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CENTRE FOR THE
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STANDARDS

SUSTAINABLE GOVERNANCE INDICATORS: 2014 CANADA REPORT

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Sustainable Governance Indicators: 2014 Canada Report

Executive Summary

A strong case can be made that the quality of governance provided by the government of Canada deteriorated somewhat from May 2011 to May 2013. While the government has constructed high-quality governance structures and implemented effective policies in many areas over many decades, the actions of the Conservative government since winning a majority of the seats in the House of Commons in May 2011 have jeopardized this situation. This executive summary highlights a number of developments that lead to this conclusion.

The Conservative Party of Canada won power in 2006 with the promise of providing Canadians with greater transparency and honesty in government, an appealing message in the wake of the sponsorship scandal that had tainted its predecessor Liberal regime. Indeed, one of the first measures of the new government was the passage of the Accountability Act. In May 2013, a major crisis hit the government when it was revealed that Nigel Wright, the prime minister's independently wealthy chief of staff, gave a personal check for CAD 90,000 to Senator Mike Duffy to cover the repayment of housing allowances that he had received but to which he was not entitled. The prime minister apparently had not been informed of this gift, and after some hesitation accepted Wright's resignation. This affair had a significant negative impact on the government's reputation for probity.

Among its various provisions, the 2006 Accountability Act created the Parliamentary Budget Office (PBO), an institution modeled on the U.S. Congressional Budget Office. Under the leadership of the first Parliamentary Budget Officer Kevin Page, the PBO established a reputation for cogent analysis of government spending, with its reports often critical of government decisions. The government, and particularly the minister of finance, often failed to appreciate these criticisms and over time developed an open hostility towards the PBO. Unsurprisingly, Kevin Page was not offered a renewal upon the completion of his first term in office in March 2013, and as of the time of writing, the future of the PBO was uncertain. However, the PBO proved very popular with the media and general public as a result of the additional information on government spending that was brought into the public domain through its reports, and the resulting increase in transparency. Many observers feel that the government's negative view of the PBO is inconsistent with its stated priority of greater accountability.

Good governance requires evidence-based decision-making and such decision-making requires high-quality data. There are numerous examples in which Canada's government has demonstrated a lack of commitment both to the use of evidence in its decision-making and to the provision of high-quality data. For example, the crime rate has exhibited a strong downward

trend in Canada for many years. Yet the government continues to pursue a “tough on crime” agenda, allocating scarce resources to the issue that many feel could be better deployed elsewhere. Political calculations in this case trump evidence.

The most egregious example of lack of commitment to providing high-quality data was the government’s decision to replace the mandatory long form of the 2011 census with a voluntary survey. This decision provoked the resignation of the chief statistician of Canada, the first time in Canadian history that a deputy minister has resigned over a policy disagreement with the government. Canada’s reputation in the international statistical community, which was once very high, suffered greatly from this decision. The results have been predictable. To obtain an adequate level of response, the voluntary National Household Survey was sent to one in three Canadians instead of one in five, which increased costs. The response rate plunged from 94% to 68%. In a staggering one-fourth of Canadian communities, the data was unusable due to the lack of sufficient response.

Environmental policy is the area that has most tarnished the government’s reputation for sustainable governance, both domestically and internationally. The 2012 budget implementation bill (Bill 35) has been criticized both on procedural and substantive grounds. Many feel it was inappropriate to introduce major changes to environmental legislation in a budget bill where these measures could not be adequately analyzed and debated. The changes themselves were also seen as a step backward from the perspective of environmental protection. The government’s skeptical attitude toward global warming and apparent unwillingness to offer an effective strategy for the reduction of greenhouse gas emissions, as manifested by its repeal of the Kyoto Accord, are seen by many as inconsistent with sustainable governance.

Despite the examples of poor governance outlined above, the government has introduced a number of measures that are consistent with good governance, particularly in the economic field. For example, the March 2013 federal budget, now called the Economic Action Plan, contained useful initiatives regarding venture capital financing, improving the ability to connect Canadians with available jobs, and strengthening research partnerships between universities and industry, among others. The decision made in 2012 to increase the age at which full Old Age Security benefits can be received, starting in 2023, will contribute to fiscal sustainability.

Key Challenges

The outlook for the improvement of sustainable governance outcomes in Canada is uncertain. The current government's resistance to evidence-based policymaking in certain policy areas and the lack of interest in high-quality data bodes poorly. The next federal election will be held in 2015. A change of the political party in power after the next election might significantly change this outlook.

In April 2013, a landslide election saw the Liberal Party of Canada elect a new leader, Justin Trudeau, son of the former Prime Minister Pierre Trudeau. The younger Trudeau is charismatic, but is relatively inexperienced. Under his as-yet-untested leadership, the Liberal Party has surged in popularity, and as of the time of writing led both the Conservatives and the New Democratic Party (NDP) in the polls. Whether this situation will endure to the next election and result in a change of government is of course unknown.

Whatever the outcome of the 2015 federal election, the challenges facing Canada in terms of sustainable governance indicators will remain. A case can be made that the biggest challenge lies in finding the appropriate balance between environmental protection and resource development. The proposed Gateway pipeline from Alberta to the Pacific through British Columbia represents an excellent example of this policy dilemma. An optimist might think that regulatory regimes could be developed that minimized the risk of any environmental damage yet permitted the development and marketing of oil and gas resources that could contribute significantly to income and government revenue growth. But given the importance attached by some to the precautionary principle under which any environmental risk is unacceptable, successful resolution of disputes between the environmental camp and those favoring resource development may be difficult.

In terms of addressing the issue of greenhouse-gas emissions, the failure of the federal government to adopt the idea of a carbon tax has been a major disappointment. Experts concur that market-based solutions, preferably a carbon tax, are needed to reduce greenhouse-gas emissions. Given the importance of economic development for employment, it is understandable that the federal government promotes the environmentally sound development of the oil sands, despite the negative image of this "dirty oil" abroad. But the oil sands would likely raise less ire outside of the country if Canada were seen as a constructive player in international climate-change discussions.

In terms of economic issues, Canada's weak business-sector labour productivity growth and the growing productivity gap with the United States is paramount. The government is well aware of this situation, but is perplexed as to how to address it. For many years, the government has followed the advice of the business community in this area. It has cut taxes, deregulated

economic sectors, invested in postsecondary education and subsidized R&D, all to little effect. Many now feel that the business-sector productivity malaise is not related to inappropriate government policies, but rather is due to the underlying behavior of business in terms of inadequate levels of investment in machinery and equipment, particularly information and communications technologies, R&D and employee training. Given that existing policy regimes are largely supportive of productivity growth, the additional impact of public policy on business productivity may be limited. Rather, government should address productivity issues in the non-business sector; that is, in the areas of education, health and especially public administration, where there is often great potential for productivity gains.

The federal government's perspective on relations with the provinces has evolved in an interesting manner over time. Initially the government accorded considerable respect to provincial jurisdictional lines, and was happy to remove itself from certain policy areas that it felt were better served by the provinces. But with the passage of time, the central government has realized that provinces do not always run effective programs, and that they do not necessarily design these programs effectively from a national perspective. An example is labour-market training; here, the federal government initially devolved the task to the provinces, but later acted to limit provincial discretion on the issue.

Provincial governments do not speak with one voice. This situation is nowhere better illustrated than by the dispute between Alberta and British Columbia over the Gateway pipeline, which would transport energy products from Alberta to the Pacific through northern British Columbia. Despite the importance of this infrastructure for the economic future of Alberta, the government of British Columbia has been hostile to the project and the project's future is today in doubt. This existence of divergent provincial perspectives and interests can make devolution of any federal authority to the provinces problematic, a reality of which the federal government now has greater appreciation.

The Senate is a political institution unloved by Canadians, and Senate reform or abolition is a perennial topic for debate. The recent scandal over the expenses of certain senators, and the involvement of the prime minister's chief of staff in the affair, has focused public attention on the institution in a negative manner and led to calls for major changes. Under the constitution, such changes would require the approval of the provinces, so would be difficult. But the current crisis in the Senate may represent an opportunity for serious change. The implications of such changes from the perspective of improved governance are uncertain.

Sustainable Governance Indicators: 2014 Canada Report¹

Policy Performance

I. Economic Policies

Economy

Economic Policy Score: 8

Canada has implemented market-oriented economic policies that have enhanced the country's competitiveness and attractiveness as a location to do business. Yet these policies appear not to have had a positive impact on productivity growth, which has been very weak. There are still areas where Canada's economic framework is not as conducive as it might be to productivity growth. The most egregious of these is the continued presence of marketing boards, which have the right to control output through production quotas. Interprovincial barriers to trade and labour mobility, and the lack of a national securities regulator are other weaknesses in Canada's regulatory framework from a competitiveness perspective. Overall, the federal government has recognized the interplay between different regimes with regard to the aims of economic policy, as seen in the Economic Action Plan, as the federal budget released in March 2013 is called.

