THE TWO-TIER SETTLEMENT SYSTEM:
A REVIEW OF CURRENT NEWCOMER SETTLEMENT SERVICES IN CANADA

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The Two-Tier Settlement System: A Review of Current Newcomer Settlement Services in Canada

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ABSTRACT

The objective of this paper is to review the supply of current newcomer settlement services in Canada, with an emphasis on Ontario and the City of Toronto. A brief discussion of the relationship between settlement service supply and demand is provided. Supply refers to the spatial distribution of immigrant settlement agencies (ISAs) and the range of services offered at each location. Demand is shifting and dynamic, and is determined by the spatial distribution (residential location) of newcomers and their settlement needs.

Theoretically, the paper is grounded in Wolch’s (1990) concept of the shadow state. Since the mid-1990s, Canada’s settlement sector has evolved into a para-state system that is financed by contractual arrangements between the state and non-governmental settlement agencies. Building on Wolch’s concept, I argue that this para-state or parallel settlement system is characterised by two-tier dependency. In the first tier, large multi-service ISAs are financially dependent on government purchase-of-service agreements. In the second tier, multi-service agencies contract out services to small ethno-specific ISAs. Ethno-specific ISAs are financially dependent on multi-service ISAs because the majority of small agencies lack the resources to compete for government contracts. I argue that this two-tier system contributes to an uneven geography of service provision – or a spatial mismatch – between the location of ISAs and the residential location of newcomers.

The paper concludes with a discussion of central issues in Wolch’s shadow state hypothesis and its relevance for Canadian settlement service provision. Research gaps and preliminary policy recommendations to address settlement service mismatches are provided.

KEY WORDS: Newcomer settlement services, immigrant serving agencies (ISAs), shadow-state hypothesis, two-tier settlement system, supply, demand, spatial mismatch
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INTRODUCTION

In Canada, the study of immigrant settlement services and settlement experiences is a relatively recent phenomenon. Indeed, there were few examples of Canadian research on immigrant settlement issues prior to the mid-1990s. In contrast, Canadian research on newcomer integration, settlement policy, and access to social services proliferated in response to two concomitant policy shifts that occurred in 1995. First, the federal Liberal government initiated a “settlement renewal” process that sought to download responsibility for settlement services to the provinces via federal-provincial settlement agreements (Richmond 1996). Second, Ontario’s Conservative government drastically reduced spending on social and settlement programs and devolved responsibility for these services to municipalities (Richmond 1996; Simich 2000). The devolution of settlement services and cuts to public spending fostered a sense of urgency on the part of government agencies, non-governmental organizations (NGOs), and academics who recognized the need for advocacy and research on the newcomer settlement sector. Researchers were concerned that funding cutbacks would compromise the ability of settlement service providers to respond quickly to newcomers’ needs in particular geographical areas.

The objective of this paper is to review the supply of current immigrant settlement agencies (ISAs) in Canada, with an emphasis on Ontario and the Toronto Area. This focus on Ontario and Toronto should not be surprising. The federal settlement renewal process and Ontario’s devolution of social services have had the greatest impact on the province and city that together receive the majority of Canada’s immigrants. For example, between 1996 and 2001, Canada received 963,330 newcomers, of whom 56 per cent settled in Ontario. The Toronto Census Metropolitan Area (CMA) received 414,875 of these newcomers, or 43 per cent of all immigrants who arrived in Canada over this five year period (Statistics Canada 2001).

“Newcomer” is used as a more inclusive term for permanent resident immigrants in Canada. “Newcomer” softens the stigma of difference or otherness associated with the terms “immigrant” or “refugee.” The term promotes the idea that recent arrivals are people who have committed to a new life in Canada, and who are therefore a part of the Canadian social fabric, not separate from it. The term newcomer has gained acceptance among Canadian academics and service providers (see George 2002).

While the use of the term promotes social inclusion, it is also open to critique. “Newcomers” could be confused with intra- and inter-provincial Canadian-born migrants. The term also begs the question: When is one no longer a newcomer? My sense is that the term is meant to apply to permanent residents who have been in Canada for less than three years, the point at which eligibility for most settlement services terminates, and the point at which eligibility for Canadian citizenship begins. From the point of view of settlement service provision this is problematic: newcomers who obtain Canadian citizenship after three years may still require settlement services, such as language and employment training.

Bridgman (1993); Geronimo (2000); and Richmond and Shields (2004) use the term ‘immigrant settlement agency’ (ISA) to refer to any organisation that is mandated to provide services to newcomers.

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2 Bridgman (1993); Geronimo (2000); and Richmond and Shields (2004) use the term ‘immigrant settlement agency’ (ISA) to refer to any organisation that is mandated to provide services to newcomers.
In this paper I pose the following question: Does immigrant settlement policy produce a spatial mismatch\(^3\) between the location of ISAs and the residential location of newcomers? To answer this question, I will articulate the relationship between immigrant settlement policy, the supply of settlement services, and the demand for settlement services. Supply refers to the number, location, and service capacity (size and range of services) of ISAs in a particular area. Demand is shifting and dynamic, and is determined by the spatial distribution (residential location) of newcomers and their settlement needs. Newcomers’ settlement needs are influenced by a variety of factors including gender, family size, language, education, employment, income, social networks, and housing market conditions.

Theoretically, I orient the findings of this paper to Wolch’s (1990) concept of the shadow state. The Canadian settlement system has evolved into a para-state,\(^4\) or parallel system, that delivers settlement services formerly supplied by provincially-run public agencies. I argue that this parallel arrangement is characterized by a two-tier system of dependency. In the first tier, large multi-service ISAs are dependent on state contracts for the bulk of their operating capital. The second tier is comprised of small ethno-specific ISAs that are unable to compete with larger agencies for state contracts; these agencies depend on multi-service ISAs for resources and funding. I argue that this two-tier dependency contributes to a spatial mismatch between the location of ISAs and the residential location of newcomers.

The remainder of this paper is divided into four sections. The first section describes the research methodology of the study. Section two reviews the theoretical framework of the paper. Section three examines settlement service supply and the spatial mismatch between the supply of services (location of settlement services) and the demand for settlement services (residential locations of newcomers). The final section identifies research gaps and provides preliminary policy recommendations.

**RESEARCH METHODOLOGY**

The findings of this paper stem from a review of the literature on newcomer settlement services in Canada that was based on library, database, and internet searches for books, papers, and reports on newcomer settlement services (ISAs). The goal of the

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\(^3\) In this paper, spatial mismatch refers to the lack of congruence between the location of ISAs relative to the residential location of newcomers. See Preston and McLafferty (1999) for an extended discussion of the concept.

\(^4\) A para-state system is a collection of organisations that are subsidiary (supplementary), auxiliary or parallel to the formal state system. In this system, organisations are dependent on government funding for the bulk of their operating capital. Funding is normally secured in the form of short term contracts and purchase-of-service agreements, as opposed to stable and consistent core funding. In some cases, organisations within this subsidiary or parallel system assume responsibility for services formerly offered by publicly-funded government agencies.
literature search was to locate studies that had examined settlement policy, funding, services, and evaluation, with a focus on the successes, challenges, and barriers to ISA settlement-service provision. In addition to the literature review, I also have drawn upon my current doctoral research with Toronto’s Salvadorean community, which has included interviews with Toronto-area settlement-service providers.

In the summer of 2003, the following searches for relevant literature were undertaken:

1) The library catalogues of York University, the University of Toronto, and the Joint Centre of Excellence for Research on Immigration and Settlement – Toronto (CERIS);

2) The ‘virtual libraries’ of the four Metropolis Project centres of excellence (CERIS, IM, RIIM and PCERII) – and “Settlement.Org,” a province of Ontario settlement information and referral site;

3) Journal databases, including Web of Science, Expanded Academic ASAP, Geography, Social Sciences Abstracts, Social Science Citation Index, Sociological Abstracts and Social Work Abstracts;

4) Canadian provincial and municipal government websites; and

5) A general search of the internet. Numerous keywords were used, including newcomer, refugee, settlement, services, social, organizations, and agencies.

