



# Canada Report

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## Sustainable Governance Indicators 2016

## Executive Summary

The case can be made that the declining quality of governance observed since the Conservative government won a majority in 2011 continued through 2015. With its 2015 budget implementation bill (C-59), the Conservative government once again resorted to omnibus legislation that touched on a wide range of issues unrelated to the budget, including copyright term extension, public service sick leave and the labor code as well as significant changes to Canada's privacy law and retroactive reforms to freedom of information laws.

Omnibus bills arguably represent an abuse of process, as they jeopardize Parliament's ability to effectively scrutinize legislation and hold the government accountable. According to many observers, their use was part of a larger pattern of then Prime Minister Stephen Harper's abrasive leadership style. From being taken to court by the Parliamentary Budget Office (created in 2006 by the same government), to the 2012 robocall scandal, and to becoming the first prime minister in Canadian history to be found in contempt of Parliament for refusing to hand over information that Parliament needed to properly assess legislation, the methods of the self-described Harper government were questionable and, at times, undemocratic. In the wake of the 2015 election, a recent New York Times column entitled "The Closing of the Canadian Mind" reflected on the Conservative's government's culture of secrecy, robocalls and disregard for science. It concluded "[...] nine and half years of Mr. Harper's tenure have seen the slow-motion erosion of that reputation for open, responsible government. His stance has been a know-nothing conservatism, applied broadly and effectively."

Methods aside, the government established a creditable record of accomplishment over those years and delivered on a number of major election promises, notably broad-based tax relief, lean government, and an ambitious free trade agenda. The Conservatives cut taxes, including sales taxes, corporate taxes, and taxes on capital gains for a majority of Canadians. As a share of GDP, this reduced federal revenues to their lowest level in fifty years. In addition, while the economic stimulus package in response to the economic crisis of 2008 and 2009 was the centerpiece of its economic policy before 2011, the government focused on fiscal discipline afterwards. Federal spending grew, on average, by only 0.2% per year since 2011, making Canada's debt-to-GDP ratio significantly lower than all other G7 countries.

Since the Conservatives first came to office in 2006, Canada has concluded free trade agreements with 39 countries, including the Comprehensive Economic and Trade Agreement (CETA) with the European Union in August 2014, and the Trans-Pacific Partnership (TPP) with other Pacific-Rim countries in October 2015.

In other areas, however, government policies were less successful. Job creation in 2014 and 2015 remained sluggish. Against the backdrop of collapsing oil prices, the Chinese economic downturn, and a falling Canadian dollar, the Conservatives worked hard to balance the budget at a time when the economy would have benefited more from fiscal stimulus. The 2015 Family Tax Cut, which implemented a limited form of income splitting, was widely criticized by economists on both equity and efficiency grounds. The Conservatives continued to be weak on climate change, seemingly unwilling to provide an effective strategy for the reduction of greenhouse gas emissions. Another policy that was more likely to be based on ideology or political calculations than sound reasoning and evidence was Stephen Harper's tough-on-crime agenda, which resulted in sharp increases and overcrowding in Canada's inmate population despite falling crime rates. Last, but not least, evidence-based decision-making requires high quality data, and the Conservative government's decision to replace the mandatory long-form census with the voluntary 2011 National Household Survey (NHS) led to an irretrievable loss of reliable and representative data. This has negatively impacted the ability of a wide spectrum of governmental and non-governmental bodies to make policy decisions based on accurate information and evidence.

In the October 2015 federal election, the Conservative government was defeated by the Liberal Party of Canada, under the leadership of Justin Trudeau.

## Key Challenges

In the federal election held on 19 October 2015, the Liberal Party of Canada won a majority of the seats in the House of Commons. During the campaign leading up to the election, Liberal leader and now Prime Minister Justin Trudeau promised a style of leadership different from that of outgoing Prime Minister Stephen Harper. He pledged to respond to complaints about the dysfunction of the democratic system, ending omnibus bills and prorogation, a more hands-off approach to policymaking from the Prime Minister's Office, more free votes in Parliament, parliamentary oversight of Canada's spy

agency, more transparency in Supreme Court and other appointments, a repeal of parts of the Fair Elections Act, Senate reform, and – perhaps most important of all – electoral reform.

Challenges in terms of the sustainable governance indicators remain. Environmental policy is one example of a policy area where the newly elected government will have to tread carefully to find the appropriate balance between environmental protection and resource development. Following the Obama administration's rejection of the Keystone XL pipeline, the Liberal Party could face renewed pressure to support the proposed Northern Gateway pipeline, which would transport energy products from Alberta to the Pacific through northern British Columbia. In terms of addressing the issue of greenhouse gas emissions, the Liberals – like the Conservatives before them – have not embraced the idea of a national carbon tax, which experts concur is likely the most effective instrument for reducing CO<sub>2</sub> emissions. Instead, they plan on setting national targets that would allow provinces to design their own emissions-reduction systems.

On the economic front, addressing Canada's weak labor productivity growth and large productivity gap with the United States is paramount. The Conservative government had followed the advice of the business community to address this deficit, cutting taxes, deregulating economic sectors, investing in postsecondary education and subsidizing R&D, all to little effect. In its economic platform, the Liberal Party failed to outline concrete measures other than to pledge to "increase support for infrastructure, post-secondary education, science and innovation, and entrepreneurship." Many now feel that the productivity malaise is not the result of 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. Canada may also face a looming social challenge in the potential "polarization" of employment opportunities across occupations, with employment growth concentrated in relatively high skill, high-wage and low skill, low-wage jobs—at the expense of middle income earning jobs. Until recently, the country's resource industries have largely sheltered the Canadian labor market from the polarization trends observed in the United States and elsewhere, but with the end of the commodities cycle there are signs the outlook may take a turn for the worse.

Institutionally, the reform or abolition of the Senate will be a topic of debate. The 2013 scandal over the expenses of some senators has led to calls for major

changes. Since most changes would require the approval of the provinces, it is unclear whether progress can be made in the short term. However, electoral reform represents the most salient area in need of improvement. While the noticeable decline of democratic and transparent policymaking in Ottawa under Conservative rule may have alerted the public to glaring deficits in the Canadian governance system, Stephen Harper was arguably not the first prime minister with an arrogant leadership style. Jean Chretien, a Liberal who served as prime minister from 1993 to 2003, was also known for pursuing his goals in an increasingly autocratic manner, stifling political debate and centralizing power in the hands of the Prime Minister's Office. Like Harper, who was tainted during his last years in office by the Senate scandal and the involvement of his chief of staff in the affair, Chretien's legacy was marred by allegations of corruption.

The broader issue at stake here is the Canadian democratic system. First-past-the-post voting in single-member constituencies, which regularly produce (forced) absolute majorities in Parliament with less than 40% of the popular vote, coupled with the party discipline that come with a strong leader and a parliamentary system in which the prime minister only answers to Parliament, imply that prime ministers in Canada are frequently elected by a minority of the population, yet rule with near absolute power from election to election. The feasibility of electoral reform, however, rests on shaky premises. After all, assuming Trudeau follows through with his commitment to establish an all-party committee to review the electoral system, reaching an agreement among all parties is bound to be a herculean task, due to the far-reaching and long-term implications of any reform as well as the diversity of each party's interest in its particulars.

