



# Canada Report

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## Sustainable Governance Indicators 2017

## Executive Summary

In the October 2015 federal election, the Liberal Party of Canada, under Justin Trudeau, defeated the Conservatives after almost a decade in office, scoring an unprecedented come back from only 34 seats in the House of Parliament to a sound 184 majority. The Liberal platform was ambitious. They pledged to lower taxes for the middle class, reform child benefit policies, expand public pensions, and significantly raise investments in First Nations' education and public infrastructure, while keeping the budget deficit at a moderate \$10 billion annually for the first three years. Other promises included reforming the Senate and Canada's election system, negotiating a new health accord with the Provinces, legalizing marijuana, and a national carbon price to meet Canada's international carbon reduction targets.

One year into its mandate, the Liberal government has already delivered on a number of its key election pledges. On the policy side, the Liberals introduced a new child benefit system, cancelled family income splitting and cut taxes for the middle class, while raising taxes for the rich. Major investments in infrastructure are either under way or planned for the near future. Trudeau signed two trade agreements, the Trans-Pacific Partnership and the Comprehensive Economic and Trade Agreement, both proposed and negotiated by the Conservatives.

Perhaps most importantly, the government itself has become more open and transparent. Access to information was improved, and several independent boards and committees were formed to advise the prime minister. Notably, these include advisory boards on Senate appointments and Supreme Court Justices, aimed at mitigating the scope for partisanship in the appointment processes for these important institutions. The federal government also raised its engagement level with the provincial and territorial governments on health care, pensions and environmental policy, albeit with varying degrees of consensus and success. Further, the first budget included measures to increase previously frozen funding to First Nations in areas such as education, health and clean water on reservations. The unmuzzling of scientists and

reinstatement of the mandatory long-form census signal the return to more evidence-based policy formation. More generally, government has become visibly more inclusive under Prime Minister Justin Trudeau, which set him apart from his predecessor, Stephen Harper, whose top-down style of leadership was criticized by many as undemocratic.

The new government's record is not unblemished, however. First, and perhaps not surprisingly in light of increased spending, the Liberals failed to keep the budget deficit within promised limits. The budget tabled in March 2016 projected a sizable fiscal imbalance of almost \$30 billion, a significant increase from the \$5.6 billion deficit for 2015-2016 budget cycle, primarily under the previous Conservative government. Moreover, with Canada's economy weaker than expected, the deficit is projected to rise to \$34 billion for the current 2016-2017 fiscal year. Future deficits, which the government forecasted to be nearly \$120 billion in the next decade, are likely to increase as well. However, given the weakness of the economy and the projected stability of the debt-GDP ratio, many observers, including the OECD and the IMF, have not expressed particular concern about these larger than expected deficits.

Second, the trajectory of the government's relations with First Nations has yet to change. Although First Nations funding has increased and the long overdue public inquiry into missing and murdered Indigenous women and girls in Canada was finally launched in December 2015, many structural hurdles towards progress are still in effect. The specifics of the government's pledge for a renewed, nation-to-nation relationship with Indigenous Peoples remain unclear, and fulfilling this commitment presents a formidable challenge. Already, it appears that Trudeau spent much of his political capital with First Nations by granting permits to allow Site C, a highly controversial dam project in northern BC. The government's intent to approve pipeline projects to ship Canadian crude oil to international markets has been criticized heavily by environmentalists and aboriginal leaders, as it compromises Canada's ability to comply to international climate change standards and may violate treaty rights.

Lastly, although they have reversed many motions and laws that were enacted by the Conservatives, including reinstating the mandatory long-form census and restoring funding to the CBC, Trudeau and the Liberals chose to carry forward some controversial policies formed under the previous government. One of which is bill C-51, an anti-terrorism bill that increases the reach of surveillance agencies in Canada, and described by Amnesty International Canada as "fail[ing] to meet a range of important international human rights obligations."

After ten years of the Harper government, many Canadians rejoiced in the election of Justin Trudeau and his “sunny ways.” Indeed, the Liberals first year in office has signaled a change in governance: returning to evidence-based policy making, efforts to reduce partisanship with wider consultation, and improving equity among Canadians. The general view expressed by many is one of cautious optimism, but the sentiment could quickly turn in the wake of several important decisions on electoral reform, energy and environmental policy, and Indigenous relations. Either way, what long-term impacts the Liberal policies will have on sustainable governance in Canada remains yet to be seen.