The search yielded 118 papers, the majority of which focused on newcomer settlement policy, funding, and services in Ontario and Toronto. Based on relevance to the GEOIDE project, 49 items were selected for detailed review. The majority of the items reviewed were working papers and reports produced by ISAs (large and small), by researchers affiliated with the Metropolis Project, and by a number of government agencies. Only six of the items were published in peer-reviewed journals (Bai 1992; George and Tsang 2000; George 2002; Jacob 1994; Owusu 2000; Truelove 2000). This point is significant because it demonstrates that research on ISAs has not figured prominently on the research agendas of academics.

The literature search for this paper was complicated by accessibility issues. A number of research-based NGOs have funded and produced papers on immigrant settlement issues, including the Maytree Foundation (Maytree Foundation 1999; Maclsaac 2003; Mwarigha 2002; and Ryan and Woodill 2000), the Laidlaw Foundation (Omidvar and Richmond 2003), the Caledon Institute for Social Policy (Omidvar 2001), and the Canadian Council for Refugees (CCR 1998; 2000). A few government agencies have produced their own research studies, although in recent years, direct funding of ‘in-house’ research appears to have declined. Citizenship and Immigration Canada (CIC) and the Ontario Administration of Settlement and Integration Services (CIC-OASIS) have published a
variety of research reports on newcomer settlement provision (see, for example, CIC 2004). The Department of Canadian Heritage has published research in the area of multiculturalism and citizenship (see Department of Canadian Heritage 2004). Recently, the City of Toronto has issued two evaluations of community agencies (City of Toronto 1997; 2003). Moreover, the City also has sponsored research through the federally-funded Supporting Communities Partnership Initiative (SCPI) (see Access Alliance 2003; Zine 2002). In the past, the Ontario Ministry of Community and Social Services (MCSS) has funded research on newcomer settlement (see Reitz 1995). Currently, however, there is little evidence to suggest that federal and provincial governments are actively funding newcomer settlement research.\footnote{A perusal of federal and provincial government publications in January 2004 yielded few research papers on newcomer settlement issues.}

A small number of Ontario-based ISAs and ISA umbrella groups have produced their own research on immigration issues, including the Council of Agencies Serving South Asians (Ku 2000), The Chinese Canadian National Council (Leung 2000), the Hispanic Development Council (Garay 2000), and the Lutheran Refugee Committee (LRC 2000).

For this study, references to a number of research reports on newcomer services were located on the internet using general keyword searches. Unfortunately, some of the reports produced by small ISAs could not be located in any format, presumably because the ISA had ceased operations, moved, or changed its name. In other instances, I attempted to request ISA reports by telephone and/or by email; however, my inquiries went unanswered and the reports could not be acquired. Fortunately, colleagues were able to make available copies of some studies that I was unable to locate through other means. Often, they had acquired these reports through personal contacts at various ISAs, thus confirming that some ‘in-house’ newcomer research is not widely available to settlement stakeholders. In sum, the findings of this paper are based on an extensive, but potentially incomplete, review of the newcomer services literature.

THEORETICAL FRAMEWORK

I situate the delivery of Canadian settlement services within Wolch’s concept of the shadow state (Wolch 1990). In Ontario, CIC funds a small number of settlement services through its regional branch, OASIS. The majority of settlement services are provided through purchase-of-service agreements between the Ontario government, non-profit NGOs (also referred to as the “third sector”), and a few for-profit private firms (Richmond and Shields 2004). The focus of this paper is on the relationship between the state and not-for-profit third sector ISAs. Wolch describes the shadow state as a parallel system comprised of NGOs that deliver collective services formerly provided by state-run agencies (see Figure 1).
Through purchase-of-service agreements, the state contracts with NGOs to provide a range of public services. Regulatory provisions define both which services will be provided and how they will be delivered. Institutional ties determine the stability of contract funding provided to NGOs. Ostensibly, NGOs will secure subsequent contracts if they develop a good working relationship with government funders, and demonstrate the capacity to provide cost-effective services. The government, therefore, exercises a fair amount of social control over NGOs, because contract requirements and regulatory provisions specify which services will be funded. As a consequence, there is little opportunity for NGOs to develop programming outside of their contractual terms of reference. These contractual arrangements may be legitimated over time as funders deepen their institutional ties with NGOs and develop strong working relationships.

The key word here, however, is “may:” some NGOs will accept the contract system; others will strongly oppose it. Nevertheless, many NGOs possess limited fundraising capacity and, thus, are almost wholly dependent on state contracts for financial support. Thus, shadow-state NGOs – in this case ISAs – are at once independent entities that are under the purview of state control (Wolch 1990).

Wolch characterizes the shadow state as a complex and contradictory phenomenon with important implications for debates surrounding: 1) the geography of service provision and 2) the role of NGOs as agents of social change versus instruments of state control (Wolch 1990). Following from Wolch, I identified three key questions that characterize this debate in the context of ISAs: 1) To what extent does the shadow state apparatus produce uneven geographies of service provision?, 2) To what extent do ISAs democratize the delivery of newcomer settlement services and encourage discourse on progressive change?, and 3) Conversely, to what extent is the autonomy of ISAs compromised owing to deepening state penetration in everyday operations? The bulk of what follows is devoted to a consideration of the first of these questions. The second and third questions are revisited in the conclusion.

Drawing largely on a literature review of Ontario ISAs (and to a lesser extent British Columbia and elsewhere), this paper tests the shadow state hypothesis. In Ontario and British Columbia, the majority of settlement services are provided through contract and purchase-of-service agreements between the province and NGOs. I argue that the funding cutbacks associated with decentralization and downloading – particularly in Ontario – have led to the emergence of a two-tier newcomer settlement system (see Figure 2).

In the first tier of dependency, large multi-service agencies are financially dependent on government contracts for the bulk of their funding. Indeed, the literature suggests that government contracts account for anywhere from 60 per cent to 100 per cent of ISA operating budgets (Richmond and Shields 2004). In the second tier, a significant number of small ethno-specific ISAs depend on larger agencies for funding because they lack the resources to compete for government contracts (Bartlett and McKitrick 1999; George 2002; Geronimo 2000; Richmond and Shields 2004; Spigelman and Simces 2000).
Dependency for small ISAs occurs in two ways. First, some large ISAs sub-contract work to smaller ethno-specific ISAs to provide services to emerging newcomer groups. Second, many small ethno-specific ISAs partner or collaborate with larger ISAs in order to receive a share of government contracts. Partnering and collaboration will often, but not always, include co-location, where small ISAs share the same office space with larger organizations. In some instances, small ethno-specific ISAs choose to partner with larger agencies in order to access funding. In other instances, small ethno-specific ISAs are forced to collaborate with larger agencies to access funding. That is, the state may allocate some funding to small ethno-specific ISAs on condition that they partner with a larger agency.

Social control and legitimation are especially pertinent to small ISAs because they are subject to two sets of rules and regulations. At one level they are bound by the terms of reference of government contracts. At a second level they are bound by the rules, regulations, and practices of their larger collaborative partners. In fact, the evidence from the literature suggests that power and decision-making conflicts are common in collaborative relationships (Bartlett and McKitrick 1999; City of Toronto 2003; Geronimo 2000; Spigelman and Simces 2000). For example, the staff at ethno-specific ISAs often complain that multi-service agency staff do not trust the ability of small organizations to deliver quality settlement services. This distrust is often manifested in unequal power sharing between large and small partner agencies. Funding, for instance, often is managed solely by the larger agencies. When funding-management issues are coupled with a lack of trust in the abilities of small ISAs, the independence of these organizations is compromised.

This two-tier dependency is, in large part, responsible for producing a spatial mismatch between the location of ISAs and the residential location of newcomers. Compared with smaller agencies, large agencies tend to have greater resources and superior management expertise. They possess an enhanced capacity to complete grant proposals and win government contracts. Multi-service agencies sub-contract settlement work to ethno-specific agencies which possess the ‘ethnic capital’ (shared language, ethnicity, and culture) to provide services that multi-service agencies are unable to offer. The financial survival of multi-service ISAs is dependent on government contracts. In turn, the survival of ethno-specific ISAs is increasingly dependent on sub-contracts from voluntary or forced collaboration with larger agencies (Geronimo 2000).