How successful the Trudeau government will be in realizing its ambitious agenda is impossible to know in advance. Given the incentives and interests that confront any party as it moves from the opposition to government, there are grounds for caution as well as optimism.

# 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 continues to be quite weak. There are still areas where Canada's economic framework is not as conducive as it might be to productivity growth. One factor is the country's dependence on natural resources, which account for roughly 20% of GDP. Recent price volatility in the oil and gas sector, in particular, has weakened the economy. Canada's economy shrank for two consecutive quarters in 2015, putting the country officially into recession. Despite a corresponding drop in the Canadian dollar favorable to exports, Canadian manufacturing has been slow to recover. Interprovincial barriers to trade and labor mobility, marketing boards, which have the right to control output through production quotas, and the lack of a national securities regulator are other weaknesses in Canada's regulatory framework from a competitiveness perspective.

The sharp drop in oil prices in 2014 and 2015 also had a negative impact on government finances, which threatened the ruling Conservative Party's commitment to a balanced budget in the 2015 fiscal year. The Bank of Canada's lending rate sits at 0.5%, which leaves little room for a further reduction to stimulate growth in a country with heavily indebted consumers and some evidence of a housing price bubble in major cities, especially Vancouver and Toronto.

Citation:  
2015 Federal Budget "Strong Leadership," posted at <http://www.budget.gc.ca/2015/docs/plan/budget2015-eng.pdf>.

## Labor Markets

Labor Market  
Policy  
Score: 8

The unemployment rate in Canada is primarily driven by the business cycle, which reflects aggregate demand conditions. Labor-market policies and programs such as unemployment 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. Overall, labor-market regulation in Canada is relatively light, and there are few labor-market rigidities that impede the operation of the labor market. The most significant of these may be regional employment-insurance benefits that may somewhat reduce the outflow of labor from regions with high unemployment rates, even though labor mobility in Canada, both inter- and intraprovincially, is generally high.

Specific labor-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; the aboriginal unemployment rate remains almost twice the national average, with no sign of improvement.

Many observers have expressed concern that the Canadian labor market is currently experiencing more weakness than is implied by the official unemployment rate, which is around 7% and rising again after a steady fall in recent years. The long-term unemployment rate shot up during the 2008 to 2009 recession and has remained high since, but is low by international standards.

The federal government has recognized both the need to improve the economic environment such that businesses hire new workers and the need for more effective workplace training, but many of its measures did not have the desired effect. Despite a decade of job losses, Canadian manufacturing firms still indicate that skills shortages and lack of policies around market access to the United States remain an issue.

The 2015 budget put the emphasis on tax cuts rather than direct job creation to stimulate employment. The Small Business Job Credit lowers employment insurance premiums for eligible small businesses. The budget also announced a 10-year accelerated capital-cost allowance of 50% for manufacturing and processing as well as smaller measures to address skills shortages. The government has curtailed its controversial temporary-foreign-worker program, under which a growing number of low-skilled temporary foreign workers have entered the workforce.

Overall, the Canadian labor 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 could employ workers. The United States ranked first, but all other G-7 countries ranked well below Canada.

Citation:

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

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

2015 Federal Budget "Strong Leadership", posted at <http://www.budget.gc.ca/2015/docs/plan/budget2015-eng.pdf>

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

Roland Tusz, Erika Rodrigues, and Matthew Calver (2015) "Interprovincial Migration in Canada: Implications for Output and Productivity Growth, 1987-2014," CSLS Research Report 2015-19, November. <http://www.csls.ca/reports/csls2015-19.pdf>

## Taxes

Tax Policy  
Score: 7

Canada has seen a substantial rise in income inequality over the past few decades. Mirroring trends in the United States and other Western economies, the share of total income going to the top 1% of earners has increased dramatically since 1980. Moreover, there has been a technology- and trade-driven polarization of labor demand, with the earnings of male workers stagnating.

The income tax system is reasonably progressive and continues to be useful in equalizing after-tax incomes in the lower income brackets, but Canada's top income-tax bracket is well below that in similar nations (notably the United States). Some experts have argued that the multitude of overlapping tax expenditures benefit high income individuals at the expense of low income households. According to the Conference Board of Canada, there are now almost 200 tax breaks for federal income tax payers resulting in an estimated CAD 100 billion of foregone tax revenue annually. In 2015, the federal government introduced the "Family Income Tax Cut," a parental income splitting measure, which was widely condemned for targeting the narrow one-income earner household constituency and its likely negative effect on female labor force participation. According to a Parliamentary Budget Office report, the measure will benefit only a small subset of households (2 million middle and high income households) at an estimated cost of CAD 2.2 billion. A recent report uncovered a widespread practice by high-paid professionals to evade taxes by funneling their incomes through private companies, in order to shift

income to their lower-earning spouses and adult children. The report estimates forgone tax revenues of about CAD 500 million.

The taxation of dividends has been adjusted to ensure there is no double taxation at both the corporate 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 G7 countries and below the OECD average. Capital taxes have been largely eliminated.

Canada scores high in terms of the generation of sufficient public revenues. Much of the credit for Canada's sound financial situation goes to the Conservative government's former finance minister Jim Flaherty, who received universal acclaim for his handling of the 2008 to 2009 crisis, and for moving toward a balanced budget after the structural deficit created by the Conservative's 2% reduction in the goods-and-services tax in 2006.

Citation:

The Conference Board of Canada, "Reinventing the Canadian Tax System: The Case for Comprehensive Tax Reform". March 23, 2012.

Parliamentary Budget Officer of Canada, "The Family Tax Cut". April 2015, retrieved from [http://www.pbo-dpb.gc.ca/web/default/files/files/Family\\_Tax\\_Cut\\_EN.pdf](http://www.pbo-dpb.gc.ca/web/default/files/files/Family_Tax_Cut_EN.pdf)

Michael Wolfson, "Professionals and Private Corporations", May 2015. University of Ottawa working paper.

## Budgets

Budgetary Policy  
Score: 8

Canada's government is in a relatively strong fiscal position. Private-sector employment is today above its pre-recession peak, indicating that the economy has recovered from the 2008 recession, although the Canadian labor market is not as strong as it appears by some metrics. Canada's budget deficit as a proportion of GDP is low by international standards, as is its public debt/GDP ratio. The fiscal situation is somewhat weaker in certain provinces, particularly Ontario, but budgetary balances are moving in the right direction.

The recent drop in oil prices, however, had a negative impact on government finances, threatening the ruling Conservative Party's (until 4 November 2015) commitment to a balanced budget for the 2015 fiscal year. A delayed budget was introduced in April of 2015, which aimed at a small surplus but included the sale of state-owned assets and a reduction in contingency funds. Despite this, the federal budget office projected in its latest economic and fiscal outlook a CAD 1 billion shortfall in the 2015-2016 fiscal year amidst a persistently weak economic climate. In the October 2015 federal election, the

Liberal Party of Canada was able to win a majority, ending 10 years of Conservative rule. One of the campaign pledges of its leader Justin Trudeau, prime minister since 5 November 2015, has been to keep spending in check with “a modest short-term deficit” of less than CAD 10 billion for each of the first three years and then a balanced budget by the 2019-2020 fiscal year.

