

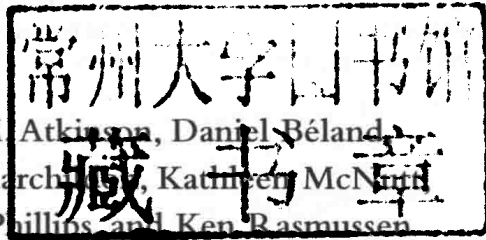


# GOVERNANCE AND PUBLIC POLICY IN CANADA



*A View from the Provinces*

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## Governance and Public Policy in Canada

*To the memory of Albert W. Johnson and Thomas K. Shoyama*



## Preface

Today, provinces play a large role in developing, implementing, and managing public policy. As suggested in this book, in Canada, the provinces have even become the most essential makers of public policy. This is the case not only because of the broad scope of their constitutionally recognized jurisdictions but also because of the direct role they play in most major national policy debates, including those within the jurisdiction of the Government of Canada, in the context of our highly decentralized federal system. Considering the significance of the provincial role in policymaking, it is time to take a systematic look at provincial policy development in Canada. Our short book provides an overview of provincial governance and policy, and we hope it will help students, informed citizens, and researchers pay closer attention to, and further explore, the nature of provincial public policy and administration.

We are determined to make this book the prelude to a new series of volumes on multilevel governance and public policy. This series is sponsored by the Johnson-Shoyama Graduate School of Public Policy, an interdisciplinary centre for advanced education, research, outreach, and training that is also a joint venture between the University of Regina and the University of Saskatchewan. As faculty members of this provincial graduate school, we think the time has come to bring scholars together to further improve our comparative understanding of the administration, development, and

governance of public policy in the Canadian provinces. To avoid parochialism, our analysis is grounded in international governance and policy literature. Although the study of provincial public policy is distinct from the study of federalism, we think the analysis of federal institutions is necessary to form a proper understanding of how the provinces formulate policies. Provincial policies, after all, emerge from within a complex relationship that includes the federal government, the governments of other provinces, and other actors that are growing in importance, such as emerging Aboriginal self-governments, local governments, and members of civil society.

This introduction to provincial governance and public policy outlines broad concepts and trends instead of focusing extensively on particular policy areas. We trust that the book will help readers interested in specific policy areas to understand them in the larger context of provincial governance and policy. Due to the limited space available, the book does not address public policy development at the municipal level or in the three northern territories. Municipalities are creatures of the provincial governments, and they are important policy sites, but we believe the analysis of municipal public policy in Canada requires a separate review. As for governance and public policy in the territories, it is a critical yet understudied issue that also requires a distinct analysis, in part because of key institutional differences between the provinces and the territories. Yet we expect that some of the concepts and issues raised in this book are relevant for the analysis of municipal and territorial governance and public policy. Overall, we hope this brief introduction to governance and provincial public policy will help trigger more debates and research about this increasingly crucial topic for the future of Canada.

This book originates from ongoing discussions taking place among the faculty of the Johnson-Shoyama Graduate School about governance and provincial policy. The six authors are faculty members at the school, and the diversity of their disciplinary backgrounds and policy areas adds to the scope of the project. As this book appears, we would like to thank other faculty and staff of the Johnson-Shoyama Graduate School for their support. We also thank Donald Ward and, especially, Karen Taylor for their copy-editing work as well as Ata-Ul Munim for his research assistance. At the University of Toronto Press, Michael Harrison provided much support and advice concerning this project, to which he gave impetus, by suggesting that we write such a concise introductory book before working on a series of more

specialized edited volumes on provincial public policy. We warmly thank him for his insight and commitment. Finally, we thank production editor Beate Schwirtlich and the rest of the University of Toronto Press editorial team for their efficiency and professionalism.

We dedicate this book to the memory of Albert W. Johnson and Thomas K. Shoyama, the two outstanding civil servants for whom our school is named. Belonging to a group that earned the label "The Greatest Generation," Johnson and Shoyama devoted almost two decades, from 1945 until 1964, to improving the state of public policy in Saskatchewan. Although they then moved on to become prominent deputy ministers in the Government of Canada, they used their wealth of provincial experience to improve the design, implementation, and management of public policy at the federal level. We aspire to be, and to produce, scholar-practitioners in their image, the next "Greatest Generation" of leaders in Canada.