Following Wolch (1990), I argue that the two-tier shadow state produces uneven geographies of newcomer settlement service provision. In its present form, the two-tier settlement system is inaccessible to many newcomers and is ill equipped to meet the needs of numerically-small newcomer groups requiring ethnically-compatible services.
Figure 1: State – ISA Relations in the Provision of Settlement Services

- Contracts
- Regulatory Provisions
- Institutional Ties

Source: Wolch 1990
Figure 2: Two-Tier State – ISA Relations

- Contracts
  - Regulatory Provisions
  - Institutional Ties

- Social Control
- Legitimation

Large Multicultural ISAs

Co-Located Small Ethno-Specific ISAs
- Sub-contracting
- Collaboration (Forced / Choice)
- Social Control
- Legitimation

Sub-contracting
Collaboration (Forced / Choice)
Social Control
Legitimation

Small Ethno-Specific ISAs

Adapted from: Wolch 1990
SUPPLY, DEMAND, AND SPATIAL MISMATCH

The supply of ISAs is determined by three primary factors: 1) settlement policy; 2) service, scope and funding differences between multi-service agencies and ethno-specific agencies; and 3) ISA collaboration and co-location. The demand for settlement services is determined by a variety of factors, namely agency location, newcomer residential location, English- or French-language ability, education, income, access to transportation, knowledge of the city and availability of culturally-sensitive services (Simich 2004).

It is important to note that the demand for settlement services is in constant flux: over time, changes in personal circumstances – such as educational attainment, employment, and personal and household income – affect newcomers’ settlement needs. For example, the demand for language instruction and employment services diminishes as newcomers improve their official-language skills and gain experience within the labour market.

A central aspect of settlement service demand is agency accessibility. Access to services is, in large part, determined by the distance between a newcomer’s place of residence and the location of settlement agencies. The residential location of newcomers is not static: personal circumstances have a strong influence on residential choices. Changes to personal and household resources interact with household size, social networks, housing preferences, and housing market conditions to produce changes in newcomers’ housing careers (Murdie 2002; Özüekren and van Kempen 2002). If personal circumstances improve, newcomers may choose to relocate to areas that are closer to work, school, or family, or that reflect a preference for a particular neighbourhood or type of housing. If personal circumstances worsen, newcomers may seek the most affordable housing available, irrespective of proximity and preferences.

The degree of spatial concentration of newcomer groups as a whole is determined by the strength of intra-ethnic social networks and the socio-economic characteristics of individuals. Where personal or household resources are limited and intra-ethnic networks strong, newcomers from the same ethnic group may concentrate in areas with affordable housing. Where personal or household resources are significant and intra-ethnic networks weak, housing choices may be varied and the distribution of an ethnic group spatially diffuse.

In the context of location and accessibility, the challenge for the state is to ensure that the supply of settlement services matches the demand. I argue that settlement policy, multi-service versus ethno-specific agency service differences, and the extent of agency

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A housing career is defined as the sequence of dwellings that a household occupies during its life course. A housing career is not tied to hierarchical development (from rental to ownership, or from multi-family to single-family or from small to large), but rather to the series of dwellings that a household occupies over time (Özüekren and van Kempen 2002, 367).
collaboration and co-location interact to produce a spatial mismatch – or uneven spatial distribution – of ISAs relative to the residential location of newcomers.

Supply

Settlement Policy and Funded Services in Ontario

According to Citizenship and Immigration Canada (CIC), the settlement of immigrants and refugees in Canada is a shared responsibility of the federal government, the provincial governments, and the not-for-profit sector. The goal of settlement programming is to help newcomers become self-reliant, participating members of Canadian society as quickly as possible (CIC 2004).

Newcomer Services Funded Directly by CIC

CIC provides direct funding to three newcomer services: the Immigrant Settlement and Adaptation Program (ISAP); the Host Program; and the Language Instruction for Newcomers to Canada Program (LINC). ISAP services include reception and orientation, translation and interpretation, referral to community resources, para-professional counselling, general information, and employment-related services.

ISAP also funds projects to complement or improve the delivery of settlement services, such as research projects on settlement and integration, seminars and conferences to disseminate information, and the training of ISAP-supported agency staff (CIC 2004). ISAP also provides pre-departure orientation sessions in selected overseas countries.

The Host Program is designed to foster integration by establishing friendships between newcomers and resident Canadians. It matches newcomers with volunteers who are familiar with Canadian culture and who can teach newcomers about available services, practise English or French, help to establish employment contacts and encourage participation in community activities (CIC 2004).

The LINC program funds basic French or English language instruction to adult newcomers. It is offered to permanent residents in cooperation with provincial governments, school boards, community colleges, and immigrant and community organizations. Depending on a newcomer's abilities and needs, LINC may include full- or part-time training, self-assisted and distance learning, or community- or institutionally-based programs. LINC is free to newcomers, but it does not include training allowances. Child minding is provided on site, and transportation assistance is available if needed (CIC 2004).
Financial support for the LINC, ISAP, and Host programs is determined by a national allocation formula (NAF). The NAF was developed by CIC to allocate and distribute funds to programs on a province by province basis (Truelove and Wang 2001). It involves the use of a two-step formula. Step one calculates the funding threshold for provinces that receive five per cent or less of all immigrants to Canada in a given year. This calculation is based on four significant service variables: number of newcomers destined to the province; number of refugees; number of adult immigrants over 15 years old; and number of adult refugees with no official language ability. A weight factor of 1.6 is applied to refugees so that a minimum level of settlement support is available to refugees in all provinces. In step two, CIC allocates funds to provinces that receive five per cent or more of all immigrants to Canada in a given year. Funds are allocated according to a 80:20 split between LINC (80) and all other programs (20), including ISAP and the Host Program. The two step model is limited, because if the annual funding pool is small, provinces with fewer than five per cent of newcomers are favoured. When the funding pool is large, provinces with greater than five per cent of newcomers are favoured (CIC 2004).

Truelove and Wang (2001) replicated this formula at three different thresholds – five per cent, two per cent and one per cent - using a total of $102.7 million, which was the NAF allocation for the 1999-2000 fiscal year. At all thresholds, they found that per capita funding to smaller areas remained significantly higher than per capita funding to larger areas. For example, at the five per cent threshold, large places received 151 per cent less funding for ISAP programs and 39 per cent less funding for LINC programs. In short, Truelove and Wang concluded the two-step NAF does not work well because funding is not equitably distributed to larger areas.

Newcomer Services Funded by Provincial – Non-Profit Purchase-of-Service Agreements

In Ontario, settlement service contracts and purchase-of-service agreements are brokered through the Newcomer Settlement Program (NSP). The NSP funds two main service streams: core services and employment-facilitation services (Government of Ontario 2004b).

Core services include assessment, referral, information and orientation, and general settlement assistance. Assessment services identify newcomer needs and determine an appropriate response or recommendation. Referral services link newcomers with community resources, services, ESL instruction, and employment training programs. Information and orientation services provide assistance to newcomers to establish themselves in their communities, including help with securing essential documents, and assistance with housing, education, transportation, health, and legal services. General settlement assistance services provide newcomers with help settling in Ontario. For example, assistance is offered in the completion of forms needed to access essential services (such as housing and health cards), arranging appointments, obtaining information and helping to resolve problems related to
settlement. At least 40 per cent of the budget of ISAs receiving NSP support must go towards the funding of these core services (Government of Ontario 2004b).

Employment facilitation services provide more in-depth assistance than the employment referral and information services offered under core services. For example, employment facilitation services help newcomers to access job training programs, acquire professional certification, and obtain recognition of academic credentials. They also help newcomers to identify employment skills, prepare resumes, set employment goals, and develop interview skills.

Beyene (2000) offers a useful way to conceptualise service-delivery models and link service provision to length of newcomer residence in Canada. His paper identified three main service-delivery models: 1) mainstream, 2) multicultural, and 3) ethno-specific. Mainstream services provide assistance to the general population, and attempt to enhance their cultural capacity by providing cross-cultural training, hiring bilingual service workers, and conducting outreach to ethnic communities. The major short-comings of mainstream agencies is that they lack linguistically- and culturally-appropriate services, tend to adopt a Euro-centric orientation, and have poor linkages to ethnic communities (ACS 2000; Beyene 2000; Bridgman 1993; Cabral 2000; and Garay 2000; Medeiros 1991; Wallace and Friskin 2000). It appears that mainstream agencies have made little effort to incorporate culturally-appropriate services into their daily operations. Bridgman’s (1993) study of Toronto family services concluded that mainstream agencies have been slow to adapt to cultural diversity, while Cabral’s (2000) study of 177 mainstream Toronto agencies found that only 18 per cent provided services in languages other than English.