Rising health care costs associated with the aging of the population represent a potential challenge to long-run fiscal sustainability. The 2015 Fiscal Sustainability Report from the Parliamentary Budget Office suggests that while health care spending growth has slowed, subnational governments, which are responsible for the lion’s share of spending, cannot meet the challenges of population aging under the current policy. A recent study by the Centre for the Study of Living Standards (Drummond and Capeluck, 2015) reached a similar conclusion.

Citation:

Parliamentary Budget Officer, An Update on the Budget Fiscal Outlook 2015, posted at [http://www.pbo-dpb.gc.ca/web/default/files/files/files/BoCBudgetUpdate\\_EN.pdf](http://www.pbo-dpb.gc.ca/web/default/files/files/files/BoCBudgetUpdate_EN.pdf)

Parliamentary Budget Officer, Fiscal Sustainability Report 2015, posted at [http://www.pbo-dpb.gc.ca/web/default/files/files/files/FSR\\_2015\\_EN.pdf](http://www.pbo-dpb.gc.ca/web/default/files/files/files/FSR_2015_EN.pdf)

Don Drummond and Evan Capeluck (2015) “Long-term Fiscal and Economic Projections for Canada and the Provinces and Territories, 2014-2038,” CSLs Research Report 2015-08. <http://www.csls.ca/reports/csls2015-08.pdf>

## Research and Innovation

R&I Policy  
Score: 7

Overall, Canada’s economic conditions and general policy environment are conducive to innovation and investments in productivity growth. The country benefits from stable macroeconomic policies, well-developed regulations that ensure competition, largely open trade in goods and capital, and an educated population.

At the same time, a 2015 report from the federal government’s Science, Technology and Innovation (STI) Council found that the country continues to tread water as a mid-level performer in STI. Generous fiscal-incentive programs for business expenditures on R&D (BERD) are available in Canada both at the national and provincial level, but the country’s BERD has been falling steadily and is well below the OECD median. Low research 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 contentious issues in innovation policy, 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) and the impact of cuts to the budgets of government R&D labs. Critique has likewise been levied on the inadequacy of government programs to facilitate technology transfers, and persuade small and medium-sized businesses to adopt best practices. Finally, increased rates of higher education participation have failed to yield increased business sector R&D and productivity.

Public policy in Canada appears to have encouraged a strong research capacity in the academic sector. In September 2012, the Council of Canadian Academies released an assessment of science and technology in Canada, based on a survey of over 5,000 leading international scientists, that found the country's scientific research enterprise to be ranked fourth-highest in the world, after that of the United States, the United Kingdom and Germany.

Citation:

Science, Technology and Innovation Council (2013) Canada's Science, Technology and Innovation System: Aspiring to Global Leadership, State of the Nation, 2012, May [http://www.stic-csti.ca/eic/site/stic-csti.nsf/eng/h\\_00058.html](http://www.stic-csti.ca/eic/site/stic-csti.nsf/eng/h_00058.html)

Science, Technology and Innovation Council (2015) Canada's Innovation Challenges and Opportunities, State of the Nation, 2014, [http://www.stic-csti.ca/eic/site/stic-csti.nsf/vwapj/STIC\\_1500\\_SON\\_Report\\_e\\_proof4.pdf/\\$FILE/STIC\\_1500\\_SON\\_Report\\_e\\_proof4.pdf](http://www.stic-csti.ca/eic/site/stic-csti.nsf/vwapj/STIC_1500_SON_Report_e_proof4.pdf/$FILE/STIC_1500_SON_Report_e_proof4.pdf)

Council of Canadian Academies (2012) Expert Panel Report on the State of Science and Technology in Canada, September, [http://www.scienceadvice.ca/uploads/eng/assessments%20and%20publicatio ns%20and%20news%20releases/sandt\\_ji/stateofst2012\\_fullreporten.pdf](http://www.scienceadvice.ca/uploads/eng/assessments%20and%20publicatio ns%20and%20news%20releases/sandt_ji/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 1 July 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

Education quality in Canada is high. The country has a number of world-class universities and the average quality of its universities is high. Canadian teachers are well-paid by global standards. The most recent (2012) Program for International Student Assessment (PISA) report gave the country scores well above the OECD average in Reading and Science, and ranking among the top performers in Mathematics. Of the 65 countries and regional economies participating in the assessment, only nine outperformed Canada at a statistically significant level, with seven other countries performing at the same level as Canada. While the level of educational attainment is thus high, the trend has been less encouraging: for instance, while Canada ranked 7th in mathematics in the 2006 PISA report, it placed only 10th in 2009 and dropped further to 13th place in 2012.

Equity in access to education is impressive. Canada has the highest proportion of the population aged 20 to 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 by the general public to education than to health, 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 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. A recent study has documented the large economic benefits that can be obtained by closing the Aboriginal education gap (Calver, 2015).

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.

Citation:

Summative Evaluation of the Elementary/Secondary Education Program on Reserve, report prepared for AANDC, June 2012. [http://www.aadnc-aandc.gc.ca/DAM/DA\\_M-INTER-HQ-AEV/STAGING/texte-text/e\\_v\\_else\\_1365173418229\\_eng.pdf](http://www.aadnc-aandc.gc.ca/DAM/DA_M-INTER-HQ-AEV/STAGING/texte-text/e_v_else_1365173418229_eng.pdf)

Organization for Economic Development (OECD), "Education at a Glance 2014" OECD Indicators. September 2014.

Matthew Calver (2015) "Closing the Aboriginal Education Gap: Assessing Progress and Estimating the Economic Benefits," CSLS Research Report 2015-03, June. <http://www.csls.ca/reports/csls2015-03.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 23.7% lower than the market-income Gini coefficient before taxes and transfers. The study also found that while the market Gini coefficient increased by 19.4% between 1981 and 2010, almost half of the increased market-income inequality was offset by changes in the transfer and tax system, thus providing strong evidence that Canada's redistribution policies reduce market-income inequality to a considerable degree.

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," CCLS Research Report 2012-08, September. <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

Like educational policy, health care is primarily the responsibility of the individual provinces. Canadians are generally in good health, as evidenced by the high level of life expectancy. The quality of the Canadian health system is good but continues to trail behind that of comparable European countries. The number of practicing doctors and hospital beds per 1,000 inhabitants is well below the OECD average, as is the number of MRI and CT units per million (OECD, *Health at a Glance* 2013).

The most glaring problem with the Canadian system is timely access to care. Canadians regularly experience long waiting times for certain procedures (largely confined to those that are not life threatening). A recent report from the Health Council of Canada (2013) found only limited progress in reducing these wait times.

Inefficiencies in the system have led to increased demand for for-profit clinics, which endangers Canada's otherwise impressive record of equity in health care. Currently, with high-quality care freely provided for virtually the entire population, lack of income is still not a barrier to treatment. One effect of equity in access to health care services is the small gap in perceived health between the top and bottom income quintiles. One additional 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.

