and to support and assist their development. However, we are of the view that they also have the obligation to take the necessary steps to ensure that CFDCs, CBDCs, and BDCs provide services in both official languages and take account of the needs of OLMCs with a view to enhancing their vitality. This is in keeping with their respective mandates, that is, to provide services to businesses, access to capital and, where CFDCs are concerned, strategic services for community economic planning. Consequently, the obligations of federal institutions under Part VII, with regard to the mandates given to CFDCs, CBDCs, and BDCs, include responsibilities under parts IV and VII of the Act. Furthermore, the institutions should use Government of Canada financial participation as leverage—as much as possible—in its contribution agreements, in order to meet part of their obligations under section 41.

Below, we have included comments on the action plans of each of the four federal institutions.

### **Atlantic Canada Opportunities Agency**

We are satisfied with ACOA's action plan for implementing 6 of the 11 recommendations. However, we are not satisfied with the measures proposed for recommendations 5 and 11, and the actions taken to implement recommendations 13, 16 and 17 are only partially satisfactory.

Recommendation 5 requires that the institution develop a strategy on active offer. ACOA states that this recommendation does not apply because CBDCs have no obligations under the *Official Languages Act* or the Treasury Board policy on grants and contributions.

We do not agree with ACOA's position in this regard. The policy on grants and contributions requires that federal institutions ensure that recipient organizations make an active offer of services to the public in both official languages. Also, as mentioned above, ACOA has the obligation to abide by the spirit of the Treasury Board policy on grants and contributions with regard to official languages and to take all measures necessary to ensure that CBDCs provide services in both official languages. The active offer is part of these measures. Consequently, ACOA must find ways to implement this recommendation.

With regard to recommendation 11, ACOA has indicated that it would be difficult for it to specify in its action plan on Part VII performance indicators to assess the measures taken and results achieved by CBDCs in terms of enhancing the vitality of the Francophone minority in Atlantic Canada, given that the relationship between ACOA and the CBDCs is of a contractual nature and that the language clause applies only to the provision of services.

Although we are aware that the relationship between ACOA and the CBDCs is of a contractual nature, we are of the view that ACOA has the obligation to ensure that CBDCs provide services in both official languages and take account of the needs of OLMCs, given their current mandate. Furthermore, some requirements of the Treasury Board policy on grants and contributions provide for activities relating to Part VII (encourage members of both official language communities to take part in activities, projects, and programs, and design these events in such a way that they meet their needs). It is therefore important that ACOA put in place indicators to assess the impact of the actions taken by CBDCs on official language minority communities.

Recommendations 13, 16 and 17 pertain to investment committees, evaluation mechanisms, and monitoring systems and procedures, respectively. In its action plan, ACOA proposes measures to follow up on the activities carried out by CBDCs with regard to the delivery of services in both official languages. ACOA is silent on activities relating to Part VII of the Act. Since we are of the view that, in light of the mandate of CBDCs, ACOA's obligations include responsibilities under parts IV and VII of the Act, the Agency must ensure that the follow-up on the implementation of these three recommendations includes measures to enhance the vitality and support the development of OLMCs.

In conducting our audit, we noted that strategic planning on local economic development and formal consultations with OLMCs are not carried out by CBDCs themselves, but, rather, by other regional economic development organizations. Since the audit conducted in the Atlantic region was limited to the bilingual services provided by designated CBDCs and the extent to which these were enhancing the vitality and supporting the development of OLMCs, we were unable to verify this aspect during our audit. We are therefore planning to examine this matter at the follow-up stage in 12 to 18 months.

## Canada Economic Development for Quebec Regions

We are satisfied with CED's action plan for implementing 9 of the 14 recommendations. However, the measures proposed to implement recommendations 10, 13 and 18 are not satisfactory, while those proposed for recommendations 16 and 17 are only partially satisfactory.

With regard to recommendation 10, CED has indicated that the requirement to enhance the vitality and support the development of OLMCs is taken into account in various areas of activity in which CFDCs and BDCs engage, even though these organizations do not have obligations under Part VII of the Act.

Given the mandate of CFDCs and BDCs, we are of the view that CED has the obligation to take the necessary measures to ensure that these organizations consider the needs of OLMCs in order to foster their development. These measures should be set out in the Department's action plan on Part VII. As well, in response to the preliminary report, CED provided examples of initiatives undertaken by CFDCs that have an impact on the vitality and development of OLMCs. In our view, it would be appropriate to include this type of information in the Department's action plan and in the annual progress report to the action plan.

Concerning recommendation 13, involving CFDCs' investment committees, CED is of the view that they have no responsibilities under Part VII. As mentioned before, we find that, in light of the mandates of CFDCs and BDCs, the obligations of CED include responsibilities with regard to parts IV and VII of the Act. Therefore, the Department must take measures to follow up on this recommendation.