In contrast to mainstream organisations, multicultural agencies serve a broad range of ethnic communities; however, they often assume that members of a particular ethnic group have the same needs, when in fact the needs within any one ethnic group may be extremely diverse. Ethno-specific agencies target their services to particular ethnic groups, but they are often under-funded, staffed by non-professional volunteers, and unable to provide specialised services (Cabral 2000).

Beyene (2000) identified four levels of service provision that are linked to newcomers’ length of residence in Canada: 1) reception level services, 2) basic level services, 3) labour market entry services, and 4) specialised settlement services. Reception level services include culturally- and linguistically-appropriate referral and host mentoring programs. Basic level services comprise assistance with access to suitable housing, job training, language training, interpretation services, networking services, and government documents, such as on how to apply for health cards. Labour market entry services deal with credential evaluation, accreditation issues, labour market training, and experience, education and professional licensing. Specialised settlement services address individual needs, such as counselling on cultural barriers, family problems, occupational concerns, racism, and other stress-related settlement issues. While the link between length of residence and service needs is useful, Beyene does not quantify the length of time that newcomers must live in Canada before seeking out each level of settlement service. This is no easy task, since
settlement needs vary among individual newcomers over time. Based on his study of Ethiopians, Beyene noted that reception-level services are required upon arrival in Canada, basic level services within a few months, and labour market and specialised services within the first three years of settlement.

**Settlement Funding in Ontario**

In Canada, the supply of newcomer services is directly affected by settlement funding. Recently, the number, range, and breadth of newcomer services have been influenced by federal and provincial cutbacks to newcomer services (Mwarigha 1997; Owen 1999; Richmond 1996). Overall, the federal and provincial governments have reduced their involvement in the delivery and support of settlement services. Since the mid-1990s, the federal government has devolved responsibility for the administration and delivery of newcomer services to the provinces under its settlement renewal initiative. In Ontario, funding for immigrant serving agencies (ISAs) peaked in 1994 at about $70 million. Approximately 35 per cent of this funding came from the federal government and about 42 per cent from Ontario (Mwarigha 1997). The remaining funds came from municipalities, the United Way, foundations, fundraising activities, and various productive enterprises.

It is difficult to determine exactly how much money flows directly through Ontario’s NGO sector. In 1996, about 24 per cent of federal LINC services (24 per cent of the total program budget) was provided through community based NGOs. In that same year, the entire ISAP budget of $8.7 million dollars was allocated to NGOs to provide direct settlement and adaptation services (Mwarigha 1997).

In 1995, Ontario shifted from direct investment in the public sector to competitive contract and purchase-of-service agreements with non-profit and for-profit operators. The outcome of this funding shift was threefold: 1) withdrawal from direct service provision, 2) reduction or total elimination of grants and other discretionary programs to NGOs, especially small ISAs with little political clout, and 3) increased reliance on competitive market-type mechanisms for allocating funds to low-cost providers and large ISAs that could meet the stringent requirements of purchase-of-service agreements (Mwarigha 1997).

Approximately 43 per cent of all programs for immigrants or refugees were at a high risk of being eliminated in 1996. The cutbacks varied from 20 per cent for large multi-service agencies, to 40 per cent for small agencies (Mwarigha 1997). As a result, many of the smaller ISAs – such as ethno-specific immigrant service agencies – had to close. Over the last forty years, government funding comprised a substantial component of NGOs’ operational and program funding (Lemon 1993). The loss of government support through funding cuts has weakened the partnership between government and the non-profit sector. Settlement services have suffered, notably in quality of their services. Funding to groups which advocate on behalf of newcomers, including the Ontario Coalition of Agencies Serving Immigrants (OCASI), has been cut. Funding for programs that promote
employment equity and anti-racism has been eliminated (Owen 1999). As a consequence, Richmond (1996) predicted NGOs would experience great difficulty filling the vacuum left by the government withdrawal from social and settlement service provision.

In the mid-1990s, the federal government began to negotiate settlement renewal agreements with individual provinces. Under this initiative, the federal government sought to download the administration of newcomer services to the provinces via federal and provincial service agreements. Currently, the federal government has reached settlement agreements with Quebec, British Columbia, Manitoba, and the Yukon (CIC 2004). There is, as yet, no formal settlement agreement between the federal government and Ontario, however on May 7, 2004, CIC signed a letter of intent with the Province of Ontario that outlined a Canada-Ontario immigration agreement and a committee structure for further negotiations (Government of Ontario 2004a). In Ontario, CIC funds the LINC, Host, and ISAP programs through CIC-OASIS. Figures for 1999 indicate that CIC funding to these programs increased by $35 million per year from a base of approximately $70 million (Owen 1999).

In Toronto there are over 100 ISAs, both small and large (Owen 1999). ISA funding and delivery is complicated owing to the range of complementary ISA services and the competing interests of settlement agencies and the provincial government.

In the current fiscal environment, governments and foundations have rationalised funding and introduced increased measures of accountability. Accountability mechanisms for the use of funds in settlement vary enormously among funders. In this sector, accountability is more concerned with the monitoring of budgets than on measurable outputs of service – in part because it is extremely difficult to measure the impact of settlement services on clients – but also because the public is demanding more accountability in government spending. A new term has been introduced to the fiscal lexicon: “slippage.” Agencies are required to justify lapses in spending through regular cash flow analyses that identify where funding will be allocated in future months. If the analysis is not persuasive, grants may be reduced or eliminated (Owen 1999).

Increased financial reporting requirements have created serious problems for small ISAs. According to one study, these agencies cannot devote human resources to increasingly sophisticated bookkeeping procedures (Owen 1999). The multiple reporting requirements of funders place a significant administrative burden on community-based organizations. For example, CIC and Ontario’s NSP each have different reporting, case management, and accounting procedures. According to Owen (1999), federal and provincial departments are not coordinating their programs to create a common financial reporting system. Reporting procedures are time-consuming and costly, yet funders are averse to paying for administrative costs that are not associated with direct service provision. A commitment by service providers and funders to develop and maintain common reporting procedures is required. This commitment will be challenging, since it necessitates the

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7 See Government of Ontario (2004b) for a detailed overview of NSP contract requirements.
deployment of human resources away from direct service and the hiring of specialized personnel.

**Multi-Service ISAs and Ethno-Specific ISAs: Service, Scope, and Funding**

Multi-service ISAs provide a wide array of the settlement services listed above. In theory, multi-service ISAs provide multicultural services to newcomers from a diverse range of cultural and linguistic backgrounds (Beyene 2000). On the one hand, multi-service ISAs are lauded for providing a large number of services ‘in-house’ at one location. On the other hand, they have been criticised for being imposing and inaccessible, for lacking a breadth of cultural and linguistic services, and for “essentialising” ethno-cultural groups. Moreover, Bridgman (1993) found that many multi-service ISAs are located in large, imposing buildings that are difficult to access by public transportation.

In her study of services for Toronto immigrant women, Truelove (2000) noted that many ISAs – both multi-service and ethno-specific – are located on bus routes rather than on subway lines. Like mainstream agencies, some so-called multi-service, multicultural ISAs have been criticised for failing to provide services in languages other than English (see Cabral 2000). Some large multi-service agencies have also been criticised for essentialising the immigrants that they serve. Cabral (2000) argued that some multi-service ISAs adopt essentialised notions of difference, which suggests that there are fixed characteristics associated with immigrants of a particular background. Garay’s (2000) research on Toronto’s Hispanic community confirmed this finding, noting that some large multi-service ISAs treat Hispanics as one homogeneous community, when in fact they are ethnically- and culturally-diverse. Beyene (2000) and Simich (2004) echoed this statement, noting that the staff at multi-service ISAs often assume that members of particular ethnic groups have the same needs, when the needs within any one ethnic group may be diverse. Furthermore, multi-service ISAs need to address the power imbalance that exists between ethnic communities and the values, institutions, and practices of the dominant Canadian culture (Cabral 2000).