Quality of care is also of some concern. Canada has relatively high rates of infant mortality, and according to a 2014 report by the U.S. based

Commonwealth Fund that compared health care systems internationally, ranks poorly on some safe-care measures.

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.

Overall, Canada outperforms the United States but lags significantly behind European countries such as Germany, the United Kingdom, and the Netherlands on the basis of many measures of quality, equity and efficiency of care. The Commonwealth Fund report ranked Canada second to last overall on a comparative score card of 11 health care systems.

Citation:

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

Commonwealth Fund (2014), Mirror Mirror on the Wall - How the Performance of the U.S. Health Care System Compares Internationally, posted at [http://www.commonwealthfund.org/~media/files/publications/fund-report/2014/jun/1755\\_davis\\_mirror\\_mirror\\_2014.pdf](http://www.commonwealthfund.org/~media/files/publications/fund-report/2014/jun/1755_davis_mirror_mirror_2014.pdf)

Organization of Economic Development. "Health at a Glance 2013", OECD Indicators, retrieved from <http://www.oecd.org/els/health-systems/Health-at-a-Glance-2013.pdf>

## Families

### Family Policy

Score: 7

The labor-force participation rate for women with children all under six years of age in Canada is high by international standards. According to Statistics Canada, the number of two-income families nearly doubled over the past decades: in 2015, 69% of couples with a child under 16 years of age have two working parents, up from 36% in the 1970s. 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 labor 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 Conservative government introduced the Universal Child Care Benefit, which currently provides families with CAD 160 per month per child under 6 years, and CAD 60 for older children, on a non-income-tested basis. As this level financial support would normally cover only a small proportion of child-care expenses, its effect on fostering female labor force participation likely is minimal. 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.

In October 2014, the federal government under Conservative Prime Minister Harper implemented a parental income-splitting measure, the "Family Tax Cut." The measure drew extensive criticism on both equity and efficiency grounds, as it primarily benefits traditional families in which one spouse is the sole income earner, and raises the marginal tax rate of the secondary earner (the lower-earning of the two spouses in a family unit) at a projected cost of CAD 2.2 billion. As the latter are predominantly women, this measure may lead to a drop in female labor-force participation rates, as women either reduce the numbers of hours worked or drop out of the labor force entirely.

The newly (October 2015) elected Liberal government has promised to cancel the Family Tax Cut and develop a national strategy for universal early childhood education and care. The government also has indicated its intention to eliminate the Universal Child Care Benefit and considerably enrich the child tax credit.

Citation:

OECD Family database [www.oecd.org/els/social/family/data](http://www.oecd.org/els/social/family/data) base

OECD (2011), *Doing Better for Families*, Chapter 4. Reducing barriers to parental employment, <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 Canadian pension system seems to be relatively effective as a tool to reduce poverty among the elderly. For individuals over 70 years of age in the lowest quintile of the earnings distribution, the proportion of working income “replaced” by retirement income is nearly 100%. Since 1995, elderly incomes at the bottom have been growing, but not as quickly as the incomes of the rest of the population. 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 pre-retirement earnings. Indeed, a new report shows that middle and upper earners without a workplace pension plan, are ill-prepared for retirement, as their income replacement rates are less than 30% and 40%, respectively. In the private sector, this issue affects three in four workers. The Liberal government elected in October 2015 is aware of these challenges and has vowed to expand the CPP over the coming years.

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. The Conservative government raised the age for receipt of OAS/GIS from 65 to 67, effective in 2023. However, the new Liberal government has indicated its intention to reverse this change.

Citation:

Milligan, K. and T. Schirle, Simulated Replacements Rates for CPP Reform Options, School of Public Policy Research Paper, Volume 7(7), University of Calgary, 2014.

## Integration

Integration Policy  
Score: 9

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 labor-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. 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 labor-market outcomes); the language problems encountered by many immigrants; and according to some, the lower quality of education received by immigrants from developing countries.

Recent changes to the Citizenship Act were aimed at reducing the processing time for applications and better protecting the citizenship program from abuse. The overhauled Citizenship Act also makes it easier for the Canadian government to revoke a person's rights on the basis of security concerns or participation in organized-crime activities as well as imposed delays and restrictions to family reunion and citizenship. There is also the question of the increasing number of temporary workers in Canada, who are discouraged from integrating due to limited opportunities for becoming permanent residents and, eventually, citizens.

The new Liberal government is accepting 25,000 refugees from Syria by February 2016 and will take measures to ensure that these newcomers are quickly integrated into the broader society. This policy has wide popularity, a manifestation of the willingness of Canadians to be inclusive.

## Citation:

Andrew Sharpe, Erik Johnson and Evan Capeluck (2013) "Labour Market Performance of Immigrants in Canada, 2006-2012," CSLS Research Report, (Ottawa: Centre for the Study of Living Standards, to be published in June

Safe Living  
Conditions  
Score: 8

### Safe Living

Canada's internal security policy has been quite effective in protecting citizens against security risks. Canada has experienced no terror attacks mounted from outside the country, which suggests that the Canadian intelligence services are doing excellent work. However, two separate attacks by native Canadians in 2014, resulting in the deaths of two soldiers, have raised concerns about police forces' ability to prevent terrorist attacks and the security measures in place at federal and provincial legislatures. Following the incidents, the government announced plans to introduce new anti-terror measures and expand the powers of Canada's spy agency.

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 Metis 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.

In 2014 and 2015, Canada introduced a number of bills to bolster security and the power of agencies (notably Bill C-44 and Bill C-51). The new laws increase the powers of Canada's spy agency (the Canadian Security Intelligence Service, CSIS) to share information and operate internationally, criminalize the promotion of terrorism, and provide the Royal Canadian Mounted Police (RCMP) with new powers of preventative arrest.

## Citation:

UN Human Rights Council (2013). Universal Periodic Review: Canada. Report available at <http://www.ohchr.org/EN/HRBodies/UPR/Pages/CASession16.aspx>

### 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, and has shown leadership on critical issues such as nutrition and child health. Recently, however, the federal government cut its foreign aid budget significantly. In 2014, Canada's foreign aid spending totaled CAD 4.9 billion, down from CAD 5.4 billion in 2013 and CAD 5.7 billion in 2011. This reduced Canada's share of official development assistance as a percentage of gross national income to 0.27%, a relatively low level for an OECD country. For the 2014/2015 fiscal year, overall foreign aid spending was CAD 5.7 or 0.29% of gross national income. However, the increase is made up of two factors: a one-off concessional loan of CAD 400 million to Ukraine in 2014-2015; and a double payment in 2014-2015 of CAD 441.6 million to the World Bank's International Development Association (IDA), which occurred due to a technical change in how countries make payments. If one subtracts these amounts, the actual aid budget is closer to \$4.8 billion, which is lower than that allocated in 2013-2014.