## Introduction

From the cradle to the grave, our lives are shaped by the policies of the state. This is the case regarding numerous domains, including culture, economic development, education, employment, health, inequality, policing, taxation, and the environment. Through fiscal spending and redistribution as well as regulation, the state implements numerous and complex policies that are an integral and fundamental part of our economic and social order. Because the state is ever present in all aspects of society and, as a consequence, of our lives, studying public policy is a true democratic and governance imperative, as knowledge about policies can inform decisions and deliberations that are likely to impact the lives of citizens in direct ways.

In recent decades, global forces have created new policy and governance challenges for states. This is the case in Canada where, despite a decentring of state power and a growing role for civil society in policymaking, governments remain key actors in economic, environmental, and social affairs. As for substate entities such as the Canadian provinces, their role in governance and policy development has increased rather than declined, compared both to the role of the federal government and to the situation prevailing in other federal countries such as Australia and the United States. This growing role for the provinces has occurred because, in Canada, many of the economic, environmental, and social policy challenges

involve provincial or shared responsibilities. Health care, for example, is primarily a provincial jurisdiction, and provincial leaders as well as professional and patient associations play the most prominent role in reshaping the country's health system. In other "hot spots" such as the environment—and, more specifically, the fight against climate change—provinces are key actors that either clash or cooperate with the federal government on specific issues. The provinces even play a major role in immigration now. Finally, even regarding international issues, such as the negotiations over a trade agreement between Canada and the European Union, provinces are typically involved, directly or indirectly. Thus, far from declining, the role of the provinces in governance and policy development in Canada is more crucial than ever.

Considering these observations, scholars, organized interests, and informed citizens should pay closer attention to policymaking in the provinces and to how the actions of provincial policymakers shape and are shaped by other actors. Unfortunately, as major sites of policy change, provinces have been largely understudied. In this introductory essay, we show why and how provinces matter in designing and implementing policies that affect the everyday lives of Canadians and the development of our economy and society in a changing world, particularly in a federal system characterized by recurrent tensions between Ottawa and the provinces.<sup>1</sup>

Beyond the enduring and well-known tensions between the federal and provincial governments, this book explores the multiple layers of policy governance in the Canadian provinces, layers that cannot be defined simply in terms of the provinces' relationship with Ottawa. In addition to federal-provincial jurisdictions, these policy layers include the transnational and the municipal levels as well as the increasingly decentred networks of policy experts, think tanks, and other civil society actors. Although this book suggests that the provinces have become the most crucial source of policy development and innovation in Canada, it also points to the decentred nature of contemporary

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1 Throughout this book, we focus on the provinces, and, thus, we generally exclude the three sparsely populated but strategic territories, which have a distinct constitutional status and deserve separate treatment. At the same time, we recognize that some of the policy trends and tensions discussed here also extend to the territories, which is why we include them in the agenda for future research sketched in the last chapter of this book.

governance, exacerbated by the complex institutional and territorial boundaries inherent in our federal system.

One of the outstanding characteristics of Canada's political order is the growing and often explicit reliance of all levels of government on outside expertise, and, more generally, on civil society partners, without which effective governance is much harder to achieve. For instance, when dealing with most environmental issues, in addition to discussions with Ottawa, provinces typically consult many different stakeholders, ranging from scholars and environmentalists to farmers and business groups. To these realities we must add territorial issues, such as the asymmetrical nature of an increasing number of federal-provincial agreements, the quest for self-government on the part of First Nations, and the growing political importance of cities in policy governance. These realities create new layers of complexity in Canadian governance and policy development. Recent efforts to disentangle traditional federal institutions and simplify policy governance have created fresh challenges, such as the quest for new forms of health care accountability in an age of federal block grants (in contrast with the shared federal funding of the past). More important, the era of so-called "open federalism" has put the provinces squarely at the centre of policy development in Canada.

As these factors converge to reshape governance and policy development in Canada, they create new challenges for citizens and policymakers alike, at all government levels, including—and especially—at the provincial level. We wrote this short book to explore and clarify the meaning of these challenges while analyzing the growing role, and the changing characteristics, of provincial governance and public policy in our asymmetrical and fragmented polity.