Ethno-specific ISAs are the preferred mode of newcomer service among many settlement professionals, because they offer three main benefits over multi-service agencies. First, ethno-specific ISAs provide culturally- and linguistically-sensitive services to ethno-racial newcomers. Ethno-specific agencies ground their services in client need, with an emphasis on outreach, establishing links with key community leaders, and advertising in the ethnic press. Cultural and linguistic sensitivity, coupled with a genuine interest in the well-being of newcomers, allows for the removal of barriers and mistrust (Bartlett and McKitrick 1999; Bridgman 1993; Geronimo 2000; Reitz 1995; Simich 2004). Second, ethno-specific

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* Under the rubric of “multi-service ISAs” I include non-profit organisations that receive funding from both the federal government (for LINC, Host, and ISAP programs) and the provincial government (through the NSP or other purchase-of-service arrangements).
ISAs act as a source of newcomer employment and volunteer experience, which fosters personal and professional development, and provides potential links to future job opportunities (Garay 2000). Third, ethno-specific ISAs are more easily accessible than large multi-service ISAs, because they tend to be located in the neighbourhoods of the communities that they serve, with many housed in store-front locations (Bridgman 1993).

In addition to the benefits of ethno-specific service provision, two potential problems have been identified. First, some newcomers may avoid ethno-specific services because they do not wish other members of their community to learn about their personal problems. Evidence from Vancouver suggests that in mental-health counselling, some Japanese newcomers prefer the anonymity of mainstream services, fearing that use of the ethno-specific agencies might reveal their identity and their problems to the wider Japanese community (Noda 1991). Second – and more importantly – many ethno-specific ISAs are under-funded and staffed by non-professional volunteers. The result is that they are unable to provide quality services to their communities.

Ontario’s adoption of purchase-of-service funding has provided more opportunities for non-profit ISAs to increase their role and influence in the social service arena, yet it has both altered the traditional role of community-based organizations and affected the funding and mandate of different organizations within the sector. Multi-service ISAs possess the most experience in delivering services, and therefore have the most potential to take control of these programs. When multi-service ISAs have objectives that are more consistent with government mandates than those of newcomer communities, however, this can affect the ability of agencies to truly be non-governmental.

Many services formerly delivered by government now are contracted out through a competitive bidding process. This drives down the cost of programs, but it also eliminates from such competitions service providers who cannot meet the strenuous demands of the tendering process (Owen 1999). The bidding windows often are very short, and funders prefer to work with large agencies that have a demonstrated capacity to deliver services. Funders are largely interested in the organizational capacity of ISAs to provide services, as opposed to their creativity or ability to address community needs (Owen 1999; Mwarigha 2002). The crux of the competitive bidding problem is that when a multi-service ISA and an ethno-specific ISA bid for state funding, it is generally the multi-service agency that wins contracts because larger agencies are considered best suited to provide services.

The point of view of the government is that the competitive bidding process reduces costs and provides greater choices for newcomers (Milligan 1998). Studies indicate that the government’s assessment of the competitive bidding process is inaccurate. The competitive bidding process is eroding the supply of ethno-specific ISAs, and those which remain are unable to provide adequate services to their communities (Richmond 1996). Larger, better-established agencies benefit from the competitive bidding process. Smaller agencies cannot afford to compete, in spite of the fact that ethno-specific agencies provide services to emerging communities that larger agencies cannot deliver (Owen 1999).
ISAs now operate in an environment where the lowest cost is the desired outcome. They can either abandon best practices in favour of lowest cost practices, or continue to engage in best practice and operate at a deficit. In other words, they must choose between reducing the quality of service or ceasing operations. The result is that larger agencies benefit because they can withstand short term financial loss (Owen 1999).

**Collaboration**

In this section I draw primarily on ISA collaboration research in British Columbia (Bartlett and McKitrick 1999; see also AMSAA 1997 and Spigelman and Simces 2000) and Ontario (Bridgman 1993; Cabral 2000; Geronimo 2000; Holder 1996; Owen 1999). The goal of this section is to discuss positive and negative collaboration experiences and identify barriers to collaboration.

The evidence suggests that when ethno-specific ISAs are unable to secure contract funding they are presented with three options: 1) hire a consultant to prepare their proposal, 2) cease operations, or 3) collaborate with a larger ISA (Bartlett and McKitrick 1999; Geronimo 2000; Owen 1999). Not surprisingly, the majority of ethno-specific ISAs opt to partner with large ISAs in order to maintain their services. In theory, there should be a compatible relationship between large, multi-service ISAs and small, ethno-specific ISAs. Under this scenario, multi-service agencies would rely on ethno-specific agencies to provide services where they lacked the necessary expertise, and small ethno-specific agencies would provide services to emerging communities with the support of large ISAs. The reality, unfortunately, may be altogether different.

Agency collaboration is broadly defined as helping, sharing, and working towards mutual goals and benefits (Bartlett and McKitrick 1999). Bartlett and McKitrick identified six forms of collaboration: 1) shared activities – such as cultural events, overseas aid, and community information events, 2) partnerships – where organisations plan and carry out joint ventures, 3) co-location – where organisations share meeting space, or where meeting space is supplied by other organisations (such as community centres), 4) coalitions – mutual support between different kinds of human rights and community groups, 5) information networks - via information sharing meetings or coordination of a shared resource centre, and 6) sponsorship – where small agencies receive funding and other resources from large organisations and umbrella groups. The expectation of small ethno-specific ISAs is that the larger collaborative partner will provide resources such as money, space, and expertise. At the same time, ethno-specific ISAs expect to participate as equals in the planning and delivery of services.
Positive Experiences with Collaboration

According to Bartlett and McKitrick, ethno-specific ISAs may be strengthened through collaborative partnerships that increase their overall capacity and attract external funding. As a result, services to the broader newcomer community are enhanced owing to the combination of resources. In addition to gaining access to funding, ethno-specific ISAs also may co-locate with larger ISAs to obtain low-rent or rent-free space (Bridgman 1993).

Negative Experiences with Collaboration

The literature identifies four negative aspects of collaboration (Bartlett and McKitrick 1999; Geronimo 2000). The first negative experience is a lack of resources. Some ISAs are operated entirely by volunteer staff. These volunteers devote a large amount of time to unpaid work and incur many out of pocket expenses. Since many volunteers work at paid ‘nine-to-five’ jobs, they are unable to participate in formal training and community outreach (Bartlett and McKitrick 1999).

Second, ethno-specific ISA staff feel that funders do not trust the ability of small organisations to deliver quality settlement services (Bartlett and McKitrick 1999). Funders often ‘essentialise’ newcomers without taking into account the diversity of countries and cultures from specific regions, such as “Africa” and “Latin America” (Cabral 2000). Large funders are perceived to favour ‘single program delivery’ systems that encourage groups from specific regions to work as one entity.

The third negative experience surrounds distinctiveness versus assimilation. Ethno-specific ISA staff assert that it is difficult to maintain their linguistic and cultural distinctiveness through collaboration, because they feel enormous pressure to assimilate to the cultural norms of larger organisations.

The fourth negative experience concerns unequal power relations and co-optation (Geronimo 2000). Unequal power relations between organisations compromise the independence of smaller organisations and demonstrate a lack of mutual respect. The staff at many ethno-specific ISAs feel disempowered because funding is managed solely by multi-service ISA staff (Bartlett and McKitrick 1999; Geronimo 2000; Owen 1999). The staff at larger organisations develop the attitude that smaller organisations are unable to build upon their current capacity. In the same way that large social service agencies have been forced to accept competitive purchase-of-service agreements with the provincial government, ethno-specific ISAs are now subject to competitive purchase-of-service agreements with multi-service ISAs. Stated simply, unequal power relations are reflected in both how decisions are made and who controls resources (Geronimo 2000). Ethno-specific ISAs entering into agreements with multi-service ISAs must adhere to the policy directives of
larger partners because funding is contingent upon providing services that are specified by the purchasing agency.

The supply of newcomer services in Ontario, thus, may be characterised as a dependent, two-tier system. In the first tier, the federal government provides sustained grant funding to non-profit ISAs for the administration of its LINC, ISAP, and Host programs. For its part, the provincial government provides competitive contract and purchase-of-service agreements to non-profit NGOs, with a preference for larger agencies that possess the demonstrated capacity to deliver services. Large ISAs are, by and large, successful at competing for contracts since they possess the in-house human resources and expertise to complete funding proposals.