Furthermore, 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:

Millennium Development Goals Database, United Nations Statistics Division. Net ODA as percentage of OECD/DAC donors GNI data obtainable at <http://data.un.org/Data.aspx?d=MDG&f=seriesRowID:568#MDG>

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

### III. Environmental Policies

#### Environment

Environmental  
Policy  
Score: 5

Canada's environmental-protection and sustainable-development record has been on the decline over the past years. A bill (No. C-38) passed in 2012 eliminated the Canadian Environmental Assessment Act, lowering the stringency of the federal environmental-assessment process and limiting the scope for public involvement. Environmentalists argue that the bill is part of a general pattern in which habitat-protection measures that often existed in law for years are removed in order to enable the development of energy projects and pipelines.

Bill C-38 had a number of implications for renewable water resources, forests, and biodiversity. 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. Amendments to the Species at Risk Act relieved the National Energy Board of the duty to impose critical-habitat-protection conditions on projects it approves. In addition, companies no longer have to renew permits periodically for projects that threaten critical habitats. As part of the government's austerity budgets between 2012 and 2015, Parks Canada suffered significant cuts in its budget.

Climate-change policy has been extremely controversial in Canada. The Conservative government has, on occasion, openly questioned the science of climate change, and largely failed to address 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. Bill C-38 included a repeal of the Kyoto Protocol Implementation Act. The latest (2014) Commissioner of the Environment and Sustainable Development report concluded that Canada is all but certain to miss its target for the Copenhagen Accord, which the government signed in lieu of participating in the Kyoto Protocol. Under the Accord, greenhouse gas production was to be cut to 17% below 2005 levels by 2020. Using Environment Canada data, the commissioner estimated that by 2020, greenhouse gas production in the oil and gas sector will be 27 megatons higher than it was in 2012.

Although the Liberal government under Justin Trudeau, which was elected in

October 2015, has not yet committed to a clear target of greenhouse gas emissions, its stated intentions are more pro-environment than those of its predecessor.

Citation:

Office of the Auditor General of Canada, 2014 Fall Report of the Commissioner of the Environment and Sustainable Development, posted at [http://www.oag-bvg.gc.ca/internet/English/parl\\_cesd\\_201410\\_00\\_e\\_39847.html](http://www.oag-bvg.gc.ca/internet/English/parl_cesd_201410_00_e_39847.html).

Theresa McClenaghan (2012) "Bill C-38: Federal Budget Bill 2012 Implications for Federal Environmental Law" Canadian Environmental Law Association, June. <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 Conservative government in power until October 2015 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. Under the Obama administration, the United States has taken a lead with its Global Climate Change Initiative; however, this had little influence on Canada's interest on this issue. According to a 2014 report by Germanwatch, a sustainable-development advocacy group, "Canada still shows no intention [of] moving forward with climate policy and therefore remains the worst performer of all industrialized countries."

It appears that the newly elected Liberal government is committed to changing this record. Prime Minister Trudeau has already announced that he plans to take a strong proactive stance at the Paris climate change talks in November, encouraging other reluctant countries to sign on to an ambitious agreement.

Citation:

Germanwatch, The Climate Change Performance Index 2014, posted at <http://germanwatch.org/en/download/8599.pdf>

# 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.

The Elections Act restricts the amount any outside group can spend on political advertising during a political campaign to CAD 200,001. Under the changes implemented to the act through bill V-23 in 2014, this sum also became the limit on any spending “in relation to an election,” not just during the campaign itself, thus capping total spending on political communications in the four to five years between elections.

In the lead-up to the 2015 federal election, the leader of Canada’s Green Party, Elizabeth May, complained formally about being excluded from two high-profile election debates, objecting to a general lack of debate rules.

Citation:

Parliament of Canada, Bill C-23: An Act to amend the Canada Elections Act and other Acts and to make consequential amendments to certain Acts, posted at <http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&DocId=6684613>.

Voting and  
Registrations  
Rights  
Score: 8

All Canadian citizens 18 years and over have the right to vote, including the mentally deficient and persons who are imprisoned in a correctional facility. The only exceptions are election officers and, following a 2015 Ontario Court of Appeal ruling, non-resident citizens who reside abroad for more than five years. 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.

The passage of the Fair Elections Act in 2014 marked significant changes in Canada’s election law. The bill, a response to the 2011 “robocall scandal,” in which voters in a number of electoral districts received automated phone calls containing misleading information about the location of their polling station, introduced the Voter Contact Registry, imposed prison time for impersonating elections officials, and “increased penalties for deceiving people out of their votes.” According to the chief electoral officer’s own testimony to the House of Commons Standing Committee on Procedure and House Affairs, however, the bill contains other measures that “undermine its stated purpose and will not serve Canadians well.” One particularly controversial provision is the elimination of the use of vouching and Voter Information Cards as a form of ID. In addition, Elections Canada will no longer be able to run advertising campaigns encouraging people to vote.

The newly elected Liberal government's electoral platform contained a pledge to repeal the most contentious clauses of the Fair Elections Act, restoring the Voter Information Cards as an acceptable form of identification and increasing penalties for breaking election laws.

Citation:

Parliament of Canada, Bill C-23: An Act to amend the Canada Elections Act and other Acts and to make consequential amendments to certain Acts, posted at <http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&DocId=6684613>.

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 20. 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. The maximum annual limit for contributions to registered parties, registered associations, electoral candidates, and nomination and leadership contestants is CAD 1,500. The amount that candidates and leadership contestants may contribute to their own campaigns is CAD 5,000. Individuals receive generous tax credits for political donations.

In addition, political parties are 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 has a candidate, is reimbursed 50% of its national campaign expenses and further "election rebates" for riding-specific expenses. Until 2015, such parties were also given a per-vote subsidy, referred to as the "government allowance." In 2012, the Conservative government passed a bill to reduce the allowance in stages, until it was fully phased out for the October 2015 federal election. All of the other major Canadian parties opposed the elimination of the per-vote subsidy. Of the ways in which federal parties are allocated public funding, the per-vote subsidy is largely considered to be the most democratic, so the Conservative government's measure may be seen as negative from the perspective of fairness in party financing.

Citation:

Elections Canada, Administrative Compliance Policy for Political Financing, retrieved 2015 from [http://www.elections.ca/pol/acp/adcom\\_e.pdf](http://www.elections.ca/pol/acp/adcom_e.pdf).

Popular Decision-  
Making  
Score: 6

On the federal level, there are few opportunities for Canadians to make binding decisions on matters of importance to them through popular initiatives or referenda; on this level, it is impossible to circumvent the 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, as well as the head of the CBC.

Recent cuts in the budget of the CBC have resulted in severe budget shortfalls over the past few years. The CBC has consequently engaged in considerable downsizing over the past years, with further plans for the sale of all of its existing assets as well as projected layoffs of about 25% of its employees by 2020. In response, two of the unions representing CBC and Radio-Canada workers have called on the public broadcaster’s government-appointed president and board of directors to resign. The newly elected government has pledged to reverse the budget cuts of its predecessor, promising a considerable increase in funding for the public broadcaster in 2016.