## Key Challenges

One year after being elected to office, Justin Trudeau’s government has only just begun delivering on major campaign promises.

Economic growth is unlikely to be particularly robust in the foreseeable future, thanks to an aging population, weak international growth and low oil prices. However, economic growth is likely to pick up from the 1.1% experienced in 2015 and 2016. Canada’s unemployment rate has been stuck at 7% for a number of years now. Growth in jobs, wages and hours worked continues to stall, and with just over 60%, the employment rate is now back to where it was in 1999. Recent developments in the United States, Canada’s largest trading partner, may also spell trouble ahead. If U.S. President-elect Trump follows through with his anti-trade and anti-immigration stance, Canada might be impacted negatively, both directly through curtailed trade and indirectly, though reduced economic growth in the U.S.

National debt may pose another risk, although there is no consensus among experts and policy-makers about how much concern rising deficits should generate. The ratio of household debt to disposable income in Canada is high compared to many OECD countries, including the U.S. The federal government’s own deficit is growing, as the initial promise of modest CAD 10 billion annual deficits increased to more than CAD 113 billion in the budget. Another CAD 81 billion for infrastructure spending over 11 years has been added to the debt as part of the government’s long-term economic policy. But the debt-GDP ratio is low by international standards and not expected to increase. Increasing spending may be necessary to lift children out of poverty and provide clean water to many aboriginal communities, but the economic benefits have yet to be fully realized in the numbers.

The government's environmental policy agenda is ambitious, especially if it continues to promote oil sector development. Prime Minister Trudeau's support for pipelines as a means of access to international markets may compromise Canada's ability to meet international carbon emission standards. Further, the Liberals have yet to revise Canada's carbon emissions target, one that has been criticized for not being attainable given plans for development in the fossil fuel industry. The introduction of a minimum national carbon price on provinces that fail to adopt their own pricing system met strong opposition from some provinces, particularly Saskatchewan. Further consultation will be necessary to ensure environmental sustainability does not come at the expense of the federal government's relationship with subnational governments.

A substantial campaign promise was to improve the well-being of Canada's indigenous population, not only by increasing funding for education and clean water, but by recognizing treaty rights and giving indigenous peoples a larger voice on issues affecting them. It is becoming clear that there are some matters where the Prime Minister is being pulled in two directions. One important example of this is the approval of the Site C dam in British Columbia, a controversial hydroelectric dam that would cause flooding in many traditional First Nations lands. Trudeau's commitment to the indigenous peoples of Canada and the environment may be challenged in years to come.

The Liberals have promised major institutional reforms, including for the Senate and the first-past-the-post voting system. The Senate, though flawed, is a significant part of the Canadian legislative system, so plans to abolish it seem to have been largely discarded. The Prime Minister has begun appointing senators based on the recommendation of an independent advisory board, choosing candidates based on merit, not party affiliation. There may still be friction between the old and new systems until the Senate is fully independent.

The first-past-the-post voting system received much criticism. As it stands, absolute majority governments can result from less than 40% of the popular vote. This has been the case of the three majority governments since 2000, including the current Liberal government. Although passionately committed to electoral reform before the October 2015 election, critics have noted that the Liberals are currently wavering on the topic. The government established, but opposition-dominated, Special Committee on Electoral Reform has recommended that the government design a new proportional voting system and hold a national referendum to gauge support. Trudeau himself has suggested that public enthusiasm for electoral reform has waned since his Liberals won power, partly because the challenge remains to find an alternative voting system that will satisfy the entire population.

In summary, the progress made by the new Liberal government has been substantial in some policy areas. The Liberal government has been successful in delivering on some election promises during its first year in office, breaking others along the way. Further success will depend on whether the government can balance opposing agendas, like First Nations policy and energy policy, and can build national consensus surrounding institutional reform.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 9

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 are other weaknesses in Canada's regulatory framework from a competitiveness perspective.