Citation:

Jobs, Growth and Long-term Prosperity: Economic Action Plan 2013 Finance Canada, posted at <http://www.budget.gc.ca/2013/doc/pl an/budget2013-eng.pdf>

Labour Markets

Labour Market Policy Score: 8

The unemployment rate in Canada is driven by the business cycle, which reflects aggregate demand conditions. Labour-market policies and programs such as employment insurance and training programs have limited effect on overall unemployment, although these policies and programs are important for income support and the upgrading of skills. The fall in the unemployment rate to 6% in 2008 reflected the high commodity prices and strong demand conditions of the 2003–2008 period rather than effective microeconomic labour-market policies, although the latter could potentially have played a minor role. Program evaluations would be needed to document this. Equally, the rise in the unemployment rate after 2008 reflected the

¹ This report was initially published by the Bertelsmann Foundation, and can be found at the following link: http://www.sgi-network.org/docs/2014/country/SGI2014_Canada.pdf.

effects of economic crisis, not a failure of labour-market policy, just as the decline in the unemployment rate to 7.2% in April 2013 reflected the economy's resurgence, however tepid.

Specific labour-market programs are available to increase the workforce participation of aboriginal Canadians, whose employment rates are persistently below those of non-aboriginal Canadians. Thus far, however, these programs seem to be ineffective. Between 2007 and 2011, the labour-market performance of aboriginal Canadians deteriorated both in absolute terms and relative to non-aboriginal Canadians. The unemployment rate of aboriginal Canadians rose 2.2 percentage points, while the employment rate fell 2.2 percentage points, and the participation rate declined 0.9 percentage points. All these changes were worse than those experienced by non-aboriginal Canadians.

Overall, labour-market regulation in Canada is relatively light, and there are few labour-market rigidities that impede the operation of the labour market. The most important may be regional employment-insurance benefits that may somewhat reduce the outflow of labour from regions with high unemployment rates, even though labour mobility in Canada, both inter- and intraprovincially, is high. Workplace training represents one possible area of weakness. Responsibility for this function has been devolved from the federal government to the provinces, but it is unclear whether all provinces have developed effective policies and programs in this area. In the March 2013 budget, the federal government introduced the Canada Job Grant, which is aimed at providing financial assistance to businesses interested in upgrading their employees' skills. However, the program requires the participation of and financial contributions by provincial governments, so it remains unclear how widely this program will be adopted. The Canadian labour market is very flexible, particularly for a developed country. According to the World Bank's 2010 Doing Business report, Canada ranked 17th out of 180 countries for the ease with which employers can employ workers. The United States ranked first, but all other G-7 countries ranked well below Canada: United Kingdom (35th), Japan (40th), France (55th), Italy (99th), and Germany (158th).

Citation:

World Bank (2010) Doing Business 2011, posted at <http://www.doingbusiness.org/reports/global-reports/doingbusiness-2011/~//media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB11-Chapters/DB11-EW.pdf>

World Bank (2009) Doing Business 2010, posted at <http://www.doingbusiness.org/~//media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB10-FullReport.pdf>

Finance Canada, Jobs, Growth and Long-term Prosperity: Economic Action Plan 2013, March 21, 2013, posted at <http://www.budget.gc.ca/2013/doc/plan/budget2013-eng.pdf>

Centre for the Study of Living Standards, Ottawa. Press Release June 20, 2012, Aboriginal Labour Market Performance in Canada Deteriorates Since 2007, posted at <http://www.csls.ca/PressReleaseJune202012.pdf>

Taxes

Tax Policy Score: 7

Canada has seen a substantial rise in income inequality over the past few decades. The share of total income going to the top 1% of earners has increased dramatically since 1980, mirroring trends in the United States and other Western economies. Although the top tax bracket is well below that in similar nations (notably the United States), in terms of equity the Canadian tax system largely achieves its objectives. The income tax system is reasonably progressive, many tax deductions have been converted to tax credits at the lowest tax rates, and tax credits have been introduced to offset regressive consumption taxes for low-income persons. The taxation of dividends has been adjusted to ensure there is no double taxation at both the corporation and individual level. In terms of tax competitiveness, Canada fares well. Statutory corporate-tax rates at the federal level and within the provinces have been reduced significantly in recent years. The marginal effective tax rate on investment has fallen, and is now the lowest among G-7 countries and below the OECD average. This development in part reflects the harmonization of provincial sales taxes in Ontario and British Columbia with the federal Goods and Services Tax (GST) (although this measure was reversed in BC on April 1, 2013). Capital taxes have been largely eliminated.

Canada scores high in terms of the generation of sufficient public revenues. Of course, these revenues depend on the state of the economy just as much if not more than on the level of tax rates. The rise in government deficits after 2008 was due to the economic crisis, not tax cuts. At full employment, defined as an unemployment rate around 5%, tax revenues in Canada would be more than sufficient to cover expenditures. With the reduction of the output gap in coming years, the federal deficit will be eliminated in 2015–2016. Had the GST not been cut 2 percentage points in 2007, the structural surplus at full employment would be even larger.

Budgets

Budgetary Policy Score: 8

Canada's government is in a strong fiscal position. Private-sector employment is today above its pre-recession peak, indicating that the economy has recovered from the 2008 recession. Canada's budget deficit as a proportion of GDP is low by international standards, as is its public debt/GDP ratio. The federal budget released in March 2013 projects higher revenues as the economy expands, with the deficit projected to be eliminated by 2015–2016. The fiscal situation is somewhat weaker in certain provinces, such as Ontario, but budgetary balances are moving in the right direction.

One challenge to long-run fiscal sustainability is the rising health-care costs associated with the aging of the population. However, this issue has received much attention and measures are being taken by provincial governments, which have responsibility for health care, to reduce the rate of increase of health-care spending. For example, the Ontario government commissioned a major report (the Drummond report) to chart a path to sustainability for its public finances, and the report devoted particular attention to the health sector.

Citation:

Commission on the Reform of Ontario's Public Services (Drummond Report) Public Services for Ontarians: A Path to Sustainability and Excellence, February 2012, posted at <http://www.fin.gov.on.ca/en/reformcommission/>

Research and Innovation

R&I Policy Score: 7

Generous fiscal-incentive programs for business R&D are available in Canada both at the national and provincial level, and there is significant government financial support for higher-education-based R&D. Canada's low business expenditure on R&D (BERD) intensity and poor productivity performance are believed to represent a failure on the part of the business sector rather than inadequate public policy. Nevertheless, there are a number of issues in the innovation-policy area which may be a cause for concern and merit further study, including the effectiveness of the federal government's Scientific Research & Experimental Development (SR&ED) tax program in increasing business-sector R&D (the program has never been formally evaluated); the impact of cuts to government lab R&D budgets; the inadequacy of government programs in facilitating technology transfer or persuading small and medium-sized businesses to adopt best-practices techniques; and the relationship, or lack thereof, between increased rates of higher education participation and business sector R&D and productivity.

Many of these issues were addressed in the 2011 Jenkins report, which was commissioned by the federal government to review the federal support program for R&D. The report recommended a rebalancing of public support for R&D away from indirect support such as tax credits to direct support through funding of specific projects. The federal government responded favorably to this recommendation. The report also recommended that the federal government's main research organization, the National Research Council, focus more on applied research, and much less on basic research (seen as the role of the university sector), so as to promote the transfer of knowledge to the business sector. Again, the federal government has implemented this recommendation.

Public policy in Canada appears to have been effective in creating a strong research capacity. In September 2012, the Council of Canadian Academies released an assessment of science and

technology in Canada that found Canada's scientific research enterprise to be ranked fourth-highest in the world, after that of the United States, the United Kingdom and Germany, in a survey of over 5,000 leading international scientists. With less than 0.5% of the world's population, Canada produces 4.1% of the world's research papers and nearly 5% of the world's most frequently cited papers. The six research fields in which Canada excels are clinical medicine, historical studies, information and communication technologies (ICT), physics and astronomy, psychology and cognitive sciences, and the visual and performing arts.

In May 2013, the federal government's Science, Technology and Innovation Council released its biennial review of the nation's science, technology and innovation (STI) performance, arguing that the country continues to tread water as a mid-level performer in STI, and that Canada must aspire to global leadership on key STI measures. The report found that between 2010 and 2012 Canada had lost ground on 23 STI indicators, improved on 16 indicators, and stayed the same on three indicators.

Citation:

Expert Panel for the Review of Federal Support to Research and Development (2011), Innovation Canada: A Call to Action (Jenkins Report), November, posted at http://rd-review.ca/eic/site/033.nsf/eng/h_00287.html

Science, Technology and Innovation Council (2013) Canada's Science, Technology and Innovation System: Aspiring to Global Leadership, State of the Nation, 2012, posted at http://www.stic-csti.ca/eic/site/sticsti.nsf/eng/h_00058.html

Council of Canadian Academies (2012) Expert Panel Report on the State of Science and Technology in Canada, September, posted at http://www.scienceadvice.ca/uploads/eng/assessments%20and%20publications%20and%20news%20releases/sandt_ii/stateofst2012_fullreporten.pdf

Global Financial System

Stabilizing Global Financial Markets Score: 9

The Canadian government, through various departments and agencies, contributes actively to the effective regulation and supervision of the international financial architecture. The Bank of Canada has been particularly prominent in the international arena. Former Bank of Canada Governor Mark Carney, who assumed the position of Governor of the Bank of England on July 1, 2013, chairs the G-20 Financial Stability Board. Other senior Bank of Canada officials have played important roles in other international financial forums. The Office of the Superintendent of Financial Institutions (OSFI) has also been very active internationally.