Such observations on the fragmentation of our political system should not suggest that it is impossible to improve our understanding of governance and policy development in the provinces. Indeed, this book reviews the key concepts necessary for a systematic analysis of policy and governance issues as they reflect multiple institutional tensions and actor networks that interact to shape and reshape policy development in Canada. Because provinces are now the central site of governance and policy innovation, we assess their role while placing the provincial state in its broader institutional, social, and territorial context. Without this type of broader analysis, we may continue to downplay and misunderstand the crucial role of provinces in policy changes that directly affect the lives of citizens, in

areas ranging from health care and social welfare to education and the environment.

Three key themes unify this book. First, it addresses the role of policy convergence and divergence among provinces. Although our analysis stresses enduring interprovincial differences in terms of political culture and institutions, we point to patterns of policy diffusion, according to which policy convergence takes place within specific areas in several provinces.

Second, the book explores the tension between centralization and decentralization in Canada as it affects intergovernmental relations. Undoubtedly, Canada is one of the most decentralized federal systems in the advanced industrial world; yet, while a key trend in Canada has been to increase the role and the capacity of provinces in policy development, discussions with Ottawa on issues such as equalization and health transfers remain crucial to the logic of Canadian federalism. To complicate the situation even further, Canadian cities have mobilized to gain greater fiscal and policy autonomy, in the context of a constitutional order within which municipal governments are mere creatures of the provinces. The quest for Aboriginal self-governance is yet another decentralizing pressure that challenges the power of both Ottawa and the provinces. From this perspective, the centralization-decentralization axis is a major site of political and institutional conflict within Canada's federal system, one that no longer involves simply the provinces and the national government.

Third, although the provinces play a greater role in policy development than ever before, they now face a growing tension between ambition and capacity. This tension is especially clear in the field of fiscal policy, where federal transfers remain a major revenue source for provinces. Similarly, although the provinces have attempted to enact major interprovincial agreements, bodies such as the Council of the Federation have clear limitations. Yet Canadian provinces have sometimes found ways to innovate at a more rapid pace than the federal government to adapt to changing economic, social, and institutional circumstances. This book explores how the provincial state has adapted in the context of these changing circumstances to transcend its limited capacity while engaging with a growing number of civil society actors, policy networks, and intergovernmental bodies.

Before we outline the substantive content of this book, it is helpful to state what it is *not*. First, although written with a broad and interdisciplinary audience in mind, it is not a comprehensive introduction

to public policy in Canada. Several textbooks are devoted to this general topic (e.g., Dobuzinskis, Howlett, and Laycock 2007; Howlett, Ramesh, and Perl 2009; Miljan 2008; Pal 2010), and our book complements them through its clear provincial focus.<sup>2</sup> Second, because our book focuses primarily on policy, it is not a general introduction to provincial politics. Although provincial politics is discussed, this is not a textbook on parties and formal political institutions. In fact, the book draws on other disciplines (economics and sociology) and interdisciplinary approaches (policy studies and network analysis) to explore governance and public policy in Canada from a provincial perspective. In general, our goal is to offer a new voice that complements existing disciplinary takes on the provinces as sites of policy development. Finally, we do not discuss in great detail the major policy areas in which the provinces are involved. There are many sources available that map fields such as education policy, environmental issues, and health care programs in Canada. The goal of this book is not to duplicate these efforts but to offer analytical tools to explore these policy areas while looking at the “big picture” of governance and policy development.

At this point, it is helpful to define what we mean by “governance” and “public policy,” two key concepts used throughout this book. First, we define governance in opposition to state-centric understandings of public policy, according to which policy development is a purely statist construction. In contrast, a governance approach to public policy is based on the assumption that, in addition to the state, a multitude of actors shape policy development in one way or another. At the broadest level, in the policy world and beyond, governance is about determining “*who has power, who makes decisions, how other players make their voice heard and how account is rendered*” (Institute on Governance 2013). From our policy perspective, studying governance stresses the interaction between the state and other actors involved in policy development, which often takes the form of complex policy

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2 It is also worth noting that most books dealing with provincial politics are not centred on policy development. For example, the 2001 edited volume by Keith Brownsey and Michael Howlett (2001) is not focused on policy issues. The same remark applies to Rand Dyck's *Provincial Politics in Canada* (1996). As for Christopher Dunn's edited book *Provinces: Canadian Provincial Politics* (2006a), it does feature a number of chapters on provincial public policy, but it does not constitute a systematic introduction to provincial public policy in Canada.

networks. Public policy refers to “the broad framework of ideas and values within which decisions are taken and action, or inaction, is pursued by governments in relation to some issue or problem” (Brooks 1989, 16; quoted in Smith 2003, 5). From our governance perspective, however, the study of public policy should move beyond a traditional, state-centric model to bring in civil society actors and policy networks that help shape policy design, implementation, and outcomes.