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. Whether this is indeed the case is, however, doubtful. A case in point is an incident surrounding the 2015 federal election. Postmedia Network, which owns a majority of the newspaper industry in Canada (including a leading national newspaper, the National Post), ordered their individual assets to endorse the Conservatives, as is traditionally the owner's prerogative. The editor of the National Post's editorials and comments subsequently resigned after being denied permission by Postmedia executives to publish a column dissenting from the paper's endorsement of the Conservatives.

While alternative sources of information such as online newspapers, magazines and social media (e.g., blogs) may help promote a pluralism of opinions, mainstream media likely will continue to play a crucial role in setting the national agenda. In this regard, the concentration of media ownership in Canada means that certain opinions are 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 quasi-governmental 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.

One major campaign promise of Justin Trudeau’s Liberal party in the lead-up to the 2015 election was a more open and transparent government. This includes updates to the Access to Information Act, including measures to facilitate and expedite the process of Freedom of Information requests, expand the role of the Information Commissioner, and ensure that the Act applies to both the prime minister’s and ministers’ offices. The Liberal party also pledged a legislative review of the Act every five years.

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>

Liberal Party of Canada (2015), “A Fair and Open Government”, retrieved 2015 from <https://www.liberal.ca/files/2015/08/a-fair-and-open-government.pdf>

### 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. Two recent security breaches, the shooting of a soldier on ceremonial sentry duty at the Canadian National War Memorial in Ottawa and an attack on military personnel in Saint-Jean-sur-Richelieu, have given new impetus to the government’s plans to introduce new anti-terrorism legislation. In 2015, the government introduced a new Anti-Terrorism Act (Bill C-51), representing sweeping changes to the Canadian security apparatus. The Act was passed in June of the same year with the support of both the governing Conservatives and the Liberal Party. It includes expanded surveillance and intelligence sharing, a remodeling of the Canadian no-fly regime in the style of the United States’, and expanded powers and courtroom anonymity for the Canadian Security Intelligence Service (CSIS). The bill was the subject of intense public debate. Many civil libertarians and privacy advocates as well as the New Democrats, who constituted the official opposition in the House of Commons at the time, opposed the bill.

In a 2015 report, the U.N. Human Rights Committee expressed concerns about the bill, citing the potential for “mass surveillance and targeting activities” under the broad new mandate and powers of the CSIS, the “increased sharing of

information among federal government agencies on the basis of a very broad definition of activities that undermine the security of Canada,” and the codification of the new “no-fly list programme without a clear procedure to inform the person concerned on its status.” The Committee was also “concerned about the lack of adequate and effective oversight mechanisms to review activities of security and intelligence agencies and the lack of resources and power of existing mechanisms to monitor such activities.” Two civil liberty organizations, the Canadian Civil Liberties Association and Canadian Journalists for Free Expression, have since launched a legal challenge to C-51 under the Canadian Charter of Rights and Freedom.

Citation:

Bill C-51, An Act to enact the Security of Canada Information Sharing Act and the Secure Air Travel Act, to amend the Criminal Code, the Canadian Security Intelligence Service Act and the Immigration and Refugee Protection Act and to make related and consequential amendments to other Acts (2015). Retrieved from the Parliament of Canada website <http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&DocId=8056977>.

United Nations Human Rights Committee, Concluding Observations on Canada’s sixth report in relation to Canada’s compliance with the International Covenant on Civil and Political Rights, August 2015.

<http://docstore.ohchr.org/SelfServices/FilesHandler.ashx?enc=6QkG1d%2fPPRiCAqhKb7yhskswUHe1nBHTSwwEsgdxQHJBoKwgsS0jmHCTV%2fFsa7OKzz9yna94OOqLeAavwpMzCD5oTanJ2C2rbU%2f0kxdos%2bXCyn4OFm3xDYg3CouE4uXS>

Political Liberties  
Score: 8

There were very few major concerns expressed about infringements of Canadians’ political liberties over the 2011 to 2015 period, with two exceptions. Bill C-309, passed in 2013 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 be deemed under the new law to have committed an indictable criminal offense and be jailed for up to five years. Another potential challenge to Canadian political liberties was posed by the anti-terrorism legislation Bill C-51, passed in 2015, which contains provisions restricting protest rights and freedom of speech, this has attracted criticism from a number of human rights and civil liberty organizations.

In a recent report, the U.N. Human Rights Committee voiced concerns about the excessive use of force by law enforcement officers during mass arrests in the context of protests on both the national and provincial levels.

Other developments have been more positive. Seeking to improve the stability and efficacy of First Nations governments, the federal government passed the First Nations Elections Act in 2014. This act provides a new opt-in election system for individual First Nations, which differs from the regime created under the Indian Act by providing for longer terms of office for chiefs and councilors, among other provisions, while creating the opportunity to withdraw from the Indian Act regime.

Non-  
discrimination  
Score: 8

Citation:

Parliament of Canada, Bill C-9 “First Nations Elections Act”, posted at <http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&DocId=6540209>

United Nations Human Rights Committee, Concluding Observations on Canada’s sixth report in relation to Canada’s compliance with the International Covenant on Civil and Political Rights, August 2015.

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 case in point is the gender-based pay gap. The lack of affordable childcare in Canada forces many women to drop out of the labor force or reduce their working hours during child-rearing years. This has a serious effect on women’s earnings levels. Full-time employed women in Canada earn on average 19% less than men; for women between 25 and 44 with at least one child, the pay gap is 29%, significantly higher than the OECD average (2010 data).

As so often, the experiences of Canada’s aboriginal population pose the greatest concern. A 2014 report by the U.N. Special Rapporteur on the Rights of Indigenous Peoples concluded that Canada faces a continuing crisis when it comes to the situation of indigenous peoples: “The well-being gap between aboriginal and non-aboriginal people in Canada has not narrowed over the last several years, treaty and aboriginal claims remain persistently unresolved, indigenous women and girls remain vulnerable to abuse, and overall there appear to be high levels of distrust among indigenous peoples towards government at both the federal and provincial levels.” In 2014, Canada was the only U.N. member country to object to the adoption of a document reestablishing protections for the rights of indigenous people, including the U.N. Declaration on the Rights of Indigenous Peoples. A subsequent 2015 report from the U.N. Human Rights Committee listed similar issues, including the “potential extinguishment of indigenous land rights and titles,” lengthy unresolved land disputes placing financial burdens on indigenous peoples, and the “disproportionately high rate of incarceration of indigenous people, including women, in federal and provincial prisons across Canada.”

Citation:

UN Human Rights Council, Report of the Special Rapporteur on the rights of indigenous peoples, James Anaya (2014), posted at <http://www.ohchr.org/Documents/Issues/IPeoples/SR/A.HRC.27.52.Add.2->

MissionCanada\_AUV.pdf

OECD (2012), Closing the Gap - Canada, posted at <http://www.oecd.org/canada/Closing%20The%20Gender%20Gap%20-%20Canada%20FINAL.pdf>

United Nations Human Rights Committee, Concluding Observations on Canada's sixth report in relation to Canada's compliance with the International Covenant on Civil and Political Rights, August 2015.