II. Social Policies

Education

Education Policy Score: 8

The quality of Canadian education is high. In 2009, Canada ranked fourth worldwide in terms of the quality of secondary education, as evidenced by its Programme for International Student Assessment (PISA) scores. Canada has a number of world-class universities and the average quality of its universities is high. Canadian teachers are well-paid by global standards. Equity in access to education in Canada is also impressive. Canada has the highest proportion of the population aged 20–64 with some post-secondary education, thanks to the extensive development of community colleges. There are many educational second chances for Canadian youth. The high-school completion rate is also high and rising. Socioeconomic background represents a much lower barrier to post-secondary education in Canada than in most other countries. Because of tight government budgets and the lower priority given to education than to health by the general public, spending on education has been kept under control in Canada in recent years. The level of financial resources allocated to education, largely by provincial governments (as education falls under the provinces' jurisdiction), is reasonable, and resources are in general used efficiently.

Despite the overall strengths of the Canadian education and training system, there are significant weaknesses and challenges. Probably the biggest deficiency in education policy has been the failure to reduce the gap in educational attainment between the aboriginal and non-aboriginal populations. Schools on reserves are funded federally through Aboriginal and Northern Development Canada. A recent evaluation carried out for the ministry found that education opportunities and results are not comparable to those off the reserves, that the comparatively lower quality of teacher instruction and curriculum is affecting student success, and that funding gaps relative to provincially funded regular (off-reserve) schools persist, especially in isolated, low-population communities. Other challenges include the low completion rate for apprenticeship programs, threats to the accessibility of higher education related to large hikes in tuition, the underutilization of recent immigrants' high average skills, low levels of functional literacy in many workplaces, the limited development of the early-childhood education system, a relatively low proportion of PhDs in the overall population, and inadequate levels of employer training. These challenges are well recognized and are being addressed, though with varying degrees of success.

Citation:

Summative Evaluation of the Elementary/Secondary Education Program on Reserve, report prepared for AANDC, June 2012, posted at http://www.aadnc-aandc.gc.ca/DAM/DA M-INTER-HQ-AEV/STAGING/texte-text/e v_else_1365173418229_eng.pdf

Social Inclusion

Social Inclusion Policy Score: 7

Most social policies, such as income transfers (e.g., child benefits, pensions) and educational policies, support societal inclusion and ensure equal opportunities. A recent Centre for the Study of Living Standards (CSLS) study found that Canada's after-tax income Gini coefficient, which measures inequality after taxes and transfers, was 0.395 in 2010, 0.123 points or 23.7% lower than the market-income Gini coefficient (i.e., inequality before taxes and transfers) of 0.518. Of the total 23.7% reduction in the Gini coefficient, 70.7% was due to transfers and 29.3% was due to taxes. It is evident that Canada's redistribution policies considerably reduce market income inequality. The study also found that between 1981 and 2010, the market Gini coefficient increased by 0.084 points, or 19.4%. This growing market-income inequality was partially offset by a larger dampening effect of both transfers and taxes on inequality (by 0.027 points and 0.010 points respectively), resulting in the after-tax Gini coefficient increasing 0.047 points or 13.5%. In other words, 44% of the increased market-income inequality between 1980 and 2010 was offset by changes in the transfer and tax system.

However, certain groups, such as recent immigrants and aboriginal Canadians, are to a considerable degree excluded or marginalized from mainstream society. For these groups, social policy has done an inadequate job of preventing social exclusion. For immigrants, social disparities tend to diminish with the second generation. Indeed, second-generation immigrants often outperform the mainstream population on a variety of socioeconomic measures (including education, for example). The same cannot be said of the aboriginal population, where the young generation often performs significantly worse than the mainstream. In 2011, the proportion of aboriginals without a degree or diploma was 28%, more than twice as high as that of other Canadians. Aboriginal children represent almost half of all children in foster care across Canada, even though native people account for just 4.3% of the total population.

Citation:

Andrew Sharpe and Evan Capeluck (2012) "The Impact of Redistribution on Income Inequality in Canada and the Provinces, 1981-2010," CSLS Research Report 2012-08, September 2012, posted at <http://www.csls.ca/reports/csls2012-08.pdf>

Jeffrey G. Reitz, Heather Zhang, and Naoko Hawkins (2011) "Comparisons of the success of racial minority immigrant offspring in the United States, Canada and Australia," *Social Science Research* 40, 1051-1066.

Statistics Canada (2013), *Aboriginal Peoples in Canada: First Nations People, Métis and Inuit*, National Household Survey 2011 Analytical document 99-011-X

Statistics Canada (2013), *Education in Canada: Attainment, Field of Study and Location of Study*, National Household Survey 2011 Analytical document 99-012-X

Health

Health Policy Score: 8

The overall quality of the Canadian health system is very good, as evidenced by the high level of life expectancy. Long waiting times for certain procedures, largely confined to those that are non-life threatening, are however a major complaint of the public. A recent report from the Health Council of Canada (2013) found only limited progress in reducing these wait times. The inclusiveness of the Canadian health system is impressive, with high-quality health care freely provided for virtually the entire population. Lack of income is not a barrier to treatment. As there is no private health-care system, the rich do not receive superior health care to the poor. One effect of the equity in access to health care services is the small gap in perceived health between the top and bottom income quintiles. One access issue is presented by the exclusion from Medicare coverage of dental care, vision care and drugs prescribed for use outside of hospitals, resulting in unequal access across income groups to these types of health-care services.

In contrast to the equity of access, the cost efficiency of the Canadian health system is not impressive. Canada's health spending as a share of GDP, while well below that of the United States, is above that of many European countries. The rationalization of health-care costs is a major goal of government policy at this time. The Health Council of Canada (2013) reported in 2012 that 57% of Canadian physicians reported using electronic health records. While this proportion is up from 23% in 2006, it is still below the incidence of use in many other countries.

Citation:

Health Council of Canada (2013) "Progress Report 2013: Health care renewal in Canada," May, posted at http://www.healthcouncilcanada.ca/rpt_det.php?id=481

Families

Family Policy Score: 7

The labour force participation rate for women with children all under six years of age in Canada is high by international standards, suggesting that policies may have contributed to this situation. One key policy has been the increase in the child tax credit, which has reduced the barriers associated with the so-called welfare wall. In the past, when single parents, mostly women, left welfare, they lost all income benefits for their children. With the integration of the welfare system with the universal, income-tested child tax credit, there is now less disincentive to leave welfare and enter the labour market.

Canada does not have a universal child-care system, and the absence of such a system may make it more difficult for some women to combine parenting and employment. As a substitute for such a child-care system, the current government introduced the Universal Child Care program, which provides families with children under six years of age with CAD 100 per month per child on a non-income-tested basis. However, this level of financial support would normally cover only a small proportion of child-care expenses, and hence has likely had very little effect in terms of fostering labour force participation. Indeed, the average net cost of child care in Canada is among the OECD's five highest, both as a share of the average wage and as a share of the average family income. Canada is below the OECD average in terms of participation rates in formal care and preschool participation rates for children under five years of age. As of the time of writing, the government was considering an income-splitting measure, which would significantly increase the marginal tax rates for secondary earners. Since secondary earners are still predominantly women, this measure would likely lead to reduced female labour force participation rates for women, as they either reduced the numbers of hours worked or dropped out of the labour force entirely.

Citation:

OECD Family database, posted at www.oecd.org/els/social/family/database

OECD (2011), *Doing Better for Families*, Chapter 4. Reducing barriers to parental employment, posted at <http://www.oecd.org/social/soc/doingbetterforfamilies.htm#publication>

Pensions

Pension Policy Score: 8

The basic components of Canada's public pension retirement-income system are the demogrant Old Age Security (OAS), the income-tested Guaranteed Income Supplement (GIS) and the contribution-fed, earnings-based Canada/Quebec Pension Plan (CPP/QPP). Other tiers of the pension system include employer pension plans (both defined-benefit and defined-contribution plans) and government incentive programs for individual saving such as Registered Retirement Saving Plan (RRSPs) and Tax-Free Saving Accounts (TFSA).

The effectiveness of the Canadian pension system as a tool to reduce poverty among the elderly depends on the poverty measure used. Using Statistics Canada's Low-Income Cutoff (LICO) measure of poverty, an absolute definition, the poverty rate for persons 65 and over was 5% in 2009, down from 10% in 1995 and 20% in 1981. In contrast, Statistics Canada's Low-Income Measure (LIM), a relative poverty definition, was 12% for the elderly in 2009, up from 4% in 1995.

Intergenerational equity is not a major concern for the Canadian pension system. It is true that the early recipients of CPP benefits in the phase in-period of the plan received considerably more than they contributed from an actuarial perspective. There is now a much closer relationship between contributions and benefits on an individual basis, so intergenerational transfers are much less significant. The combination of the OAS/GIS and the CPP/QPP provides a relatively high base income for low-income earners. At the same time, the CPP/QPP is designed to replace only 25% of the average wage. This means that middle-income workers with no employer pension plan or private savings may encounter problems in replacing a sufficient proportion of their preretirement earnings. The federal government has recognized this weakness in the pension system and in 2012 responded by creating the Pooled Registered Pension Plan (PRPP) to encourage more employee saving in workplaces without registered pension plans. However, utilization rates for this new program have been very low. Many pension experts believe that expansion of the CPP/QPP, either on a voluntary or mandatory basis, is the most appropriate path for the provision of adequate pensions for all Canadians. The CPP is currently considered to be actuarially sound and fiscally sustainable at its current rate and benefit structure, due to large increases in contribution rates implemented in the late 1990s. The fiscal sustainability of the OAS/GIS is tied to the sustainability of the federal government's overall fiscal balance, and is fostered by the indexation of benefits to the CPI rather than to nominal wage increases. In 2012, the federal government increased the age for receipt of full OAS benefits from 65 to 67, with a phase-in period starting in 2023. This measure will add to the fiscal sustainability of the OAS.