The Canadian economy is reliant on natural resources. Growth in the first quarter of 2016 was followed by a 0.4% decline in growth. This was primarily due to intense wildfires in Fort McMurray, Alberta, in the heart of the Athabasca oil sands. Unlike its conservative predecessor, the Liberal government is increasing government spending to stimulate the economy. It budgeted a \$113.2 billion deficit over five years directed primarily toward the middle class. The Bank of Canada's lending rate remains 0.5%, which leaves little room for a further reduction to spur growth in a country with heavily indebted consumers and some evidence of a housing price bubble in major cities, especially Vancouver and Toronto. However, both the IMF and the OECD have praised Canada's economic policy initiatives in 2016. They have been particularly positive about the federal government's decision to abandon

a balanced budget fiscal objective for a long-run objective of a stable debt-GDP ratio with a focus on inclusive growth, as manifested by the rise in the tax rate for high-income individuals and tax cut for middle-income individuals.

Citation:

2016 Federal Budget “Growing the Middle Class,” posted at <http://www.budget.gc.ca/2016/docs/plan/budget2016-en.pdf>.

Monetary Policy Report, October 2016, Bank of Canada, <http://www.bankofcanada.ca/wp-content/uploads/2016/10/mpr-2016-10-19.pdf>

OECD Economic Surveys: Canada June 2016, <http://www.oecd.org/eco/surveys/Canada-overview-OECD-economic-survey-2016.pdf>

Canada: 2016 Article IV Consultations, International Monetary Fund, June 2016, <https://www.imf.org/external/pubs/ft/scr/2016/cr16146.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 intra-provincially, 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 2016 budget reduced taxes for middle-income earners. There have also been changes to unemployment insurance, particularly for those in regions most affected by the declining oil and gas sector. The budget includes \$3.4 billion in infrastructure investment over the next five years to aid in job creation. At this point, it is unclear how many jobs will be created by these measures. There is discussion of changing the previously controversial temporary-foreign-worker program, which may relieve labor shortages in particular industries, including fisheries and manufacturing.

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/report\\_s/global-reports/doing-business-2011/~media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB11-Chapters/DB11-EW.pdf](http://www.doingbusiness.org/report_s/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>

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>

Curry, Bill, "Ottawa poised to ease rules for temporary foreign worker program," The Globe and Mail, August 21, 2016, Accessed September 28, 2016, <http://www.theglobeandmail.com/news/politics/ottawa-expected-to-introduce-new-rules-for-temporary-foreign-worker-program/article31365448/>

2016 Federal Budget "Growing the Middle Class," posted at <http://www.budget.gc.ca/2016/docs/plan/budget2016-en.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: 8

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. 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 an effort to create a more equitable tax system, the 2016 budget increased the federal marginal tax rate for top earners, decreased taxes for middle-income earners, and eliminated the Family Tax Credit, an income splitting regime introduced by the former Conservative government. For individuals with earnings above CAD 200,000 annually, the combined federal/provincial marginal tax rate now exceeds 50% in more than half the provinces but is still well below the top income-tax bracket in similar countries (notably the United States).

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 generally scores high in generating sufficient public revenues. The previous government's late finance minister Jim Flaherty 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. The Liberal government elected in October 2015 has an ambitious spending agenda for the next five years, however, which will lead to large deficits unbalanced by tax revenues. With the growth of nominal GDP due to real GDP growth and inflation, however, the debt-GDP ratio is not projected to rise significantly.

Citation:

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

2016 Federal Budget "Growing the Middle Class"

<http://www.budget.gc.ca/2016/docs/plan/budget2016-en.pdf>

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

Budgetary Policy  
Score: 8

## Budgets

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 previous federal government had made balancing the budget a priority. In the October 2015 federal election, the Liberal Party of Canada won a majority, ending 10 years of Conservative rule. One of the campaign pledges of its leader Justin Trudeau, prime minister since 5 November 2015, was 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. The 2016 federal budget outlined five consecutive years of deficits totaling more than CAD 113 billion, with a CAD 29.4 billion deficit in the 2016-2017 fiscal year, decreasing to CAD 14.3 billion in 2020-2021. However, in the 2016 Fiscal Sustainability Report from the Parliamentary Budget Office, federal net debt is on a sustainable path and on the current policy path, it will be eliminated in 50 years.