Small agencies are rarely awarded contracts by the provincial government. In the second tier, most ethno-specific ISAs rely on contracts and purchase-of-service agreements with multi-service ISAs. This two-tier system is, therefore, one of dependency. Large multi-service ISAs depend on the provincial government for funding. In turn, small ethno-specific ISAs depend on multi-service ISAs for their funding. The evidence suggests that outside of purchase-of-service agreements and contracts, ISAs possess few external sources of funding. For example, in 1996, 68 per cent of all social agency funding (including newcomer and mainstream services) came from government sources. In 1996, 50 per cent of funding came directly from the Province of Ontario (City of Toronto 1997). A number of large, multi-service agencies have employed the expertise of professional fundraisers to build service capacity and generate operating capital. Nevertheless, Holder (1998) and the City of Toronto (1997) maintain that, given the significant withdrawal of government support, it is unlikely that ISAs – either large or small – will be able to recoup funding losses through alternative means such as fundraising and user fees.

Moreover, the supply of services in a two-tier system is spatially constrained. The competitive bidding process results in ISA location choices that are based primarily on fiscal constraint, as opposed to accessibility to newcomer communities (Truelove 2000; Truelove and Wang 2001). In the case of emerging newcomer communities the problem is magnified. In many instances, ethno-specific ISAs are co-located with their larger benefactors. The location choices of ethno-specific ISAs are constrained by co-location and a system of tied funding that compels them to follow the policies and directives of their collaborative partners. In the following section, I briefly examine the demand for settlement services and illustrate examples of agency location choice and constraint in Toronto.
Demand and Spatial Mismatch

Spatial Distribution of Newcomers and ISAs in Toronto

Research on the demand for settlement services is scant, relative to recent research on the supply of settlement services. In this section I draw on research by Truelove (2000) and Truelove and Wang (2001) to elucidate the relationship between the location of ISAs and the residential location of newcomers in Toronto, including accessibility by language and agency location choice.

Truelove compared the residential location of recent newcomers in Toronto (male and female arriving between 1988 and 1991) to the location of ISAs (Truelove 2000). In this study, 77 ISAs were surveyed from the Toronto Blue Book, a widely-respected compendium of social and newcomer services. Some of these agencies were located along subway lines; however, the majority were situated along bus routes. Furthermore, the settlement services included in this study were generally concentrated in the traditional immigrant reception area of west Toronto, and the majority of agencies were located south of Bloor St. between Yonge St. and Jane St. Even for Truelove’s time frame, the problem was that many new immigrants already were settling directly in suburban areas of Toronto. Almost half of all settlement agencies were located in the former City of Toronto, while less than 25 per cent of recent immigrants lived in the former City of Toronto.

There are two possible interpretations of this pattern. On the one hand, the pattern may be justified on the grounds that the inner city is accessible to all areas of Toronto. On the other hand, the pattern may be criticised on the grounds that agencies are not located in areas where newcomers reside. Over 40 per cent of recent newcomers live in northern areas of Toronto (defined as north of Highway 401), but only 25 per cent of all settlement agencies are located there. Northern areas of Toronto possess a smaller proportion of settlement agencies relative to central Toronto. Northern areas remain mostly ill-served by the subway, resulting in longer travel times, including bus and subway transfers, to reach existing settlement agencies for the residents of these parts of Toronto (Truelove 2000).

How far do recent immigrants live from settlement agencies? Truelove estimated distances by calculating the straight-line distance from the centroid of each census tract to individual settlement agencies. She acknowledged that this method of calculating distance is problematic, since it does not take into account individual travel times and routes travelled. In 1991, there were 174,420 recent immigrants in Toronto (arrived between 1986 and 1991), of which only 65,445 (37.5 per cent) lived within one kilometre of a settlement agency. The remaining 62.5 per cent of recent immigrants lived more than one kilometre away from a settlement agency (Truelove 2000).

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* Research on the spatial aspects of settlement service demand is currently being undertaken by members of the GEOIDE team.
Accessibility by Language

The demand for settlement services is not determined by distance alone; it is also influenced by newcomers’ social characteristics, such as language, education, income, age, gender and family and friendship networks (see Cabral 2000; Dunn, Pottie, and Mazzeo 2001; Granovetter 1995; Owusu 2000; Portes 1995; and Reclade 2002). With the exception of language, an extended discussion of these characteristics is beyond the scope of this paper, as there is little research that situates newcomer social characteristics in the spatial context of settlement service supply and demand.

Truelove (2000) calculated the distance of Spanish-, Tamil-, Vietnamese-, and Portuguese-speaking immigrants from Toronto agencies that provided services in each respective language. At the time of the study, which was conducted between 1994 and 1996, nine agencies offered services in Spanish, two in Tamil, two in Vietnamese, and two in Portuguese. Data on recently-arrived immigrants were not available by language (a costly special tabulation would have been required), so Truelove mapped all people whose mother tongue was Spanish, Tamil, Vietnamese, or Portuguese.

Fewer than 10 per cent of people with Spanish as a mother tongue lived within one kilometre of one of the nine settlement agencies that offered services in Spanish. This number rose to 30 per cent within two kilometres of such an ISA, and 75 per cent within five kilometres of such an ISA. Among people who spoke Tamil as a home language, almost none lived within one kilometre of the two agencies and less than 15 per cent lived within two kilometres. Vietnamese speakers had even poorer access to their respective agencies than did Tamil speakers. In contrast, more than 10 per cent of Portuguese speakers lived within one kilometre of a settlement agency and more than 60 per cent lived within two kilometres of a settlement agency (Truelove 2000).

According to Truelove (2000), a strong link existed between residential location and agency location for some groups: most Portuguese speakers were concentrated in the traditional immigrant reception area of central Toronto and lived close to the two settlement agencies that served their community at the time of the study; the majority of Spanish, Tamil and Vietnamese speakers did not enjoy a similar level of proximity. Clearly, a spatial mismatch existed between the residential locations of Spanish, Tamil and Vietnamese speakers and the locations of the ethno-specific ISAs that served them at the time of Truelove’s analysis. This mismatch is heightened when one considers that the straight line distance between the centroid of a census tract and an ISA often underestimates the actual travel time between locations, which is contingent upon the mode of transportation (including the ease of access to public transportation and whether or not transfers between routes are required) and the nature of the route travelled.
Agency Location Choice

Given the demonstrated mismatch between ISAs and the residential location of newcomers, Truelove (2000) posed an important question: How easy is it for agencies to serve particular immigrant groups? In the case of the two agencies that served only Tamil immigrants, neither was central to where the majority of Tamil speaking people lived. The two agencies that served Vietnamese immigrants could relocate to better serve the Vietnamese community, however, one of these agencies also served Spanish- and Italian-speaking immigrants, and was relatively accessible to members of both of those groups. Relocating this agency to better meet the needs of the Vietnamese community at the expense of the Spanish and Italian communities may not have been feasible. The two agencies serving Portuguese-speaking immigrants were in very close proximity to the majority of Portuguese-speaking immigrants and were, therefore, easily accessible.

Truelove (2000) suggested that calculating indices of dissimilarity between ethnic groups may help agencies to make informed locational choices. The dissimilarity index (DI) measures differences between areal distributions, indicating how dissimilar the distributions of two groups are to each other, or the percentage of people in one group that would have to move to have the same spatial distribution as another group. The DI ranges between zero and 100, with 100 indicating a completely dissimilar distribution pattern. It is calculated using the following formula:

\[
DI = 0.5 \sum \left| \frac{B_i}{B} - \frac{W_i}{W} \right|
\]

Where:

- \(B\) = Metropolitan population of Group \(B\)
- \(B_i\) = The population of Group \(B\) in tract \(i\).
- \(W\) = Metropolitan population of Group \(W\).
- \(W_i\) = The population of Group \(W\) in tract \(i\).

The DI for the total population and new immigrants in Metropolitan Toronto was 26.4 (based on 1991 census data), indicating that the settlement pattern of new immigrants was similar to the population as a whole. The DI between Tamil-speaking and Portuguese-speaking immigrants was 88.4, indicating that most members of these groups did not reside in the same census tracts. Based on this information, no settlement agency could target both groups from the same location. Indeed, none of the agencies in Truelove’s study targeted both populations. Smaller ethno-specific agencies are better equipped to relocate to an area where they serve a particular ethnic or language group, but as illustrated in the previous section, they face severe financial constraints. For large multi-service ISAs the task is more difficult, because most of these agencies serve more than one language group.
Truelove (2000) concluded her article with a brief discussion of the facilities in which agencies were located. Twenty-three of the 77 agencies in her study were located in office buildings and paid market rent. The remaining agencies were thought not to pay market rent (information on rents was not collected) because they shared space with other non-profit groups or community centres. Truelove’s fieldwork indicated that many of these agencies were located in cramped and run-down facilities. As of 1996, many of the agencies in Truelove’s study were reviewing their locations and sought to move to cheaper locations or to locations closer to their client base.