Integration

Integration Policy Score: 8

Receiving around 250,000 immigrants per year, Canada has one of the highest annual immigration-to-population ratios in the world. Cultural, education and social policies, including language training and orientation courses, support the integration of immigrants. To promote integration, Canada allows immigrants to become citizens after three years of residency, one of the shortest residency requirements in the world. The high educational attainment of immigrants – the highest in the world, in fact, with around half of immigrants having university educations – also facilitates integration.

Nevertheless, these policies do appear to have weaknesses, as seen by the relatively poor labour-market performance of recent immigrants, as well as immigrants' high rate of return to their countries of origin. A recent CSLS study found that in 2012, very recent immigrants to Canada (those with less than five years of residence) had an unemployment rate of 19.6%, an employment rate of 92%, and hourly wages that averaged just 79% of wages accruing to those born in Canada. Over the 2006–2012 period, there have been some improvements in the relative unemployment and employment rates of recent immigrants, but a decline in the relative wage

performance. The relative wage performance is particularly poor for university-educated recent immigrants, who in 2012 received an average of 66% of the wages paid to their university-educated Canadian counterparts, down from 68% in 2006.

The integration of immigrants is impeded by a number of factors, including difficulties faced by immigrants in having their professional credentials recognized by Canadian authorities; the concentration of immigrants in a small number of major cities such as Toronto, Vancouver and Montreal (immigrants to cities where immigrants are few in number experience much better labour-market outcomes); language problems encountered by many immigrants; and according to some, the lower quality of education received by immigrants from developing countries.

Citation:

Andrew Sharpe, Erik Johnson and Evan Capeluck (2013) “Labour Market Performance of Immigrants in Canada, 2006-2012,” CSLS Research Report, to be published

Safe Living

Safe Living Conditions Score: 8

Canada’s internal security policy has been quite effective in protecting citizens against security risks. There have been no terrorist attacks in Canada, which suggests that the Canadian intelligence services are doing excellent work. Indeed, in the spring of 2013 the capture of two persons who had been accused of planning to bomb passenger trains offers an example of very effective operational work.

Crime rates in Canada are low from an international perspective and continue to fall. Canadians in general have a high degree of confidence and trust in the police. However, this is not true to the same extent within the aboriginal community. The Assembly of First Nations, the Métis National Council, the Inuit Tapiriit Kanatami and the Native Women’s Association of Canada have made repeated calls for a national public investigation into the unsolved cases of the murder or disappearance of about 600 aboriginal women and girls across the country. The U.N. Human Rights Council’s recent Universal Periodic Review of Canada expressed concerns about violence against indigenous women and girls and Canada’s perceived failure to address the problem.

Citation:

UN High Commissioner for Human Rights (2013), Universal Periodic Review: Canada. Draft report, posted at http://www.upr-info.org/IMG/pdf/a_h_rc_wg.6_16_1.9_canada.pdf

Global Inequalities

Global Social Policy Score: 7

Canada's government has a long history of supporting international efforts to promote socioeconomic opportunities in developing countries. However, Canada's commitment to global development frameworks appears to have flagged in recent years. A recent North-South Institute study makes the case that Canada's current framework guiding foreign-aid efforts – that is, the focus on improving aid effectiveness and accountability – is insufficient as an overarching framework guiding the country's approach to development. This is because the focus on aid effectiveness captures only a small part of Canada's engagement with the developing world. A broader vision that includes aid and non-aid policies is needed in order for Canada to improve the coherence of its development policy and be an effective actor in the international development sphere. In principle, Canada promotes a fair global trading system. In practice, domestic interests are often paramount. For example, the government vigorously defends Canada's agricultural marketing boards in trade negotiations, even though the removal of the trade barriers related to these boards would give developing countries better access to the Canadian market.

Citation:

Anni-Claudine Bulles and Sghannon Kindornay (2013) "Beyond Aid: A Plan for Canadian International Cooperation" North-South Institute, May, posted at <http://www.nsi-ins.ca/wp-content/uploads/2013/05/BuellesKindornay.2013.CNDPolicyCoherenceEN.pdf>

III. Social Policies

Environment

Environment Policy Score: 5

The most important recent development in the environmental arena in Canada was the federal government's 2012 passage of Bill C-38, the omnibus budget implementation bill, a measure that included extensive changes to the country's environmental laws. The government's stated rationale for these changes was to update and modernize environmental legislation so as to provide a more appropriate balance between the dual societal objectives of environmental protection and economic development. Bill C-38 eliminated the Canadian Environmental Assessment Act, replacing it with a new law by the same name that reduced the stringency of the federal environmental-assessment process and limited the scope for public involvement. Environmentalists argue that the government has set up a minimalist environmental-assessment process in which final decisions can be made by politicians with arbitrary and discretionary

power, declaring any adverse effects “justifiable in the circumstances.” Moreover, critics say, such decisions can now be made in the absence of public accountability, and be made the subject of Cabinet secrecy. They argue that a clear pattern has developed in which habitat-protection measures, which have often existed in law for years, are removed so as to enable the development of energy projects and pipelines.

Climate-change policy has been extremely controversial in Canada. Many observers argue that the federal government has not seriously addressed the issue of global warming and greenhouse gas emissions. Unlike the government of British Columbia, the federal government has not introduced a carbon tax, and unlike the government of Ontario, it has not developed a comprehensive strategy for renewable energy. Indeed, Bill C-38 included a repeal of the Kyoto Protocol Implementation Act. Bill C-38 also had a number of implications for renewable water resources. The fish-habitat provisions of the Fisheries Act were changed to protect only fish of “commercial, aboriginal, and recreational” value, and even those habitat protections were weakened. Federal protection of over 95% of Canada’s lakes and rivers was eliminated under the new Navigable Waters Protection Act, and pipelines and power lines were exempted from the provisions of the act. Bill C-38 additionally had implications for biodiversity through amendments to the Species at Risk Act that relieve the National Energy Board of the duty to impose critical-habitat-protection conditions on projects it approves. In addition, companies no longer have to periodically renew permits on projects that threaten critical habitats.

Citation:

Theresa McClenaghan (2012) “Bill C-38: Federal Budget Bill 2012 Implications for Federal Environmental Law” Canadian Environmental Law Association, June, posted at <http://www.cela.ca/sites/cela.ca/files/Bill-C-38-Federal-Budget-Bill-Review-and-Implications.pdf>

Global Environmental Protection

Global Environmental Policy Score: 4

The government of Canada in principle supports the design and advancement of global environmental-protection regimes. In practice, the current government has demonstrated little if any commitment to this objective, as seen for example by its repeal of the Kyoto Accord. Canada’s approach to environmental policy has in the past to a large degree followed that of the United States, given the close economic relations between the two countries. However, the United States has recently taken a lead through President Obama’s aggressive new plan for action on global warming. Whether this development will raise Canada’s interest in this area remains to be seen.

Quality of Democracy

Electoral Processes

Candidacy Procedures Score: 10

The right to be a candidate in a federal election is laid down in the Canadian Charter of Rights and Freedoms, with the associated procedures and responsibilities specified in the Canada Elections Act. There are virtually no restrictions on becoming a candidate for election. Almost all Canadian citizens 18 years old or over can present themselves as candidates for federal elections. Exceptions include members of provincial or territorial legislatures, certain judges, election officers, persons who were candidates in a previous election but who did not conform to the expense-reporting rules, and persons imprisoned in a correctional institution. There is no cost to being a candidate in a federal election. A CAD 1,000 deposit is required, but this is reimbursed if the candidate's official agent submits the electoral campaign return after the election within the prescribed time. Administrative procedures are not onerous (a nomination form is required containing signatures by either 50 or 100 persons residing in the constituency in which the candidate wants to run, with the number depending on the electoral district's population).

Media Access Score: 8

While national media outlets do demonstrate political orientations, in general there is fair and balanced coverage of election campaigns and parties. Under sections 335, 339 and 343 of the Canada Elections Act, every broadcaster in Canada is required to make a minimum of 390 minutes of air time during each federal general election available for purchase by registered political parties. The allocation of airtime among the parties is usually based on a formula that takes into account factors such as the party's percentage of seats in the House of Commons, its percentage of the popular vote in the last general election, and the number of candidates it endorsed as a percentage of all candidates. The Canadian system is one of paid political advertising; that is, any broadcasting time used before an election has to be paid for, and there is no free direct access. This sets Canada apart from most European countries, which often have either a prohibition on paid advertising or a mixed system. In this sense, one could argue that parties' or candidates' access to direct broadcasting depends on the state of their campaign finances. However, whether or not this translated into unequal access is unclear, as campaign spending regulations likely impose de facto limits on how much parties can actually spend on televised advertising time.