Rising health care costs associated with the aging of the population represent a potential challenge to long-run fiscal sustainability. The 2016 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, Fiscal Sustainability Report 2016, posted at [http://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2016/FSR\\_2016/FSR\\_2016\\_EN.pdf](http://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2016/FSR_2016/FSR_2016_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>

R&I Policy  
Score: 7

## Research and Innovation

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, for years lagging behind other countries when it comes to key innovation measures like filing patents and corporate spending on research and development. The newly elected government has made innovation a central theme in its drive to boost the economy and is scheduled to roll out the specifics of its "Innovation Agenda" later in 2016. The federal budget earmarked CAD 2 billion for university labs and research facilities. How effective government policy is in encouraging R&D investment and productivity gains remains contentious, however. Questions exist about 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 budget cuts for government R&D labs. Critics have also pointed to 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 continues to encourage 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/st-icsti.nsf/eng/h\\_00058.html](http://www.stic-csti.ca/eic/site/st-icsti.nsf/eng/h_00058.html)

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Murray, Alexander (2016) “Developing an Inclusive Innovation Agenda for Canada,” report prepared for Innovation, Science and Economic Development Canada CSLS Research Report 2016-18, December <http://www.csls.ca/reports/csls2016-18.pdf>.

Greenspon, Jacob and Erika Rodriques (2017) “Are Trends in Patenting Reflective of Innovative Activity in Canada?” CSLS Research Report 2017-01, January <http://www.csls.ca/reports/csls2017-01.pdf>

Nicholson, Peter (2013) “Paradox Lost: Explaining Canada’s Research Strength and Innovation Weakness” Council of Canadian Academies, [http://www.scienceadvice.ca/uploads/eng/assessments%20and%20publications%20and%20news%20release/synthesis/paradoxlost\\_en.pdf](http://www.scienceadvice.ca/uploads/eng/assessments%20and%20publications%20and%20news%20release/synthesis/paradoxlost_en.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 (2016) Program for International Student Assessment (PISA) report gave the country scores well above the OECD average in Reading (third of 72 countries), Science (seventh), and Mathematics (tenth).

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.

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. The federal government has recently increased grant money for students from low- and middle-income families by 50%, making post-secondary education more accessible for these students.

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 Indigenous and Northern Affairs 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). The 2016 federal budget includes CAD 2.6 billion for First Nations schooling, grades primary to twelve, in an effort to narrow the education gap. However, the largest portion of this spending will not be allocated until the 2020-2021 fiscal year, leaving the immediate benefits unclear.

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)

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## Social Inclusion

Most social policies, such as income transfers (e.g., child benefits, pensions) and educational policies, support societal inclusion and ensure equal opportunities. A 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," CSLS 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 and rising 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* 2015).

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 report from the Health Council of Canada (2013) found only limited progress in reducing these wait times. In 2015, patients could expect to wait 9.8 weeks for medically necessary treatment after seeing a specialist – almost three weeks longer than the time physicians consider to be clinically “reasonable” (7.1 weeks).

Inefficiencies in the system have led to patients travelling abroad to receive medical treatment and increased demand for domestic for-profit clinics, which endangers Canada’s otherwise impressive record of equity in health care. A recent report by the Fraser Institute estimated that over 45,000 Canadians received non-emergency medical treatment outside Canada in 2015. Lack of income, on the other hand, is not a barrier to treatment, with high-quality care freely provided for virtually the entire population. 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 ranks poorly on some safe-care measures according to a 2014 report by the U.S.-based Commonwealth Fund comparing health care systems internationally.

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.

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.

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)

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Organization of Economic Development. “Health at a Glance 2015”, OECD Indicators, retrieved from [http://dx.doi.org/10.1787/health\\_glance-2015-en](http://dx.doi.org/10.1787/health_glance-2015-en)

“Leaving Canada for Medical Care, 2016”, Fraser Research Bulletin, Fraser Institute, October 2016.

## Families

Family Policy  
Score: 8

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. In recent years, 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 benefits, 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. 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. Development of a national strategy for child care and early childhood education that incorporates the federal, provincial and territorial governments, as well as Indigenous peoples will commence over the next few years.