CONCLUSION

Earlier in this paper, I raised three questions that characterise central issues in Wolch’s (1990) shadow-state hypothesis: 1) To what extent does the shadow-state apparatus produce uneven geographies of service provision?, 2) To what extent do ISAs democratise the delivery of newcomer settlement services and encourage discourse on progressive change to the delivery of settlement services?, and 3) Conversely, to what extent is the autonomy of ISAs compromised owing to deepening state penetration in the everyday operations of ISAs? I now turn to a discussion of these questions.

The Two-Tier Settlement System and Spatial Mismatch

In this section, I review the relationship between the two-tier newcomer settlement system and spatial mismatch. Following Wolch’s (1990) concept of the shadow state, I argue that the settlement system represents a para-state apparatus that provides settlement services through contractual arrangements between the state and NGOs. In Ontario, neither the federal government nor the provincial government provide direct services to newcomers. The federal government contracts out services for its LINC, ISAP, and Host programs to non-profit NGOs. The provincial government has shifted from core settlement service funding to competitive purchase-of-service agreements with non-profit NGOs and some for-profit firms (Richmond and Shields 2004).

The main difference between federal and provincial contracts concerns funding stability. Federal contracts appear to be less competitive in nature and renewable on condition that funding guidelines and service standards are adhered to. Provincial contracts are competitive and short-term (Mwarigha 1997; Richmond 1996; Richmond and Shields 2004), and ISAs must routinely bid for new contracts when old contracts expire.

This parallel system is characterised by two-tier dependency. In the first tier, large multi-service ISAs rely on state contracts for the bulk of their operating capital. They are unable to secure funding that would match or exceed the value of government contracts through other means, such as fundraising or user fees (Mwarigha 1997). Dependency is
further manifest in the range of services provided by ISAs, since the government defines and restricts the types of services that they will fund (Government of Ontario 2004a; Truelove and Wang 2001).

In the second tier, small ethno-specific ISAs depend on large multi-service ISAs for resources and funding. Most ethno-specific ISAs are unable to compete with large agencies for state contracts because they lack the expertise and resources to prepare funding applications and proposals. In instances where small agencies compete for contracts with large agencies, state funders prefer to award contracts to larger agencies because they possess the demonstrated organisational and resource capacity to provide services (Bartlett and McKitrick 1999; Geronimo 2000; Spigelman and Simces 2000).

When multi-service agencies lack the expertise (such as language skills and cultural familiarity) to provide services to newcomer communities, they collaborate with ethno-specific ISAs. The collaboration process may bestow a number of benefits upon resource-poor agencies such as money, space, expertise, and the sharing of responsibilities as equals. By and large, however, the literature suggests that ethno-specific ISAs’ experiences with collaboration have been negative (Bartlett and McKitrick 1999; Geronimo 2000). Partner agencies often do not trust in the ability of ethno-specific ISAs to deliver quality settlement services. Staff at large agencies may “essentialise” newcomers both by failing to take into account the diversity of cultures from specific world regions and by favouring ‘single program delivery’ systems that encourage groups from specific regions to work together as one entity (Cabral 2000). Ethno-specific ISAs may experience difficulty maintaining their linguistic and cultural distinctiveness if there is pressure to assimilate to the cultural norms of larger organisations.

The most negative aspect of the collaborative process concerns unequal power relations and social control (Geronimo 2000). Unequal power relations between smaller and larger organisations compromise the independence of smaller organisations and inhibit mutual respect between agencies. Larger organisations tend to manage funding exclusively, doubt in the ability of ethno-specific ISAs to deliver services. Funders may ‘force’ small ISAs into collaborative relationships as a pre-condition of support (Bartlett and McKitrick 1999; Geronimo 2000; Owen 1999). The contract and purchase-of-service agreements that characterise the relationship between the state and large ISAs are replicated between large and small agencies. In collaborative relationships, large ISAs control resources and the decision-making process. The result is that small ISAs must adhere to the policy directives of large agencies or risk compromising the partnership.

The two-tier system produces a spatial mismatch between the location of ISAs, the residential locations of newcomers, and the needs of newcomers. When the Ontario government cut funding to settlement services in 1995, many multi-service and ethno-specific ISAs were eliminated (Mwarigha 1997). The extent of spatial mismatch between ISAs and newcomers prior to 1995 is unknown. One can assume that the spatial mismatch between ISAs and newcomers is largely attributable to the cuts of the mid-1990s, combined with the increased suburbanization of newcomers. In Toronto, the mismatch between
services and newcomers is characterised by a central versus suburban split: over 40 per cent of recent newcomers live in north Toronto, but only 25 per cent of all settlement agencies are located there (Truelove 2000).

The research indicates that the current contract and purchase-of-service system has exacerbated spatial mismatch, not alleviated it. The competitive bidding process results in ISA location choices that are based primarily on fiscal constraint as opposed to accessibility to newcomer communities (Truelove 2000; Truelove and Wang 2001). The locational choices of large multi-service ISAs are constrained, in part, by finances, but also by the diversity of cultural and linguistic groups served; by moving to one location to make services accessible to one group, they may reduce accessibility to groups at another location (Truelove 2000).

The literature suggests that newcomer communities – especially emerging newcomer groups – are better served by ethno-specific ISAs, given the culturally- and linguistically-sensitive services that they offer. There is little evidence to suggest that ethno-specific ISAs are more accessible to newcomers than large ISAs. Accessibility is worse for emerging newcomer communities that require ethno-specific services. The locational choices of ethno-specific ISAs are restricted by financial resources and collaborative partner agreements, and many ethno-specific ISAs must co-locate with larger agencies out of sheer necessity.

**The Settlement System, Democratization, and Discourse**

To what extent do ISAs democratize the delivery of newcomer settlement services and encourage discourse on progressive change to the delivery of settlement services? The evidence suggests that two primary responses have emerged in reaction to the current delivery of settlement services in Ontario: “adaptive” and “transformative” (Geronimo 2000).

The adaptive response – also known as the survival response – takes as given a newcomer settlement system based on downsizing, efficiency modelled on the private sector, agency collaboration, and purchase-of-service agreements. ISAs that adopt this response collaborate or compete as the situation dictates. The adaptive response is characterised by downsizing, diversification, relocation, co-location, and partnering (Geronimo 2000).

The transformative response rejects downsizing, purchase-of-service agreements, and forced collaboration in favour of core agency funding and greater government and community alliances (Geronimo 2000). Transformative responses reject devolution and restructuring and seek alternatives to them. Central to the transformative response is both the examination of the negative impacts of devolution and restructuring and a call for the restoration of government and community partnerships. An analysis of power relations between funders and agencies, and the promotion of access, equity, and the democratic
participation of newcomer communities in Canadian society are key aspects of the transformative approach. Unlike the adaptive response, the transformative response stresses accountability to communities, not to funders. Transformative tools include coalition building between agencies and community groups, newcomer civic engagement and community development, advocacy and political mobilization, evaluation of settlement goals, and solidarity with broader movements for social change. Transformative responses address systemic barriers to equity and access within settlement services and between funders and ISAs.

**State Penetration and ISA Autonomy**

To what extent is the autonomy of ISAs compromised owing to deepening state penetration in the everyday operations of ISAs? I would argue that processes of state penetration and social control require qualification in the context of the Canadian welfare state. In Canada, the “service state” emerged in the early 1920s and flourished in the mid-1950s. Between 1956 and 1975, municipal, provincial and federal governments spent between 26 per cent to 36 per cent of Canada’s gross national product on social services. From 1975 to 1990, the federal government and the provinces began to scale back social service funding, in part owing to the adoption of free enterprise ideology (Lemon 1993, 270, 273), but also in response to the financial strain of the global economic crises of the 1970s and 1980s (Pinch 1996; Wolch 1990). In 1995, a Conservative government under Premier Mike Harris came to power in Ontario with a mandate to lower taxes. Once in office, the Conservatives moved quickly to cut social service spending, downloaded the responsibility for many services to Ontario municipalities, and contracted the provision of settlement services to NGOs through purchase-of-service agreements (Mwarigha 1997; Richmond 1996).