One contentious issue is the access given political parties in the televised leaders' debate in federal elections. Historically, only the leaders of parties with seats in the House of Commons

have been invited to participate in the debate. Leaders of political parties without seats have been excluded. Not surprisingly, this has been a source of contention for those parties. But in the October 2008 federal election, the leader of the Green Party, which had no seats but did have significant popular support, was allowed to participate in the debate. That measure was aimed at increasing fair access to the media on the part of small political parties. However, in the May 2011 federal election, the leader of the Green Party was excluded from the debate. These decisions appear to have had little effect on the election results for the Green Party leader, as she failed to be elected in the 2008 federal election, but won in the 2011 election.

Voting and Registrations Rights Score: 9

All Canadian citizens 18 years and over have the right to vote, including the mentally deficient and persons living abroad. The only exceptions, according to the Canada Elections Act, are electoral officers and persons who have been imprisoned in a correctional institution for more than two years. Canada Elections Act provisions covering this latter group were made unenforceable in 2002, when the Supreme Court ruled that prison inmates had the right to vote under the Canadian Charter of Rights and Freedoms. Canada has a system of universal voter registration; the government is in charge of registering its citizens to vote as a means of protecting their constitutional right (this stands in contrast with the United States' system of citizen-initiated opt-in registration). Additionally, Canada allows for election-day registration for those who the universal registration system missed. Procedures for voting are not onerous. Adequate opportunity for casting an advance ballot is provided. Persons can vote by mail if they cannot come to a polling station due to physical incapacity or residency outside the country.

During the 2011 federal election campaign, voters in a number of electoral districts received automated phone calls containing misleading information about the location of their polling station. Elections Canada received complaints from over 1,400 electors in 247 electoral districts who reported having received such a call. It produced a report with recommendations aimed at better addressing the risks posed to Canada's electoral democracy by such deceptive tactics. A former Conservative aide has since been charged in connection with the fraudulent robocalls in one district; in addition, a federal court ruled that electoral fraud occurred, and found evidence of a "concerted campaign by persons who had access to a database of voter information maintained by the Conservative Party of Canada." However, there was no allegation that any of the Conservative candidates in the six districts were responsible for the campaign, nor proof that the outcome of the election was affected by the calls.

Citation:

Kessler, A. and T. Cornwall (2012). Does misinformation demobilize the electorate? Measuring the impact of alleged "robocalls" on voter turnout in the 2011 Canadian federal election, CEPR Discussion Paper #8945.

Party Financing Score: 8

The Canada Elections Act requires registered parties or electoral-district associations to issue income-tax receipts for contributions, and to make public reports on the state of their finances. Furthermore, the act requires registered parties to report and make public all contributions of more than CAD 5. Elections Canada provides access to the full database online for public use. Corporations, trade unions, associations and groups are prohibited from contributing to political parties. Only individuals are allowed to contribute, to a maximum of CAD 1,100 per year to registered parties, a maximum of CAD 1,100 to electoral candidates, and finally an additional maximum of CAD 1,100 to candidates in political party leadership contests. Individuals receive generous tax credits for political donations. Political parties are also funded by the government. Each registered federal political party that received at least 2% of all valid votes in the last general election, or at least 5% of the valid votes in the electoral districts in which it had a candidate, was given CAD 2.04 per vote received in the 2011 election. However, the current government reduced the subsidy to CAD 1.53 on April 1, 2012. The subsidy is slated to be further reduced on each subsequent April 1, until it is eliminated in 2015. Of the ways in which federal parties are allocated public funding, the per-vote subsidy is largely considered to be the most democratic, so this measure may be seen as negative from the perspective of the fairness of party financing.

Popular Decision-Making Score: 6

There are few opportunities for Canadians to make binding decisions on matters of importance to them through popular initiatives or referenda on the federal level. On the federal level, it is impossible to circumvent elected representatives. On the provincial level, British Columbia remains the only jurisdiction in Canada with voter-initiated recall and referendum legislation. It is worth noting that the Royal Commission on Electoral Reform concluded in 1991 that “in Canada, the particular vulnerability of the prime minister and cabinet ministers to the use and abuse of the recall would make this instrument of direct democracy especially detrimental to our system of representative democracy.”

Citation:

Royal Commission on Electoral Reform and Party Financing, *Reforming Electoral Democracy*, Minister of Supply and Services, 1991, p. 247.

Access to Information*Media Freedom Score: 8*

The only publicly owned media organization in Canada at the national level is the Canadian Broadcasting Corporation (CBC), which runs radio and television stations. Its independence

from government control is ensured by statute. However, this independence has limits. For example, it is unlikely that Radio-Canada, the French-language division of the CBC, would be permitted to advocate the breakup of the country. Privately owned media organizations can of course take any political position they wish. The only leverage held by the government over these media organizations is its power to choose where to advertise or where to inform the public of government policies and programs. In theory, if a government does not like the viewpoint of a particular media outlet, it can use the retraction of government advertising as a punishment. This is seldom done by the federal government or provincial governments, but is more common on the part of municipal governments. Electronic media are subject to licensing requirements, but this regulation is performed by an independent body, the Canadian Radio and Television Commission (CRTC), without overt political influence. The federal government does appoint the members of the CRTC.

Media Pluralism Score: 6

Media ownership in Canada is concentrated, with a small number of Canadian-owned and Canadian-controlled media conglomerates dominating the mainstream print and electronic media. There is also strong media concentration in some parts of the country (e.g., the Irving newspapers in New Brunswick). A case can be made that this has led to a lack of diversity in views and positions. For example, mainstream media outlets rarely support social-democratic political parties. The mainstream print media argue that while their editorials generally express a right-wing or centrist political orientation, they make an effort to seek out contributors with left-wing perspectives and to provide balanced coverage of issues. They also note the rise of alternative sources of media information promoting a pluralism of opinions, such as online newspapers and magazines and blogs. The counterargument is that the mainstream media continues to play a crucial role in setting the national agenda, and that the concentration of ownership means that certain opinions are thus not represented to the degree that they are held by the general population.

Access to Government Information Score: 6

Access to official information in Canada is regulated by the Access to Information Act. Access is often impeded by bureaucratic procedures and delays. In general, there is reluctance on the part of political and bureaucratic officials to release information that puts the government in a bad light, and the current system of access to information appears to allow such attitudes to influence the release of information. Although the law does provide for access to much of the Canadian government's documents, there are restrictions in place that some groups feel have been misapplied by the current government, such as the censoring of information for national security reasons. For instance, a 2008 report asserted that the federal government failed to conform with many central freedom-of-information recommendations, and that many quasigovernmental entities are not covered under Canada's Access to Information Act. The author, Stanley Tromp,

argued that while the Canadian Access to Information Act was a progressive piece of legislation when it was introduced in 1982, and could claim to be competitive with the other access laws which existed at the time, the federal government has failed to reform the legislation sufficiently over time to respond to implementation problems and to incorporate new and progressive developments in the sector. In a recent report by Canadian-based The Centre for Law and Democracy in cooperation with the Madrid-based Access Info Europe, Canada's legislation was compared to that of other countries. According to this report, Canada's standing in September 2011 was ranked 40th of 89 countries, but fell to 51st in June of 2012, then to 55th of 93 countries in September 2012, behind Mongolia and Colombia. "While standards around the world have advanced, Canada's access laws have stagnated and sometimes even regressed," the report concluded, noting that Canada was a world leader in 1983 when its federal information law came into force.

Citation:

The Centre for Law and Democracy (2012): Entrenching RTI: An Analysis of Constitutional Protections of the Right to Information, posted at [http://rti-rating.org/docs/Const%20 Report_final.pdf](http://rti-rating.org/docs/Const%20Report_final.pdf)

Stanley Tromp (2008) Fallen Behind: Canada's Access to Information Act in the World Context, posted at <http://www3.telus.net/index100/report>

Civil Rights and Political Liberties

Civil Rights Score: 9

The state and the courts in general show a high degree of respect for civil rights and political liberties in Canada. Of course, there is a trade-off between protecting the rights of individuals from government intrusion and ensuring public safety and security from terrorist threats. Given that these terrorist threats are real, as recently revealed by a terrorist plot to blow up a passenger train, most Canadians feel the government is striking the appropriate balance.

Political Liberties Score: 8

There were very few major concerns expressed about infringements of Canadians' political liberties over the May 2011–May 2013 period. One very recent exception was legislation passed in June 2013. Bill C-309 makes it a crime punishable by a 10-year prison term to incite a riot while wearing a mask or any face covering, including face paint. Someone who merely participates in a riot or in an "unlawful" assembly with their face covered can, under the new law, be deemed to have committed an indictable criminal offense and jailed for up to five years. On the provincial level, there were outcries after the government of Quebec passed an emergency law in May 2012 restricting demonstrations and shutting some universities in an

effort to end three months of protests against tuition-fee increases. The city of Montreal passed its own ordinance making it illegal for protesters to wear masks during demonstrations.

Non-discrimination Score: 8

Canada's Charter of Rights and Freedoms was enacted in 1982, with the aim of preventing all types of overt discrimination based on gender, physical ability, ethnic origin, social status, political view or religion. Groups believing they suffer from the effects of discrimination continue to emerge. Basing their claims on the Charter of Rights and Freedoms, some have taken their cases to the courts, often winning. The Canadian government has established policies such as employment equity and pay equity to protect and promote the rights of disadvantaged groups (often called equity groups) such as women, visible minorities, aboriginals, and persons with disabilities. These positive discrimination measures are controversial and their effectiveness is a subject of debate. A recent CBC poll revealed that many Canadians still experience discrimination in Canada despite the measures taken by the state to prevent such behavior.