In July, the 2016 federal budget introduced the Canada Child Benefit, replacing the Canada Child Tax Benefit and the Universal Child Care Benefit. The government touted the program as “the most significant social policy innovation in a generation.” Under the Canada Child Benefit, families receive a single tax-free payment every month. The program is better targeted to those who need it most – and most importantly is more generous. Families benefitting will see an average increase in child benefits of almost \$2,300 during the 2016–17 tax year. The Canada Child Benefit will provide a maximum annual benefit of up to \$6,400 per child under the age of six and up to \$5,400 per child for those aged six through 17. Families with less than \$30,000 in net income will receive the maximum benefit. It is expected that the program will reduce child poverty significantly.

Citation:

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

Pension Policy  
Score: 8

## Pensions

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 3.9% in 2014, the lowest rate ever recorded in the history of the series and down from 29.6% in 1976, the first year for which data are available.

In contrast, Statistics Canada's Low-Income Measure (LIM), a relative poverty definition, while falling from 30.6% in 1976 to 3.9% in 1995, has increased since then, reaching 12.9% in 2008 and 12.5% in 2014.

Intergenerational equity is not a major concern for the Canadian pension system as there is a close relationship between contributions and benefits on an individual basis. 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 currently designed to replace only 25% of the average wage up to \$54,900. This means that middle- and upper-income workers with no employer pension plan or private savings may encounter problems in replacing a sufficient proportion of their pre-retirement earnings. In the private sector, this issue affects three in four workers. In June 2016, the Liberal government reached an agreement with the provincial governments to expand CPP to replace 33% of the average wage up to \$82,700 by 2025. The expansion is set to benefit middle-to-high earners, who will eventually see a substantial increase in their CPP payments, paid for by higher CPP premiums when they are working.

The CPP is currently considered to be actuarially sound and fiscally sustainable at its current rate and benefit structure, due to large increases in contribution rates implemented in the late 1990s. The fiscal sustainability of the OAS/GIS is tied to the sustainability of the federal government's overall fiscal balance, and is fostered by the indexation of benefits to the CPI rather than to nominal wage increases.

In 2016, the Liberal government reversed the decision of the previous Conservative government to raise the age for receipt of OAS and GIS to 67 from 65 by 2023. The previous government had argued that because of the large increase in life expectancy and growing share of the population 65 and over, the financial sustainability of the system would be enhanced by the measure. The Liberal government responded to equity concerns and believed that sustainability issues related to the decision were manageable.

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 CSLS study (Greenspon, 2017) found that in 2015, very recent immigrants to Canada (those with less than five years of residence) had hourly wages that averaged just 74% of wages accruing to those born in Canada, down from 83% in 2006. The figures for university educated very recent immigrants was even worse, 66% in 2015, down from 70% in 2006. The labor market 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.

The new Liberal government has accepted over 30,000 refugees from Syria as of October 2016. This policy has had wide popularity, a manifestation of the willingness of Canadians to be inclusive. However, the government is struggling to provide enough support to help these families integrate quickly into Canadian society. The 2016 budget includes funding for resettlement and integration of these additional refugees, but as of June 2016 only CAD 32.6 million of CAD 377 million has been spent.

Citation:

Jacob Greenspon (2017) "Labour Market Performance of Immigrants in Canada, 2006-2016," CSLRS Research Report 2017-02, February (Ottawa: Centre for the Study of Living Standards).

Friscolanti, Michael. "Getting Syrians here was easy. Now comes the hard part." MacLeans, August 9, 2016. Retrieved October 9, 2016 from <http://www.macleans.ca/news/canada/warm-hearts-cold-reality/>.

### Safe Living

Safe Living  
Conditions  
Score: 8

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. A report released by the RCMP (2014) stated that between 1980 and 2013, 1,181 aboriginal women were reported murdered or missing. The U.N. Human Rights Council's Universal Periodic Review of Canada previously expressed concerns about violence against indigenous women and girls and Canada's perceived failure to address the problem. This year, the Trudeau government acted on a critical campaign promise and launched the National Inquiry into Missing and Murdered Indigenous Women and Girls in an effort to uncover the reason(s) for this violence.