Recommendation 18 has to do with performance appraisals for managers who oversee CFDCs and BDCs. The Department is of the view that these performance appraisals need not include a separate section on service in both official languages provided by designated CFDCs and BDCs or on the extent to which these organizations support the development of OLMCs, since they are not providing services on behalf of CED. In light of the responsibilities of CED and the mandate of CFDCs and BDCs, we find that the managers in the Department who oversee the Community Futures Program should be explicitly assessed on the services provided by CFDCs and BDCs and the extent to which they enhance the vitality and support the development of OLMCs. In our view, this could only be done if these elements were to be considered as separate components of the annual performance appraisal process.

With regard to recommendations 16 and 17, the Department is proposing in its action plan measures for monitoring and evaluating CFDCs on the provision of service in both official languages. Given our position on the responsibilities of CED under parts IV and VII, we feel that the Department must ensure that the measures put forward to follow up on these two recommendations also include measures to enhance the vitality and support the development of OLMCs. Moreover, it would be appropriate for CED to use the results from the monitoring and assessment measures when reporting on its performance.

#### **Industry Canada**

We are satisfied with IC/FedNor's action plan for implementing 9 of the 11 recommendations. For recommendations 14 and 18, the measures are not fully satisfactory.

The steps taken by the Department in February 2005 to follow up on recommendation 14 do not meet our expectations. Sharing this recommendation, whereby a federal regional economic development agency could possibly be established in Ontario regions not served by FedNor, with the Minister of Industry and the Minister of State (FedNor) is not sufficient. Industry Canada must conduct an in-depth examination and analysis of the situation, in co-operation with OLMCs in Ontario. The Department would then be in a position to recommend to the Ministers the best way to enhance the vitality and contribute to the economic development of OLMCs in all regions of the province.

As for recommendation 18, IC/FedNor states that its managers in charge of the Community Futures Program are assessed on the performance of the program, which includes official languages. In our view, it would be important to make changes to the form used to assess the performance of these managers every year, so that it includes a section specifically on official languages.

#### **Western Economic Diversification Canada**

We are pleased with the action plan developed by WD to address the deficiencies raised in the three recommendations contained in the audit report that apply to the Department.

# APPENDIX A

## Objectives and Criteria

### Objectives

The objectives of the audit were to determine whether:


1. CFDCs and CBDCs provide adequate services in both official languages in regions where demand warrants it;
2. the economic development programs of Industry Canada, the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions and Western Economic Diversification Canada enhance the vitality and support the development of OLMCs and take into account CFDCs and CBDCs;
3. the federal institutions involved consult OLMCs when they establish CFDCs and CBDCs and consider their specific needs; and
4. the four institutions measure the quality of services provided to OLMCs by CFDCs and CBDCs and the impact on their development.

### Criteria

We expected that:

1. the institutions effectively communicate requirements of the *Official Languages Act* to CFDCs and CBDCs;
2. designated CFDCs and CBDCs actively offer and provide their services (in person, over the telephone, with signage, in their written communications and in the media) in both official languages;
3. the institutions have programs in place that enhance the vitality and support the development of OLMCs;
4. the economic development programs take into account CFDCs and CBDCs;
5. the institutions officially consult OLMCs to determine their needs;
6. the institutions integrate the results of their consultations with OLMCs to their own programs directed at these communities;
7. the institutions monitor how CFDCs and CBDCs take into account the needs identified by OLMCs in order to modify their approach as required;
8. the institutions officially consult OLMCs to determine their needs when they establish CFDCs and CBDCs;



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9. the institutions take into account the results of their consultations with OLMCs when they determine the location of designated CFDCs and CBDCs;
  10. the institutions have in place appropriate systems and procedures to determine whether members of the public are receiving services in the official language of their choice;
  11. the institutions evaluate CFDCs and CBDCs to determine whether services are offered in both languages and whether these services are of good quality; and
  12. the results of monitoring are used in managing quality of service, in reporting performance, and in the performance appraisals of responsible managers.

# APPENDIX B

## LIST OF ACRONYMS

<b>ACOA</b>	Atlantic Canada Opportunities Agency
<b>BDC</b>	Business Development Centre
<b>CBDC</b>	Community Business Development Corporation
<b>CBSC</b>	Canada Business Service Centre
<b>CED</b>	Canada Economic Development for Quebec Regions
<b>CFDC</b>	Community Futures Development Corporation
<b>FedNor</b>	Federal Economic Development Initiative in Northern Ontario
<b>FEDO</b>	Francophone Economic Development Organization
<b>IC</b>	Industry Canada
<b>OLMC</b>	Official language minority community
<b>SDBA</b>	Société de développement de la Baie acadienne
<b>TB</b>	Treasury Board
<b>WD</b>	Western Economic Diversification Canada