As so often, the experiences of Canada's aboriginal population pose the greatest concern. According to a recent Amnesty International Report, three mandatory United Nations reviews conducted in 2012 all found "very serious human rights challenges facing Indigenous peoples" in Canada. In 2013, Human Rights Watch released a report documenting the failure of the Royal Canadian Mounted Police (RCMP) in British Columbia to protect indigenous women and girls from violence, as well as abusive police behavior against these groups including the excessive use of force, and physical and sexual assault.

Citation:

Amnesty International (2012) "Matching International Commitments with National Action: A Human Rights Agenda for Canada," posted at <http://www.amnesty.ca/sites/default/files/canadaaihra19december12.pdf>

Human Rights Watch (2013) "Those Who Take Us Away: Abusive Policing and Failures in Protection of Indigenous Women and Girls in Northern British Columbia," posted at <http://www.hrw.org/reports/2013/02/13/those-who-take-us-away-0>

CBC poll on discrimination, posted at <http://www.cbc.ca/news/canada/story/2010/03/15/discrimination-poll-2010.html>

Rule of Law

Legal Certainty Score: 8

Canada's government and administration rarely make unpredictable decisions. Legal regulations are generally consistent, but do sometimes leave scope for discretion. Of course, the government

can be expected to be challenged in court if its executive actions are not consistent with the law, which provides an incentive to comply.

Judicial Review Score: 9

The scope of judicial review was greatly expanded with the enactment of the Canadian Charter of Rights and Freedoms in 1982, which constitutionally entrenched individual rights and freedoms. Today, the courts in Canada pursue their reasoning free from the influence of governments, powerful groups or individuals.

Appointment of Justices Score: 5

It can be argued that the current process for judicial appointments in Canada, which is at the complete discretion of the prime minister, does not represent good governance, since the appointment needs no approval by any legislative body (either the House of Commons or the Senate). Indeed, potential candidates are not even required to appear before a parliamentary committee for questioning on their views. The prime minister has the final say in appointing chief justices at the provincial level, as well as for Supreme Court justices. Despite this almost absolute power, however, prime ministers do consult widely on Supreme Court appointments, although officeholders have clearly sought to put a personal political stamp on the court through their choices. The appointment process is covered by the media. It is not evident that the current judicial appointment process has compromised judicial independence. Indeed, appointments to the Supreme Court have historically been of high quality.

Citation:

Nadia Verrelli, ed. (2013) *The Democratic Dilemma: Reforming Canada's Supreme Court* (Montreal: McGill-Queen's University Press)

Corruption Prevention Score: 8

Canada has historically ranked very high for the extent to which public officeholders are prevented from abusing their position for private interests. To be sure, there have been many instances in recent Canadian history in which officeholders or their associates have benefited from access to influence. Most recently, municipal and provincial government officials accepted bribes in relation to procurement in Quebec, as was revealed by the Charbonneau Commission on corruption in the construction industry in Quebec. The media closely monitor the expense claims of politicians, and great public ire is aroused when perceived abuses are found. There is a strong public perception, rightly or wrongly, that public officeholders abuse their positions for private gain.

Governance

I. Executive Capacity

Strategic Capacity

Strategic Planning Score: 8

Neither the Prime Minister's Office (PMO) nor the Privy Council Office (PCO) has an official planning unit today. The Policy Research Initiative (PRI), established in 1997 under the PCO to promote and organize horizontal research within the federal government, could potentially have developed a strategic-planning function. However, this unit has not reported through the PCO since 2007. Given the uncertainties and unpredictability of the modern world at both the national and international level, many consider long-term strategic planning suspect, or at least not a priority, and hence an inappropriate use of limited resources. Nevertheless, there are thousands of public servants employed by the PCO, the Department of Finance and the Treasury Board (close to 3,000 individuals in all) who have no specific program responsibility. Their purpose is to manage politically sensitive files and to plan. Therefore, some argue that the planning capacity of the government of Canada is as strong as that of other Western countries, and in some cases even stronger.

Scholarly Advice Score: 7

Many government departments and agencies have multiple advisory committees, which can at times have considerable impact but rarely have a dominant influence on policy. A number of government departments and agencies appoint academic experts to advisory positions or chairs within the organization for a one-to-two-year period. Examples of this type of position – and hence of the influence of experts on policy – include the Clifford Clark Visiting Economist Chair at the Department of Finance and the Simon Reisman Visiting Fellowship within the Treasury Board Secretariat. Similar posts exist at the Competition Bureau and the Bank of Canada, among others. In recent years, these positions have often been vacant for long periods. Government departments and agencies often commission experts to organize research projects on high-profile issues. The results of these initiatives have in the past been influential in the course of policy development, but less so in recent years given the government's reduced emphasis on evidence-based policymaking. Finally, external academic experts are frequently asked to meet with senior government officials, either on a one-on-one basis or as speakers at departmental retreats.

Interministerial Coordination

GO Expertise Score: 9

Draft bills are vetted primarily by the Privy Council Office and to a lesser extent by Finance Canada and the Treasury Board. These central agencies are prestigious places to work, and indeed, central-agency experience is highly valued (some even say a prerequisite) for advancement within the federal public service. Consequently, central-agency staff members are generally highly skilled and possess the comprehensive sectoral-policy expertise needed for the regular and independent evaluation of draft bills based on the government's strategic and budgetary priorities.

GO Gatekeeping Score: 9

In general, Canada's government office, the PCO, can both legally and de facto return items to initiating departments on the basis of policy considerations. Indeed, this happens frequently. On the other hand, as one deputy minister in Ottawa once observed, "He who writes the first draft, controls policy." To be sure, central agencies have significant influence within the machinery of government in Ottawa. However, there is ongoing dialogue between central-agency staff and line-department officials. Things tend to be sorted out before items are "returned" to line departments. Moreover, unless draft legislation has a financial resources component to it, neither Finance nor Treasury Board officials are likely to take a strong interest.

Line Ministries Score: 9

Line departments and central agencies have interrelated or complementary capacities for the coordination of policy proposals, with ultimate authority lying with central agencies. Thus, line ministries in Canada have a relatively high level of responsibility to involve the government office, the PCO, in the preparation of policy proposals. On the other hand, it is well known that line departments are not always forthcoming with information that may cast their departments in a bad light.

Cabinet Committees Score: 8

Cabinet committees have both the legal and de facto power to prepare cabinet meetings in such a way as to allow the Cabinet to focus on vital issues. The de facto power to sort out issues before they go to Cabinet belongs to senior officials in the PMO and PCO, not to cabinet committees. Still, this allows the Cabinet to focus on strategic policy issues.

Ministerial Bureaucracy Score: 8

Many policy proposals are coordinated by line ministries with other line ministries. However, due to issues of departmental mandates and authorities, this process is generally not as effective as the central-agency coordination process. On certain issues, the line department may be unwilling to recognize the role or expertise of other line departments, or have fundamental differences of perspectives on the issue, and hence may fail to consult and/or coordinate a policy proposal with others. The paramount role of central agencies in policy development means that departments have in fact little ability to effectively coordinate policy proposals.

Informal Coordination Score: 7

Many, but not most policy proposals are coordinated through informal mechanisms, such as informal meetings with government members or across levels of government.

Evidence-based Instruments*RIA Application Score: 6*

Canada's assessment of the potential socioeconomic impact of draft laws is somewhat irregular, as regulatory impact assessments (RIA) are performed randomly, except in areas such as environmental projects where they are required by statute. The current government has faced persistent complaints that it has made explicit efforts to discourage the use of research and science in policymaking through cuts to federal science programs, legislative changes implemented as a part of the recent budget implementation bill, and the muzzling of scientists in government agencies (notably Environment Canada). The replacement of the mandatory long-form census with the voluntary National Household Survey (NHS) was seen by many academics as a major impediment to informed and evidence-based policymaking.

Citation:

Green, David and Kevin Milligan (2010), "The Importance of the Long Form Census to Canada," Canadian Public Policy, Vol. 36, No. 3.

Quality of RIA Process Score: 6

The quality of regulatory impact assessment (RIA) in Canada is in general satisfactory. Stakeholder participation in the past has been encouraged, although recent changes in environmental legislation have put limits on such participation. RIA results are accessible under Freedom of Information provisions. However, there is little evaluation of the quality of RIA by independent bodies.

Sustainability Check Score: 7

Canada does not have a formally adopted sustainability strategy. In a sense, this is not surprising, as there are different types of sustainability (environmental, economic, social). There is also no consensus as to what sustainability means or to how it should be measured. To be sure, many RIAs address sustainability issues, but the methodologies used differ widely. RIAs generally try to integrate sustainability checks in order to provide a basis for decision-making, develop an exhaustive set of impact indicators, and analyze both short- and long-term impacts. However, most assessments lack at least one of these criteria in practice.

Societal Consultation

Negotiating Public Support Score: 7

The departments and agencies of the Canadian government hold many consultations with economic and social actors on public policy issues. These consultations are motivated primarily by the desire to obtain input from Canadians before the government decides on a policy course, not by the desire to sell a particular policy to the population (this is not done through consultations). The most important consultations relate to the preparation of the annual budget. While the importance of trade unions in the consultation process has fallen significantly in recent years, this is not necessarily the case for other groups.