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>

Royal Canadian Mounted Police (2014). Missing and Murdered Aboriginal Women: A National Operational Overview. Report available at <http://www.rcmp-grc.gc.ca/en/missing-and-murdered-aboriginal-women-national-operational-overview>

### 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. Canada's share of official development assistance is only 0.28% of gross national income (GNI), relatively low for an OECD country. The federal government plans to review its existing aid policies and incorporate changes into the 2017 budget. For this year, it announced increased funding of CAD 785 million to the Global Fund over the next three years, CAD 76 million to the UN Population Fund and CAD 5 million for contraception in an effort to increase health and wellness in developing countries.

A 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>

Canadian International Development Program, Foreign Aid Portal. ODA as a percentage of GNI data obtainable at <http://cidpnsi.ca/foreign-aid-data/>

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>

Mas, Susana, "Justin Trudeau pledges \$785M over 3 years to fight AIDS, TB and malaria," CBC, May 9, 2016, Accessed October 10, 2016, <http://www.cbc.ca/news/politics/justin-trudeau-global-fund-1.3573142>

### III. Environmental Policies

#### Environment

Environmental  
Policy  
Score: 7

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 previous government largely failed to address the issue of global warming and greenhouse gas emissions. Bill C-38 included a repeal of the Kyoto Protocol Implementation Act. The 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.

The new Liberal government has made conflicting moves in the fight against climate change. In December 2015, Canada signed the Paris Agreement on Climate Change, a legally binding climate strategy, along with 194 other countries. At the same time, the government has publicly announced its support for pipeline construction to supply international markets with Canadian crude oil, which does not align with its position on climate change. The federal government has yet to set a clear target of greenhouse gas emissions to meet its commitments made in Paris, and it is hard to see how these commitments will be met while also attempting to keep the oil sector engaged with foreign markets.

Renewable energy strategies have largely been the responsibility of the provinces. The 2016 federal budget included provisions to increase the number of jobs in clean energy industries in an effort to move away from fossil fuels. In October 2016, Prime Minister Trudeau also introduced Canada's first national carbon tax of \$10 for provinces that do not introduce their own carbon tax or cap-and-trade policy by 2018.

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: 7

The government of Canada in principle supports the design and advancement of global environmental-protection regimes. In the past, Canada's approach to environmental policy has, 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. Under previous governments, little effort was made to engage with global environmental protection, at home and abroad.

The new Liberal government is committed to changing this record. The 2016 federal budget included CAD 2.65 billion over the next five years to help

developing countries address climate change. Additionally, while at the Paris Climate Conference (COP21), Prime Minister Trudeau announced CAD 30 million for the world's poorest countries to combat climate change, and CAD 300 million to the Green Climate Fund for clean technology innovation.

# 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. 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.

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 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.” 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 current 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. The government also plans to allow Canadians living abroad to vote in federal elections using their last residence in Canada, no matter the duration of their stay outside the country. After a year in office, the Liberals have yet to act on this pledge.

## 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: 7

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.”

The issue of referenda is particularly relevant to the Liberal policy on electoral reform, in particular the campaign promise that the 2015 federal election would be the last based on the “first-past-the-post” system. The Conservative party argued that such a major change required the approval of the population via referendum, a view shared by a large part of the population. The Liberals believed that such a change does not require such approval since they campaigned on the issue and were elected.

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. 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.

The new Liberal government has reversed budget cuts made by the previous federal government, allowing the CBC to rebound from job cuts and downsizing and expand over the next five years. Although funding has increased for the CBC, it comes with the request of a five-year accountability plan, developed in partnership with the federal government. It is unclear what the goals of this accountability plan are and how they contribute to the broadcaster’s independence and sustainability.

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.

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: 7

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. The most recent ranking places Canada 49th out of 111 countries. "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. In March 2016, the government eliminated all fees related to Access to Information requests except for the \$5 application fee in an effort to increase transparency. Parliament has voted to amend the Access to Information Act to streamline the request process and make more information available.

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. 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 2016 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.

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.

Non-discrimination  
Score: 8

Canada's Charter of Rights and Freedoms was enacted in 1982, with the aim of preventing all types of overt discrimination based on gender, physical

ability, ethnic origin, social status, political view or religion. Groups believing they suffer from the effects of discrimination continue to emerge. Basing their claims on the Charter of Rights and Freedoms, some have taken their cases to the courts, often winning. The Canadian government has established policies such as employment equity and pay equity to protect and promote the rights of disadvantaged groups (often called equity groups) such as women, visible minorities, aboriginals, and persons with disabilities. These positive discrimination measures are controversial and their effectiveness is a subject of debate. A 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](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: 6

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. The new Liberal government has set up an independent, non-partisan advisory board to select eligible candidates for Supreme Court Justices in an effort to provide a more transparent appointment process. This can be seen as a considerable improvement over past practices. The first Supreme Court Judge nominated by Prime Minister Trudeau through this process is Justice Malcolm Rowe of Newfoundland.