## 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. The appointment process is covered by the media.

Despite their almost absolute power regarding judicial appointments, however, prime ministers have consulted widely on Supreme Court nominees, although officeholders have clearly sought to put a personal political stamp on the court through their choices. Historically, therefore, there was little reason to believe that the current judicial-appointment process, in actuality, compromised judicial independence. This changed somewhat in 2014, when then Prime Minister Harper appointed Marc Nadon – a man many observers believed was close to the prime minister's political heart – to the Supreme Court. As a retired judge, Nadon's eligibility was questioned early on, and the government even introduced legislative changes in its 2014 budget bill in an effort to make Nadon eligible as a former member of the Quebec bar. In an unprecedented move, the Supreme Court ruled that Nadon could not take his seat, blocking the appointment. Harper and Justice Minister Peter MacKay later publicly suggested that Supreme Court of Canada Chief Justice Beverley McLachlin had acted improperly in seeking to issue a warning about Nadon's potential eligibility. The

prime minister subsequently faced severe criticism for his treatment of the chief justice, both from the Canadian Bar Association and the International Commission of Jurists, who accused the government of intruding on the independence and integrity of Canada's judiciary.

Citation:

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

International Commission of Jurists (2014), *Response to concerns about interference with integrity and independence of the judiciary in Canada*, posted at <http://icj.wpengine.netdna-cdn.com/wp-content/uploads/2014/07/Canada-JudicialIndependenceAndIntegrity-CIJL-OpenLetter-2014.pdf>

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. Transparency International's Corruption Perceptions Index ranks Canada among the top 10 least corrupt countries in the world.

In recent years, however, the country saw a number of high profile corruption scandals. In 2013, the Montreal-based company SNC Lavalin and its subsidiaries were blacklisted from bidding on the World Bank's global projects due to corruption charges related to its Padma Bridge project in Bangladesh. In 2014, the Charbonneau Commission on corruption in the construction industry in Quebec uncovered a series of long running and far-reaching corruption cases, including price rigging and bribery in the form of illegal donations to the province's major political parties from some of its biggest engineering firms. Perhaps the most consequential scandal, however, revolves around an investigation (which started in 2012) of wrongful travel and living allowance expense claims made by four members of the Canadian Senate. All four senators have since been suspended and three of them were criminally charged. As a result, the Auditor General of Canada examined expense claims made by all the other senators, identifying in a 2015 report thirty whose claims were ineligible; of these, nine cases were referred for police investigation. The Senate expense scandal has renewed calls to reform the Senate or abolish the upper house entirely. In early 2014, Liberal Party leader Justin Trudeau expelled all 32 Liberal senators to sit as Independents, part of a proposed plan to overhaul Senate appointments to ensure it is a non-partisan body.

# 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. Recently, PRI's name was changed to Policy Horizons and its budget reduced. 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 to senior levels 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, or in cases when the Treasury Board's authority and approval are required, as is true of regulatory measures and government projects. In particular, the Treasury Board regulatory development process requires the submission of a regulatory impact analysis statement (RIAS) before the any regulation is drafted. The Office of the Auditor General (OAG) of Canada is formally charged with so-called performance audits, which aim to provide an independent, objective and systematic assessment of whether government programs are being run with due regard for economy, efficiency, and environmental impact. The OAG has considerable discretion regarding which programs it will examine, and takes requests from parliamentary committees, MPs, citizens, civic groups and other parties to conduct audits in specific areas. It conducts between 25 and 30 performance audits each year, and publishes the results in reports.

The Conservative government under Stephen Harper faced persistent complaints that it 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 and the Department of Fisheries and Oceans). A total of 16 federal science libraries were lost due to cuts, closures and consolidations since 2012. The replacement of the mandatory long-form census with the voluntary National Household Survey (NHS) is seen by many think tanks, economists and academics as a major impediment to the development of informed and evidence-based policymaking, as it compromises the government's ability to provide an accurate picture of Canada's population.

One of the major campaign promises of the newly elected Liberal government was a return to evidence-based policymaking. In its first policy announcement

after the election, the government reinstated the long-form census; the Liberals have also pledged to make Statistics Canada fully independent.

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.

The duty to consult and accommodate Canada's aboriginal peoples as laid down in the Royal Proclamation of 1763 has always been part of the legal and constitutional relationship between Canada and its indigenous population. This duty has been tested and clarified in a number of court cases, the latest of which was the 2010 decision on the Nechako River dam in British Columbia, in which the duty to consult was reaffirmed by the Supreme Court of Canada. However, many First Nations leaders allege that there is a general and persistent lack of genuine consultation at both the federal and the provincial level. They have expressed their frustration with the federal government's

decision to ignore their objections to a set of laws on improving drinking water, financial transparency, education, and property rights for aboriginal women on reserves.

Citation:

Rio Tinto Alcan Inc. v. Carrier Sekani Tribal Council, [2010] S.C.J. No. 43.

### Policy Communication

Coherent  
Communication  
Score: 8

Under the Conservative government, communications functions were centralized in the Prime Minister's Office (PMO). All departmental policy communications had to 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.

The new Liberal government has promised a much more open communications policy and to date has delivered on this promise.

### Implementation

Government  
Efficiency  
Score: 8

As a result of a parliamentary system in which members of Parliament are elected in single-member constituencies through first-past-the-post voting, the Canadian federal government frequently holds an absolute majority in the House of Commons and thus has considerable freedom to pursue its policy objectives unilaterally.

The Conservative government under Stephen Harper was very effective in implementing its own objectives in some policy areas, though less so in others. In its 2011 Speech from the Throne, the government laid out the objectives of its new mandate, with its top priorities a continued focus on jobs, the economy 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.

Some of those objectives have been largely met, notably the balanced budget. In September 2015, the government announced, in time for the federal election, a CAD 1.9 billion surplus for the fiscal year 2014-2015. The Conservatives were also very successful in their quest for low taxes and lean

government, with a succession of policies including across the board public service budget cuts, far-reaching tax relief measures (e.g., a 2 point GST cut in fiscal year 2006-2008), and the introduction of family income tax splitting in 2015. The government also made good on its commitment to reduce tariffs and foster trade, finalizing dozens of bilateral deals as well as negotiating on the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP), both of which have yet to be ratified by the countries involved.

On efforts to promote employment, the government has focused on skills training, promoting innovation, reducing barriers to job mobility and tax credits. However, while the unemployment rate has steadily dropped over the past years, many economists regard the Canadian labor market as weaker than it appears. Labor-market conditions are arguably more dependent on the business cycle and international-trade conditions than on most government-policy measures. Furthermore, the continued low price of oil and China's economic slowdown have had a dampening effect on the country's economy, with Canada officially slipping into recession in September of 2015. Along with a contracting economy, government revenues have fallen, limiting the government's resources to address policy goals. Non-financial constraints with regard to implementing policy objectives exist as well. Many social problems targeted by public policy, such as the persistent gaps in education and health between Canada's Aboriginal and non-Aboriginal populations, are in fact complex social phenomena that are only partly amenable to public policy action. In addition, many of the programs funded by Canada's federal government – including 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.

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

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

Score: 10

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.

The new Liberal government has, for the first time, made public the mandate letters. The media and the general public will now be monitoring the activities of ministers to assess the degree to which they achieve the tasks set out in the mandate letters.