Canada's indigenous population, however, once again stands out as the group that appears to be least consulted on policy measures that affect its members. Many First Nations leaders allege a general lack of consultation on laws and regulations that affect their communities. Assembly of First Nations National Chief Shawn Atleo recently expressed frustration with the current government, citing a lack of consultation with aboriginal people in objecting to a set of laws on improving drinking water, financial transparency and property rights for aboriginal women on reserves. In December 2012, the Idle No More movement drew international attention to the government's relationship with its indigenous population. The movement developed in response to legislation that was seen to weaken environmental-protection laws, in particular the new Navigable Waters Act. Many of the affected waterways pass through land reserved to First Nations peoples.

Policy Communication

Coherent Communication Score: 8

The current government has centralized its communications functions in the Prime Minister's Office (PMO). All departmental policy communications must be approved by the PMO. This process effectively coordinates the communications (or lack of communications) of ministries, and aligns any departmental message with the government's overall communications strategy. In practice, however, there have been instances displaying an obvious lack of coordination in managing communications with the media. Media leaks – deliberate or not – are still part of the Ottawa process at both the political and bureaucratic levels.

Implementation

Government Efficiency Score: 8

In June 2011, the federal government used its Speech from the Throne to outline its objectives for its new mandate. These included implementing the next phase of Canada's Economic Action Plan, with a continued focus on jobs, growth and balancing the federal budget. Other objectives included investing in the country's universal health-care system, supporting communities and families, defending the rights of law-abiding citizens, and promoting Canadian values and interests at home and abroad. The ability of the federal government to implement its policy objectives has increased. The transition from a minority government to a majority government means that there are fewer, if any, constraints on the government's ability to pass legislation. Compromises on policy objectives with other political parties are no longer needed. In addition, with the improved state of the country's economy, government revenues have risen, providing financial resources to address policy goals.

Nevertheless, some constraints on implementing policy objectives still exist. Many social problems targeted by public policy are in fact complex social phenomena that are only partly amenable to public policy action. For example, the government is seeking to reduce the gap in education attainments between aboriginals and non-aboriginals. However, the government's attempt to improve educational quality on First Nation reserves has not been successful for a number of reasons, including resistance to changes in existing governance structures by First Nations.

In addition, many of the programs funded by Canada's federal government – among others, health care, post-secondary education, social services and the integration of new Canadians – are implemented by provincial governments, thus requiring provincial cooperation in order to attain federal policy objectives. For example, the March 2013 federal budget announced the Canada

Job Grant, with the aim of increase the number of employer-led training opportunities. However, the operation of this program requires participation by provincial governments, and not all provinces have announced that they are willing to cooperate.

Various reports from the Office of the Auditor General provide many examples of the government's failure to implement its own policy programs. The latest (2013) report is no exception. The Parliamentary Budget Officer, established by the federal Accountability Act in 2006, has also documented many examples of failed government policy, the most egregious being the cost overruns on the F-15 fighter jet. In large measure because of his criticisms of government policy, Kevin Page, the first parliament budget officer, was not reappointed once his five-year term was completed.

Citation:

2013 Spring Report of the Auditor General of Canada. Chapter 1 (Status Report on Evaluating the Effectiveness of Programs)

Ministerial Compliance Score: 10

In the Canadian system, the prime minister, in consultation with political staff, forms the Cabinet and appoints his or her ministers, who serve on a discretionary basis. Any cabinet minister who is not perceived by the Prime Minister's Office (PMO) to be a team player, or is seen as a political liability, will have a short career. Cabinet ministers are evaluated and hence promoted and demoted on the basis of their ability to deliver on the government's agenda. The prime minister and his office (PMO) have an important role in appointing deputy ministers and chiefs of staff. Deputy ministers are appointed by the prime minister on the advice of the clerk of the Privy Council Office. Deputy ministers are promoted (or less often demoted) for a variety of reasons, including the attempt to match their talents to the requirements of the department, efforts to establish a gender and linguistic balance, and so on.

Monitoring Ministries Score: 10

When appointed to a portfolio, a minister receives a mandate letter from the prime minister, while a deputy minister receives one from the clerk of the Privy Council. The importance of mandate letters depends on the department, and more importantly on changing political and economic circumstances. In the case of the current government, ministers' mandate letters detail priorities for their departments as seen from the center. The minister is subsequently evaluated on his or her success in achieving the objectives set out in the mandate letter. This procedure results in the PCO continually monitoring line-department activities to ensure they are in line with the mandate letter.

Monitoring Agencies, Bureaucracies Score: 8

Ministry procedures for monitoring operating agencies is less formal than the parallel monitoring of line departments by the PCO, in part because operating agencies are generally not responsible for policy formulation. In addition, these agencies may have a degree of autonomy. Nevertheless, ministries do monitor the activities of most operating agencies. Recently, the federal government has attempted to play a greater role in the administration of certain agencies such as the Canadian Broadcasting Corporation (CBC), especially in the area of labour relations.

Task Funding Score: 9

Canada's central government typically ensures that tasks delegated to subnational self-governments are adequately funded. Education and health care are largely the responsibility of provincial governments, and the federal government transfers funds earmarked for these functions through the Canada Health Transfer (CHT) and the Canada Social Transfer (CST). In addition, Canada has a system of Equalization and Territorial Formula Finance (TFF) payments in place, which are unconditional transfers to the provinces and territories designed to equalize the level of public service provision across provinces and territories.

Constitutional Discretion Score: 9

Canada's central government takes substantial steps to ensure subnational self-governments are able to use their constitutional scope of discretion. Canadian provinces, especially large ones such as Quebec and Alberta, guard their constitutional powers closely and allow the federal government little scope to increase its power.

Indeed, certain responsibilities under joint federal-provincial jurisdiction, such as labour-market training, have in recent years been decentralized and delegated completely to the provinces. This devolution of powers is not always permanent, however. A recent example is offered by the Canada Job Grant program, which was launched in the 2013 budget without previous consultation with the provinces. With the emergence of skill shortages in certain occupations and regions, the federal government concluded that provincial efforts in the training area needed strengthening. Under the program, the federal government directly provides employers with up to CAD 5,000 for the training of each employee, with matching contributions from the employer and provincial government mandatory. This effectively restricts provincial discretion to a large extent. The future of this initiative is very uncertain, as certain provinces have refused to participate.

Even when the federal government has tried to assert its authority in economic areas thought to be under exclusive federal jurisdiction, such as the regulation of securities markets, certain

provinces have vociferously objected and taken the federal government to the Supreme Court, and won.

National Standards Score: 6

In many areas of provincial jurisdiction, perhaps most notably in education, the federal government does not in principle have the authority to ensure that provinces meet national standards. Contrary to most other advanced countries, Canada has no minimum funding levels, national educational goals or overarching curriculum. Yet despite the complete control exercised by the provinces, Canada's educational system is arguably quite successful, and remains similar across the various provinces, which invest in mandatory education at comparable levels and achieve comparable results for their students. Graduation rates are similar, as are the results on pan-Canadian and international tests, such as the Programme for International Student Achievement (PISA), operated by the Organization for Economic Cooperation and Development (OECD).

In other areas where the federal government transfers funds to the provinces, it has the leverage to insist on certain standards. Health care is the main area in which this occurs. The Canada Health Act of 1986 requires provinces to meet five principles for health care: care must be available to all eligible residents of Canada, comprehensive in coverage, accessible without financial or other barriers, portable within the country and during travel abroad, and publicly administered. All five principles must be met by the provinces if they are to receive full federal funding. The federal government has challenged certain provinces for failure to meet these standards. However, no funds have been withheld since 1993. Some feel that the federal government should be more aggressive in ensuring that national standards are met in the health area.

Adaptability

Domestic Adaptability Score: 8

Organizational change is constantly taking place within the federal government, and much of this change reflects international developments. For example, there have been many changes over time in the structural and reporting relationships between the various departments involved in international matters, which include the Canadian International Development Agency (CIDA), and the Department of Foreign Affairs and International Trade (DFAIT).

In the March 2013 federal budget, CIDA was merged with DFAIT. The rationale provided for this reorganization was that an enhanced alignment of foreign, development, trade and commercial policies and programs will allow the government to achieve greater policy coherence on top-priority issues, and will result in greater overall impact. The move finishes a process the

Conservatives began in 2006, when they rejoined the trade and foreign-affairs portfolios to emphasize that trade policy was a key part of their foreign-affairs agenda. Development advocates have expressed concern that the reorganization will lead to a less focused and effective foreign-assistance program.

International Coordination Score: 5

Canada's government definitely has the institutional capacity to contribute actively to international efforts to foster the provision of global public goods. Indeed, it has made many contributions in this area throughout its history.

However, the political will and the desire for Canada to be seen as a model global citizen appears to have weakened. The classic example is the issue of climate change, where Canada is an outlier and laggard in attempts to reduce greenhouse gases emissions through international agreement. In another controversial move, the Canadian government quietly pulled out of the U.N. anti drought convention in 2013, making Canada the only country in the world not taking part in the convention.

Organizational Reform

Self-monitoring Score: 8

Government structures are constantly changing in Canada, for better and for worse. It is not a static system, but there are few procedural structures in place to (self-) monitor whether the current arrangements are appropriate or whether the changes have resulted in the intended improvements. Instead, changes are initiated by the government in power whenever it deems appropriate, with little or no ex post evaluation.