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. Perhaps the most consequential scandal 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. In 1997, Policy Horizons Canada was established under the PCO with a mandate to provide analysis and help the federal public service anticipate emerging policy challenges and opportunities, in order to support medium-term policy development. Its budget is small, however, and this unit has not reported through the PCO since 2007. 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.

The Trudeau government has made ample use of special advisory groups to provide information and consultations on a number of policy areas (economic growth, cultural policy, youth, etc). It is likely discussions in these groups will include long-term planning. How influential they are, however, remains to be seen.

Scholarly Advice  
Score: 8

There are a number of different ways that Canadian government departments and agencies effectively tap into expertise of academics and other experts outside the government.

Many of them have multiple advisory committees, which can at times have considerable impact but rarely have a dominant influence on policy. Government departments and agencies also often commission experts to organize research projects on high-profile issues.

In addition, 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. 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. These initiatives were less influential in recent years under the Conservative government, but the newly elected Liberals have vowed to return to policymaking based on evidence and shaped by expert advice.

### 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: 7

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 Liberal government promised to return to evidence-based policymaking, after the previous government under Stephen Harper faced complaints that it explicitly discouraged the use of research and science. In its first policy announcement after the election, the government reinstated the mandatory long-form census, which was eliminated under the Harper government. The long-form census is considered by researchers to provide an accurate picture of the Canadian population, and provides a benchmark for other surveys used in evidence based decision-making. The Liberals have also pledged to make Statistics Canada fully independent. However, in September 2016, the chief

statistician of Statistics Canada resigned, citing that the organization's independence was in jeopardy due to the use of Shared Services, centralized information technology services across all federal agencies.

Citation:

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

Kupfe, Matthew and Peter Zimonjic. "Chief statistician resigns over government's failure to 'protect the independence' of StatsCan." CBC, September 16, 2016. Accessed on October 11, 2016 at <http://www.cbc.ca/news/politics/statscan-wayne-smith-resigns-1.3765765>

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: 8

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, and

was reaffirmed by the Supreme Court of Canada in 2010. 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.

There are promises by Prime Minister Trudeau that the consultation process will be restructured and that more voice will be given to various groups, including indigenous groups. The delivery has been mixed. A recent example is the construction of the Site C dam in British Columbia. Many independent organizations, academics and First Nations groups have argued that the dam would undermine treaty rights and contradict the government's position on aboriginal rights. On the other hand, the government has consulted and listened to many stakeholders in a large number of policy areas. Examples include the development of its innovation agenda and its policies for child care and labor market information.

Citation:

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

Amnesty International (2016). The Point of No Return: The Human Rights of Indigenous Peoples Threatened by the Site C Dam. Available at

<http://www.amnesty.ca/sites/amnesty/files/Canada%20Site%20C%20Report.pdf>

### Policy Communication

Coherent  
Communication  
Score: 9

The Liberal government has a more open communications policy than their predecessor, where communications were centralized in the PMO. One of the promises the Liberals ran on was to create an open and accountable government, and to date has been successful. Ministers are now responsible for coordinating communications between their own departments, the PMO and the Privy Council's office. As this process is still relatively new, the long-term effectiveness of this policy remains to be seen.

### 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.

In recent years, the government has focused on skills training, promoting innovation, reducing barriers to job mobility and tax credits to promote employment. Although 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 dampened the country's economic outlook, 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 regarding policy implementation exist as well. Many social problems targeted by public policy, such as 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 to achieve federal policy objectives.