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 labor 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 (ETFF) 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. The block-funding structure is intended to give provinces and territories greater flexibility in designing and administering programs.

Canada's government announced in December 2011 that the CHT will continue to grow at 6% annually until 2016-2017 fiscal year to meet the increasing cost of health care. In addition, the CST will continue to grow at its current rate of 3% annually in fiscal year 2014-2015 and beyond. The 2015-2016 fiscal year transfer amounts total CAD 67.9 billion, representing a more than CAD 3 billion raise over the previous year, and a roughly 60% increase since fiscal year 2005-2006. The CHT and the CST will be reviewed in 2024.

Citation:

Department of Finance, Canada, Federal Support to Provinces and Territories. Retrieved 2015 from <http://www.fin.gc.ca/fedprov/mtp-eng.asp>

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 labor-market training, have in recent years been decentralized and delegated completely to the provinces. This devolution of powers is not always permanent, however, as has been illustrated by the Canada Job Grant Program, which was introduced in the 2013 federal budget and was finalized in 2014 after several months of intense negotiations between the provinces and the federal government. The program, which exists under federal authority but is administered by the provinces, will cover a significant amount of training cost for each eligible worker. 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 Program 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 some of this change reflects international developments. However, unlike countries in the European Union, Canada is not a member of a supranational organization that may directly require periodic adjustments in the organizational structure and reporting relationships of the government and its public services. One notable exception has been the many changes over time in agencies relating to 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. 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. The Canadian government also quietly pulled out of the U.N. anti-drought convention in 2013, making Canada the only country in the world not to be taking part in the convention. At the first-ever U.N. World Conference on Indigenous Peoples in 2014, Canada was the only U.N. member country to reject a landmark indigenous-rights document.

The incoming Liberal government has stated that it seeks to return Canada to active participation in international bodies like the United Nations. Climate change is among new Prime Minister Trudeau’s declared priorities. In addition, to help ease the current refugee crisis, Trudeau promised to bring 25,000 Syrian refugees to Canada by February 2016.

### Organizational Reform

Self-monitoring  
Score: 7

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 current arrangements are appropriate or whether 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. In 2013, HRSDC again changed its name, this time to the Employment and Social Development Canada (ESDC), with little if any rationale provided for this change. 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. A 2013 comparative study of 10 countries found that Canada is ahead of the United States but lags behind European countries in terms of political knowledge. The same study also found a significant gender gap: Canadian women scored 30% lower on average than did Canadian men when tested on their knowledge of hard-news items. Canada is particularly falling behind with regard 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, available at <http://www.elections.ca/content.aspx?section=res&dir=rec/part/nysr&document=index&lang=e>

Curran, James et al. (2013) Gender Matters Globally: An Examination of Gaps in Political Knowledge in a 10-Nation Comparative Study.

### 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. Parliamentary committees or individual MPs can also request audits from the Auditor General of Canada,

although the ultimate decision about what to audit rests with the Auditor General. The Office of the Auditor General is an officer of Parliament that is independent of the government; its mandate is to provide parliament with objective, fact-based information and expert advice on government programs and activities, with the ultimate goal of holding the federal government to account for its handling of public funds. Another important source of information for parliamentarians is the Office of the Parliamentary Budget Officer.

It is unclear how effective this monitoring is in practice, however. In May 2011, the House of Commons Committee on Procedure and House Affairs found the government of Stephen Harper in contempt of Parliament “for refusing to disclose enough information about the cost of several big-ticket items.” In 2013, the Office of the Parliamentary Budget Officer took the same government to court over its refusal to fully comply with almost half of all information requests and access to information requests. Although the court upheld the PBOs right to demand information, a 2014 report from the Office stated that it did not have enough data to analyze 40% of government programs. A further impediment to parliamentary scrutiny was the Conservative government’s 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.

The new Liberal government has indicated its intention to provide more influence, resources and autonomy to parliamentary committees.

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

In the last year of the Conservative government, there were 25 standing or permanent committees of the House of Commons and 16 standing committees of the Senate; committees in the House and Senate frequently have mandates that overlap with regard to a specific policy area. The most recent Conservative government under Prime Minister Stephen Harper had 39

ministers, while the Cabinet of the newly elected Liberal government under Justin Trudeau only has 30 members. There are thus more ministries than committees and considerable variation in the number of ministries over time. However, since some Cabinet positions such as the leaders in the House of Commons and the Senate as well as the President of The Queen's Privy Council for Canada have no corresponding department, and some ministers (e.g., the Minister for International Cooperation) head agencies under the umbrella of a department run by another minister, the number of departments in the Canadian government has remained constant at 26. There is, therefore, 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 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 some 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. There are two ombuds offices with special mandates, the Office of the Ombudsman for the Department of National Defence and the Canadian Forces, and the Federal Ombudsman for Victims of Crime. 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*. A 2013 study comparing news coverage in 11 countries found that the share of news content as a percentage of total broadcast time was highest in Canada, both for domestic and international news coverage.

The Canadian media coverage is further enhanced by international news channels such as CNN, BBC World News and Al Jazeera, which are readily 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.

Citation:

Aalberg et al (2013). International TV News, Foreign Affairs Interest, and Public Knowledge, *Journalism Studies*, 14:3, 387-406.

### Parties and Interest Associations

Intra-party  
Democracy  
Score: 7

There are three major political parties at the federal level in Canada: the Conservatives, Liberals and New Democrats. Until his resignation in the aftermath of the October 2015 election, the Conservative Party was tightly controlled by party leader and then Prime Minister Stephen Harper. Decisions on policy and electoral strategy were generally made by a small number of senior officials close to him. While grassroots views and resolutions passed at party conventions provide input into the decisions of the elite, they are not binding. For example, many Conservative party members would like measures taken to restrict abortion, but Stephen Harper refuses to act on this for fear of alienating the general public, which is content with the status quo on the issue. The Conservative Party of Canada has since chosen Rona Ambrose, a former Cabinet minister, as interim leader. Ms. Ambrose was chosen following a vote under a preferential ballot process among the Conservative MPs and senators.

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 policy formation process is relatively open: new ideas are gathered from Liberal members and supporters through associations and clubs, then written up as policy resolutions that are voted on and prioritized first within provincial and territorial associations (PTA) and then at the Liberal Party's biannual conventions. All resolutions passed at the convention become official party policy. The Liberal Party now forms the new Canadian government, with Justin Trudeau as the Prime Minister. How inclusive his leadership style is remains to be seen, although he already promised a "return to government by Cabinet."

In March 2012, after the death of Jack Layton, the New Democrat Party (NDP) elected a new leader, Thomas Mulcair. 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. Unlike the Conservatives or the Liberal Party of Canada, the NDP is integrated with its provincial and territorial parties (except in Nunavut, the Northwest Territories, and Quebec), which means a member cannot support different parties at the federal and provincial levels. In the October 2015 election, the New Democrats only finished third and no longer form an official opposition.

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 2011 report prepared for the Canadian Council for International Cooperation (CCIC) found 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), they represent a minority in this regard.

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.

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