In the case of the recent merger of the Department of Foreign Affairs and International Trade (DFAIT) with the Canadian International Development Agency (CIDA), for example, the government offered no details about the exact nature of the amalgamation as conceived, nor about the cost savings it was intended to realize. Other examples in which comprehensive evaluation following an organizational reform has been lacking include the establishment of Service Canada as a delivery platform for government services in 2000, and the split of Human Resources Development Canada into two departments in 2004 (only to be merged again in 2008).

Citation:

David Zussmann (2013), Mergers and successful transitions, Canadian Government Executive, Volume 19, Issue 5

Institutional Reform Score: 6

There is little public evidence that changes in institutional arrangements have significantly improved the strategic governance capacity of Canada's federal government. These may have produced marginal improvements. For example, the establishment of Service Canada as a delivery platform for government services was a major organizational change in the 2000s. There has been no comprehensive evaluation of this reform.

In certain cases, there may actually be too much organizational change, given that such change can be very disruptive and costly. For example, in 2004, Human Resources Development Canada was split into two departments, Human Resources and Skills Development Canada and Social Development Canada (SDC). In 2008, the two departments were merged again, with SDC losing its separate identity. It is unclear what benefits, if any, arose from this departmental reshuffling. The frequency of departmental reorganizations has diminished in recent years, which is probably a positive development. Recent changes include the merging of CIDA into DFAIT and the reorientation of the National Research Council from basic to applied research.

II. Executive Accountability

Citizens' Participatory Competence

Policy Knowledge Score: 6

Few citizens are well informed about government policies. Indeed, most citizens have only a rudimentary knowledge of key public policy issues, as revealed by public opinion polls. Given the complexity of most public policy issues, the lack of expert consensus, and the understandable higher priority of work and family, it is not surprising that most citizens do not devote themselves to obtaining the information and knowledge needed to evaluate government policymaking adequately.

In the 2006 edition of the World Values Survey, only 11.7% of Canadians stated that politics was "very important" to their life, which was below the average of 14.6% of all countries surveyed, but comparable to other Western economies. Canada is falling particularly behind with respect to young voters' political literacy. A study by Milner (2007) showed that young Canadians' political knowledge was only slightly higher than that of their American counterparts, and was low compared with that of European youths. It concluded that European nations are better at disseminating the information and skills needed to turn their young people into participating citizens. In a 2011 survey on youth voting by Statistics Canada, 11% of eligible voters between 18 and 24 years of age cited a lack of interest as a reason for not voting, while 12% declared a lack of knowledge as the primary cause for abstaining.

Citation:

Milner, H (2007). Political Knowledge and Participation Among Young Canadians and Americans, Institute for Research on Public Policy working paper No. 2007-1.

Elections Canada (2011), National Youth Survey Report, posted at <http://www.elections.ca/content.aspx?section=res&dir=rec/part/nysr&document=index&lang=e>

Legislative Actors' Resources

Parliamentary Resources Score: 6

In principle, parliamentary committees have the right to receive government documents in the course of their deliberations, but these documents often arrive incomplete and redacted because of confidentiality considerations, or too late to enable the committee to make effective use of them. Members of the House of Commons and the Senate have access to the research services of the staff of the Library of Parliament, and these staffers are responsible for drafting parliamentary committee reports. There are limited resources for commissioning studies from outside experts. One important source of information for parliamentarians has been the Office of the Parliamentary Budget Officer, but the future effectiveness of this office is uncertain. The current government has made considerable use of “omnibus” budget bills to legislate in a wide range of policy areas that are not related to the measures announced in the federal budget, effectively subverting parliament’s duty to examine the government’s agenda and hold it to account.

Obtaining Documents Score: 8

In principle, parliamentary committees have the right to receive government documents in the course of their deliberations, but these may arrive incomplete and redacted because of confidentiality considerations, or too late to enable the committee to make effective use of them.

Summoning Ministers Score: 9

Ministers are normally expected to appear before parliamentary committees, but are not legally required to do so, and sometimes decline for various reasons. In recent years, ministers have all too often sent their deputy ministers to appear before parliamentary committees.

Summoning Experts Score: 10

Parliamentary committees have the right both legally and de facto to summon any expert they choose to provide testimony. In turn, experts have the right to decline the invitation. Committees cannot compel experts to testify.

Task Area Congruence Score: 8

There are currently 24 standing or permanent committees of the House of Commons and 18 standing committees of the Senate, as compared to 26 government departments. Consequently, there is nearly a one-to-one relationship between the number of House committees and departments. Parliamentary committees are thus largely capable of monitoring departments.

Audit Office Score: 10

The auditor general is appointed by Parliament on the advice of the prime minister for a 10-year term. Once in place, however, auditor generals have virtually a free hand in deciding who or what to audit and when. The Office of the Auditor General is accountable to Parliament, and the removal of an auditor general requires the approval of both the House of Commons and Senate. There have been few instances when either Parliament or its Public Accounts Committee were able to direct the work of the Office of the Auditor General.

Ombuds Office Score: 6

The federal government (unlike certain provinces such as Ontario) does not have an organization called an ombuds office, but it does have certain organizations that are functional equivalents. These include the Access to Information Office and the office responsible for the protection of whistleblowers. The advocacy role of these organizations is limited, however. Other mechanisms that more informally fulfill an ombuds role include departmental units responsible for investigating appeals of decisions related to social programs such as employment insurance and pensions, and the offices of members of Parliament, which act as champions for the interests of their constituents.

Media*Media Reporting Score: 8*

Canada's main TV and radio stations produce a mix of infotainment and high-quality information programs. Public broadcasters, including the CBC and provincial TV channels such as TV Ontario (TVO), provide extensive and often high-quality coverage of politics and news, with a minimum of five to seven hours per week of in-depth information on government decisions, and often more. Examples of such programs include TVO's *The Agenda* and CBC's *The House*. This local coverage is further enhanced by international news channels such as CNN, BBC World News and Al Jazeera available through cable networks. One caveat is that there is little competition among public broadcasters; on the other hand, private broadcasters (with the exception of the Canadian Parliamentary Access Channel) are generally focused primarily on infotainment. Private broadcasters, especially the Canadian Parliamentary Access Channel

(CPAC), also provide analysis of government decisions. Certain print media, such as the *Globe and Mail*, provide comparatively high-quality and comprehensive analysis of public policy. Others, such as *La Presse*, the *National Post* and other Postmedia publications, provide good coverage of public-policy issues.

Parties and Interest Associations

Intra-party Democracy Score: 7

There are three major political parties at the federal level in Canada: the Conservatives, the Liberals and the New Democrats. The Conservative Party is tightly controlled by party leader Stephen Harper. Decisions on policy and electoral strategy are made by a small number of senior officials close to him. Grassroots views and resolutions passed at party conventions provide input into the decisions of the elite, but are not binding. For example, many Conservative party members would like measures taken to restrict abortion, but Stephen Harper refuses to act on this because of fear of alienating the general public, which is content with the status quo on the issue.

In April 2013, the Liberal Party of Canada elected a new leader, Justin Trudeau, through a very open voting process that allowed non-members to vote. The party's policy formulation process for the 2015 federal election was just beginning as of the time of writing, but appeared to be quite open.

The New Democrat Party (NDP) elected a new leader, Thomas Mulcair, in March 2012 after the death of Jack Layton. Under Layton, the party had made major gains in the 2011 federal election, becoming the official opposition. The most recent NDP policy conference saw diverse views expressed on many issues, but any resolutions passed were not binding on the leadership in its development of a policy program.

Association Competence (Business) Score: 8

Many business associations, employers groups and trade unions develop policy proposals that identify the causes of problems, make use of scholarly research to support their analysis, propose technically feasible measures to attain policy objectives, take account of long-term interests and anticipate policy effects. Among the most competent associations in this respect are the Council of Chief Canadian Executives, the Canadian Chamber of Commerce, the Canadian Manufacturers and Exporters Association, the Canadian Labour Congress and the Canadian Auto Workers. Many of these associations have realized that they must identify their policy proposals with the overall societal interest rather than solely with the narrower interests of their members if they are to gain traction with the public and policymakers. The most successful associations are those that have mastered this art.

Association Competence (Others) Score: 7

Many social interest groups, environmental groups and religious communities develop policy proposals that identify problems' causes, make use of scholarly research to support their analysis, propose technically feasible measures to attain policy objectives, take account of long-term interests, and anticipate policy effects. However, as these groups have fewer resources than economic interest groups, they generally do a somewhat less competent job in proposing reasonable policies. A recent report prepared for the Canadian Council for International Cooperation (CCIC) states that for many civil society organizations, broad policy ideas are not always translated into concrete proposals due to a lack of expertise. While some coalitions, such as the Americas Policy Group (APG); the Canadian Biotechnology Action Network (CBAN); the Climate Action Network (CAN); the Policy Working Group on Maternal, Newborn and Child Health; and the Global Call Against Poverty/Making Poverty History, among others, have a strong record with respect to governmental relations (political and legislative), these are the minority.

Citation:

A Map of Canadian Civil Society Organization Coalitions' Governance, Capacity and Agendas: Common Challenges, Shortfalls and their Implications, report prepared for The Canadian Council for International Co-operation (CCIC), 2011.