The Liberal government has already implemented many policies that the party ran on in the October 2015 election. These include gender parity in the cabinet, reinstating the long-form census, revoking regulations that muzzled scientists, introducing a new child benefit system, and cutting taxes for middle-income earners while increasing them for top earners. A number of new funding measures were introduced in the government's first budget, with critics noting that many campaign promises are scheduled to appear in subsequent budgets. Budgeting a deficit of CAD 29.4 billion for the 2016-2017 fiscal year, the Liberals failed to keep an election promise limiting the federal deficit to CAD 10 billion. The next few years will reveal how effective the Liberal government is in enacting its ambitious policy agenda. The public mandate letters given to each minister will allow the assessment of Ministers' performances relative to expectations.

Ministerial  
Compliance  
Score: 10

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

Monitoring  
Ministries  
Score: 10

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

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.

In 2016-2017, the provincial and territorial governments will receive CAD 70.9 billion in federal transfers. The CST will continue to grow at its current rate of 3% annually. The Liberal government indicated that CHT spending will be capped at 3.5%, down from 6% in previous years. This reduction will lead to a CAD 1 billion shortfall in the 2017-2018 fiscal year. Most provinces have not yet accepted the 3.5% increase in the CHT and are asking for an increase to 5.5%. However, their bargaining power on this is limited. Additionally, the federal government is calling for more transparency from provincial and territorial governments on CHT spending, suggesting that subnational

governments are not spending health care dollars adequately. Both the CHT and the CST will be reviewed in 2024.

Citation:  
Department of Finance, Canada, Federal Support to Provinces and Territories. Retrieved 2016 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 that have traditionally been 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. The program, which came into effect in 2014, exists under federal authority but is administered by the provinces and covers a significant amount of the training costs associated with each eligible worker.

Even when the federal government has tried to assert its authority in economic areas it believes 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.

In environmental policy, the federal government recently announced a plan for a national carbon tax for provinces that do not adopt their own carbon reduction strategy. The policy intends to encourage provinces and territories to implement their own cap-and-trade or carbon tax policies to ensure Canada reaches both national and international standards for carbon emissions.

**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: 6

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 was lacking under the previous Conservative government. For example, it 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 new Liberal government has stated that it seeks to return Canada to active participation in international bodies like the United Nations (UN). In September 2016, Prime Minister Trudeau spoke to the UN General Assembly and outlined Canada’s commitment to global affairs in an effort to win Canada a seat on the UN Security Council, a seat not held since 2000. Climate change is among Prime Minister Trudeau’s declared priorities, as demonstrated in Paris at the UN Climate Change Conference in 2015. In addition, to help ease the current refugee crisis, Canada has welcomed over 30,000 refugees as of October 2016.

**Organizational Reform**

Self-monitoring  
Score: 8

Government structures are constantly changing in Canada, for better and for worse. It is not a static system, but there are few procedural structures in place to (self-) monitor whether 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).

The current government, which won the election in part based on the promise of transparency and fairness, has begun setting up independent committees that will monitor certain government processes. One example is the creation of an independent advisory board that will aid in the selection of senators in an effort to reduce partisanship in lawmaking. The political will seem to be there, but it is too early to gauge their potential impact as few of these committees have been fully formed.

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 Elections 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: 7

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 Office 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.

The Liberal government has indicated its intention to provide more influence, resources and autonomy to parliamentary committees. A House of Commons committee put forward a number of legislative suggestions that would give more monitoring resources to members of parliament. It is too early to say whether or not they will be accepted and if monitoring will be improved.

Obtaining Documents Score: 8	<p>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.</p>
Summoning Ministers Score: 9	<p>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.</p>
Summoning Experts Score: 10	<p>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.</p>
Task Area Congruence Score: 8	<p>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.</p>
Audit Office Score: 10	<p>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.</p>
Ombuds Office Score: 6	<p>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</p>

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.

In March 2016, the liberal government eliminated all fees related to Access to Information requests except for the CAD 5 application fee in an effort to increase transparency. Parliament has voted to amend the Access to Information Act to streamline the request process and make more information available.

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 Liberals, Conservatives and New Democrats.

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 currently forms the Canadian government, with Justin Trudeau as prime minister. How inclusive his leadership style is remains to be seen, although he already promised a "return to government by Cabinet."

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 refused 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 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. At the 2016 party convention, 52% of delegates voted for a leadership review and will hold a leadership election within 24 months of the vote. Mulcair will stay on as leader until a new leader is elected.

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

Association  
Competence  
(Others)  
Score: 7

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.

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.

Citation:

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

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