

# Intergovernmental Relations in Canada

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George Anderson

# Key Characteristics of Canadian Federalism

- Strongly dualist in division of powers
  - Concurrency only in agriculture, immigration and pensions
- Spending power main lever for federal government to influence provinces
  - Effectively has been instrument of concurrency
- Political culture of provincial autonomy
  - Especially in Quebec and Alberta
  - Provinces extremely resistant to yielding sovereignty

# Executive Federalism: Vertical

- Dominance by federal and provincial executives
  - Virtually no role for legislatures
- Recently 25-35 ministerial meetings a year (down somewhat from peak of over 50)
- Major difference:
  - From 1960s to 1980s up to five First Ministers meetings a year—social programs and constitution
  - Since 1993 Chretien few First Ministers meetings, but Team Canada trips with Premiers built bonds
  - Harper, only two: 2008, 2009
- Federal government tends to determine what major issues are on national agenda
  - 3 constitutional rounds; major social programs; economic summits

# Executive Federalism: Horizontal

- Provinces have increased horizontal cooperation at national level
  - Council of Federation 2003 with more meetings and small secretariat
  - But often different views (fiscal arrangements; energy strategy) and little concrete
  - Pale shadow of Australia's COAG
- And sometimes at regional or bilateral level
  - Regional trade agreements
  - Ontario-Quebec trade and procurement

# Executive Federalism: Participants and Processes

- Increasing participation of First Nations representatives:
  - Major role in constitutional meetings post 1982
  - Invited to join FMs and Ministers when programs directly relating to them on agenda; special summits under Martin government
- Exclusion of municipal representatives:
  - Issue of provincial sovereignty; true even with major infrastructure programs
- Public still largely excluded
  - Major consultative process around Charlottetown constitutional proposals
  - First Ministers used to have sessions before cameras, but no more

# Decision-making rules

- Extremely rigid constitutional amending formula
  - 7/50 plus 5 regions for most; unanimity for some
- Consensus is general rule if provincial cooperation required
  - Can lead to partial multilateral deals (especially Quebec opt outs) or bilateral deals
- Federal government may resort to unilateral decision-making, but often deferential
  - Fiscal arrangements in 2011, succeeded
  - National securities regulation, failed because of Court
  - Deference on internal trade
- Almost no weighted voting procedures
  - Canada Pension Plan (2/3 of prov with 2/3 of population)
  - SUFA (majority of provinces but no population requirement)
  - Quebec not in CPP or SUFA

# Principles vs. Pragmatism

- Varying visions of federation: founding peoples, equal provinces, national-citizen centred
- Federal government no consistency regarding management of federation:
  - Liberal governments historically activists in promoting national programs—protective of spending power
  - Harper very dualist (Open federalism), almost no pro-active policies and can be very non-cooperative
- Quebec and Alberta most philosophically consistent amongst provinces: strong protectors of provincial rights
- Poorer provinces and Ontario more pragmatic
- Council of Federation (2003) called for annual FMMs, consultation on federal appointments, protocols of conduct—none of which has federal government picked up on

# Managing Relations: Bureaucratic Machinery

- Canadian Intergovernmental Conference Secretariat created in 1973—over 3500 meetings served.
- All governments have offices of intergovernmental affairs, including international affairs in provinces
- Federal machinery has waxed and waned:
  - From 100+ post-1995 to 18 in Privy Council Office now
  - Most departments have unit as well—especially Finance and social departments
- Strongest central control in Quebec and Alberta
- Federal government prefers working directly with provincial departments, keeping intergovernmental officials in background
- At least 2000 intergovernmental agreements, but few clearly legally binding and little systematization.

# Weak External Policy Supports

- Federal government has occasionally used external commissions or panels on major issues
  - Historically important Rowell-Sirois in late 1930s
  - Pepin-Robarts (on constitution in 1970s), Romanow (on health care in 1990s) O'Brien (on equalization)
- Federally supported think tanks disbanded; nothing comparable to external advisory bodies in some other federations:
  - Economic Council of Canada (1963-1992), National Council of Welfare (1962-2012), Canadian Council on Learning (2004-2010)
  - Contrast with Productivity Commission and Commonwealth Granting Council in Australia or Finance Commissions in India
  - In Canada, policy creativity often with industry funded bodies
- Ontario's Mowat Centre its own think tank
- Policy-making environment in Canada is largely in-house and not very transparent

# Some Creative Intergovernmental Mechanisms

- Canada Revenue Agency:
  - Collects major revenues of provinces other than Quebec; since 2003 overseen by jointly appointed Board of Management. Federal government pays.
- Council of Ministers of Education
  - Coordinates assessments, portability, international relations since 1967, but keeps federal government out
  - Little creativity
- Canadian Council of Ministers of the Environment
  - Small secretariat and quite weak

# Creative Intergovernmental Mechanisms: Health Sector

- Canadian Institute for Health Information: 700+ employees, \$100MM/yr;
- Canadian Agency for Drugs and Technology in Health: 130 employees, \$23MM/yr;
- Canadian Health Infoway: 150 employees, \$175MM/yr (mostly investment);
- Canadian Patient Safety Institute: 38 employees, \$8MM/yr
- All are managed by boards of federal and provincial representatives, with provinces in majority and federal government funding 75-85%

# Recent Issues: Fiscal Arrangements

- Federal transfers to provinces account for 19% of provincial revenues (\$68B this year)
- In 2011, major review re renewal for next five years. Provinces did extensive work. But federal minister unilaterally imposed decision.
- Pivotal moment in relations with federal government. Since then, more cooperation amongst provinces, especially on drug procurement—saving of \$490MM/year but federal government not invited to join.
- Politically, provinces could not excite public to protest federal unilateralism, because transfer growth reasonable.

# Recent Issue: International Trade Policy

- Canada and EU have been negotiating a major free trade agreement. 60% of EU ask related to provinces, so federal government agreed to involve provinces deeply in negotiations.
- But in negotiations of free trade agreement with India, India did not want Canadian provinces at table because of precedent for its own states.

# Recent Issues: Pension Reform

- Pensions are only concurrent jurisdiction with provincial paramountcy
- Ontario is part of Canada Pension Plan, which is jointly governed with other provinces in plan and federal government. Federal government management implementation.
- Ontario's Liberal government wants a supplementary pension scheme, but federal Conservative government refuses to accept to integrate it into management arrangements. Could cost Ontario \$400MM or more.

# Recent Issue: Energy Strategy

- Canada is energy rich, but endowments vary enormously by region.
- Petroleum is a major issue in fiscal disparities between provinces.
- Alberta has felt threatened by climate change pressures.
- Pipelines increasing issue, with provinces and aboriginals seeking a say and share
- Harper government has largely ducked on this major policy area, while provinces flounder on joint strategy.

# Final Observations

- IGR in Canada highly informal and dominated by executives, for whom politics tends to trump principle.
- There have been some creative institutional developments, but provinces resist encroachments on sovereignty.
- External policy supports for federal-provincial issues are very weak.
- Harper government has not tried to develop new national programs and have limited cooperation with provinces
- Both Liberals and NDP propose initiatives that would require more pro-active federal cooperation with provinces.