The state has a long and enduring role in the provision of social services in Canada, in spite of its shifting ideological approach to public policy. Given this history, it is no surprise that the current relationship between the state and multi-service and ethno-specific ISAs is variable and conflicting. Recently, the state has replaced ISA core funding with a purchase-of-service contract system. In many instances, the state mandates partnerships between multi-service and ethno-specific ISAs (“forced collaboration”) out of a concern for fiscal restraint (Bartlett and McKitrick 1999; Geronimo 2000). It is important to note that the state is not the only agent of social control in the two-tier newcomer settlement system. Collaboration – either forced or by choice – often (re)produces unequal power relations between multi-service and ethno-specific ISAs, owing to the dependency of small ISAs on large ISAs for funding, space, and other resources (Bartlett and McKitrick 1999; Geronimo 2000).

Based on the evidence at hand, the state’s control over the autonomy of Canada’s settlement sector is largely confined to funding. The state establishes funding formulas that determine the types of services that are funded; however, there is little evidence to suggest
that the state exercises any direct control over the way in which ISAs deliver services in their day-to-day operations. Clearly, the current settlement funding system constrains the range of services and locational choices of ISAs, owing to a lack of sustained funding and the uncertainty associated with competitive purchase-of-service agreements.

I offer two observations on the issue of ISA autonomy. First, for large multi-service ISAs, autonomy is largely concerned with the financial constraints that limit the freedom of these agencies to provide services that fall outside of the rubric of state guidelines. Second, autonomy issues are more germane to small ethno-specific ISAs which are subject to the financial and everyday social control of their so-called collaborative partners. Multi-service ISAs exercise more control over the routine operations of ethno-specific ISAs owing to their close collaborative relationship, which in many cases includes co-location. As opposed to governments, which must monitor a great number of purchase-of-service agreements, large ISAs maintain fewer contract and purchase-of-service agreements with smaller agencies, and thus are better able to monitor and control the services that their partners provide. The result is that the ability of ethno-specific ISAs to devise policies that best serve the needs of particular communities – especially emerging communities – is compromised.

**Research Gaps and Policy Recommendations**

Future research on ISAs is required to fill a number of gaps in the settlement literature, three of which are identified here: access to informal and ISA-produced research; our knowledge of the spatiality of demand; and our knowledge of ISA funding arrangements and the prevalence of collaboration.

**Gap: Access to In-House / Informal Settlement Research**

A significant gap is access to the settlement literature. For this paper, accessing the literature on settlement services was challenging. References to ISA research papers were located, but hard copies sometimes were unobtainable. Phone calls and emails to these ISAs yielded few results, sometimes because calls and emails were not returned, in part because the ISAs in question had ceased operations. This is unfortunate, because it means that a large portion of insightful literature is no longer available.

**Recommendations: Access to In-House / Informal Settlement Research**

A stronger effort must be made to encourage ISAs – especially smaller agencies – to make their research findings publicly available. One solution is to encourage outreach between ISAs and organizations such as Settlement.Org and the Metropolis Centres of
Excellence – all of which have ‘virtual libraries.’ These organizations should encourage the publication of in-house ISA research on their websites. Currently, research can be posted to the CERIS virtual library without formal peer review. The Metropolis Centres and other research institutes may need to further relax their peer review process to facilitate the dissemination of non-academic research. While some of this research may not meet the methodological standards of traditional academic research, the findings may identify important settlement issues that academics have hitherto ignored.

**Gap: Spatiality of Demand for Settlement Services**

Further research is required on the spatiality of settlement demand. The primary assumption is that accessibility to settlement services is determined by newcomer residential location, relative to the location of ISAs. However, newcomers may access settlement services from different places, such as their place of employment. Researchers need to know more about when newcomers use settlement services and from which locations they access them.

**Gap: ISA Funding and Collaboration**

Accurate information on ISA funding, size, and collaboration is not readily available. How much funding do individual ISAs receive and how do they allocate funding? At the micro-level, which types of settlement services receive the most funding (i.e. housing, employment, legal, language)? Information on funding is crucial, especially with respect to ethno-specific services and spatial mismatch. Is spatial mismatch concomitant with funding mismatch, whereby the spatial discrepancies between the location of ISAs and the location of newcomers mirror differentials in funding between mainstream and ethno-specific ISAs in particular areas? The intuitive answer to this question may be “yes,” especially in light of Truelove’s (2000) evidence of spatial mismatch between ISAs and Spanish, Tamil, and Vietnamese speakers in Toronto. In order to establish a clear link between spatial mismatch and funding mismatch, more information is needed on the dollar amounts received by agencies and the percentage of funding these agencies allocate to specific services. In the context of collaboration, how much funding do large ISAs provide to small ISAs? How do these funding arrangements affect the autonomy of small ISAs and their ability to meet both the needs of specific newcomer groups and devise best practices?

The questions above raise an important issue: there are no clear definitions of the size and scope of ISAs. The literature identifies a difference between large and small ISAs, but how big is big, and how small is small? Is size determined by the number of staff at agencies, or is it determined by the number of services offered? The literature indicates that collaboration between large and small ISAs is common; however, there is little information
on the number of agencies that collaborate with each other. How prevalent is collaboration among settlement agencies? A systematic review of settlement agencies is required to develop a typology of settlement agency ‘size’ (number of staff and range of services offered) and collaboration. This information is important, because it will contribute to the research community’s understanding of issues surrounding the scope of agency services, differential access to funding and office space, and power and decision-making dynamics among organisations.

Some important issues not fully addressed in this paper include such matters as settlement-worker job satisfaction, salaries, and job security. Research on agency collaboration suggests that the staff at many small ISAs feel emasculated by the imbalance of power between them and their larger partners (Bartlett and McKitrick 1999; City of Toronto 2003; Geronimo 2000; Owen 1999). My interviews with Toronto-based settlement agency workers indicate that social service cutbacks and short-term, competitive, purchase-of-service contracts foster a great deal of resentment: the workers state that they are underpaid, overworked, and worried about job security. Agencies must compete for contracts on an annual basis, and there is no guarantee that staff will retain their positions from year to year.

The purchase-of-service system places settlement staff in a persistent state of precarious employment. According to my informants, it is difficult to attract highly-qualified staff due to meager salaries, which are further reduced through the competitive bidding process. The result is that many ISAs experience a high degree of staff turnover. A large number of employees leave the settlement sector within six months to a year, opting for secure, higher-wage employment when the opportunities arise. Taken together, these processes compromise the quality of settlement services provided to newcomers. Demoralized and overworked staff cannot engage in effective case management and service delivery when the demand for services is high. Staff turnover further constrains the quality of service when new personnel lack the expertise to perform their duties and scarce resources must be devoted to training. Further qualitative and quantitative research is required to explore issues surrounding job satisfaction, salaries, and staff turnover in the settlement sector. A cost-benefit analysis of the current purchase-of-service system should be conducted against a reversion to core funding. The purchase-of-service contract system may actually prove to be less efficient than core funding when staff turnover, case management, and service erosion issues are factored into the analysis.

**Policy Recommendations: ISA Funding and Collaboration**

Ethno-specific ISA autonomy may be achieved through funding arrangements that provide the greatest latitude to devise, select, and provide the services that will best serve

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10 I conducted interviews with ten ISA workers as part of my doctoral research on the settlement experiences of Salvadoreans in Toronto.
their communities of interest. Direct funding should be made available to ethno-specific agencies so that they are better able to serve and locate their services in close proximity to groups in need, in particular emerging newcomer communities. If one accepts that the state has an important role in the funding of settlement services, then the state has a responsibility to establish accountability guidelines that govern collaborative relationships and ensure that small ISAs receive the resources they need to provide effective services to their communities. It is important, however, that accountability measures do not compromise the service capacity of settlement agencies, in particular small agencies.

If an adaptive course of action is pursued, purchase-of-service agreements should aim to preserve the stability of settlement services by negotiating long-term contracts. Allowances should be provided for the hiring of professional grant-management, bookkeeping, and program-evaluation staff to ensure that accountability requirements are adhered to. Ideally, a transformative course of action should be followed that restores core funding to settlement agencies, maintains a continuity of services, allows for service relocation when required, and establishes job security within the sector. Salaries should be competitive with other areas of the public sector in order to attract and retain highly-qualified personnel, and to deliver high-quality services to newcomers.
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CERIS

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