To introduce other key policy concepts necessary to frame this analysis of provincial governance and public policy, each of the book’s five chapters begins with concise analytical remarks that help produce a “toolbox” for the analysis of policymaking in the provinces. The concepts discussed include constituent units, intergovernmentalism, and decentralization (Chapter 1); the professional civil service, administrative reform, provincial decision making, and departmental organization (Chapter 2); government size and growth, “crowding out” effects, fiscal imbalance, efficiency and effectiveness, deficit and debt, and fiscal rules (Chapter 3); regulation in all its various aspects (Chapter 4); and finally, civil society, policy analysis, collaborative policymaking, network society, and digital government (Chapter 5). These concepts are not unique to Canada, but they take a distinct meaning in its particular institutional context. Once these concepts are both defined and illustrated, each chapter discusses policy trends and challenges in the provinces. Although they address concrete historical, substantive, and analytical issues, the chapters systematically explore the complexities and multilayered nature of provincial governance and policy development.

The first chapter adopts a comparative perspective to explore the prominent role of the provinces in shaping policy governance and intergovernmental relations in Canada. It explores the weight of federal institutions and territorial mobilization in Canadian public policy while stressing the fact that provinces have more policy autonomy than substate entities found in other federal countries. The chapter also discusses the scope of policy interdependencies in our political system before raising the pressing issue of territorial governance and integration in Canada’s asymmetrical and multilayered polity. In other words, the chapter explains why the growing policy role of the provinces creates new governance and institutional challenges. Such challenges include the quest for a better balance between diversity and unity, the issue of vertical fiscal imbalance between Ottawa and the provinces, and the push for greater territorial and governance autonomy among

First Nations, larger municipal governments, as well as some provinces, especially Québec and Alberta.

The second chapter explores the administrative capacity of the provinces, an understudied aspect of governance and policy development. Recognizing this, the chapter stresses prominent administrative differences among provinces regarding how they structure their public service and their policy capacity and how they attempt to innovate in terms of policy governance and implementation. After comparing the size and the evolution of provincial civil services and administrative capacities, the chapter points to current administrative challenges such as managerial reform, the changing nature of the civil service in the provinces, and the relationship between provincial and municipal policy institutions.

The third chapter discusses taxation and government spending, two closely related aspects of federalism and provincial policymaking. It explores the trade-offs between perceived economic efficiency and political imperatives that exacerbate the tensions inherent in policy development in the Canadian provinces. Although all provinces play a determinant role in policy development, there are variations from one to another in terms of government size and expenditure patterns. This chapter explores such variations before dealing with fiscal challenges, such as the growing burden created by the rise in health care expenditures and the alleged "fiscal imbalance" between Ottawa and the provinces. Overall, the chapter emphasizes not only the diversity of provincial fiscal realities but also the shared tax and spending challenges facing the provinces.

The fourth chapter analyzes the role of the provinces in the crucial policy area of regulation. Stressing the fact that regulation is now at the core of modern government, which is more likely to steer and guide rather than drive the economy and civil society, the chapter discusses the changing nature of provincial governance through regulation, the scale and scope of the provincial regulatory state, and the key ways in which provinces can become true sites of experimentation for regulatory innovation in Canada.

The fifth chapter turns to civil society and knowledge production in the provinces, which often takes place outside formal state boundaries, notably through the development of multilevel policy networks comprised of both state and civil society actors. We see how policy knowledge in the provinces is produced and disseminated and how government and non-governmental actors interact to foster such policy

expertise. Here the focus is on improving efficiency and policy control through decentred sources of expertise, which once again reflects the multilayered nature of governance and policy development in Canada.

Overall, our book shows that provinces play a growing role in policy governance and that, to grasp this role, we must focus on both government and civil society actors, who interact in multilayered ways, in the provinces and well beyond. In our conclusion, we return to these issues and propose an agenda for future research on provincial public policy in Canada.





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