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▶▶ We can't seem to get things done in Canada anymore: How can we fix it?

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▶▶ Introduction

Canada is struggling. The country is not 'broken', but it is certainly underperforming its potential. The OECD predicts that Canada will have the weakest growth in per capita incomes among all advanced countries over the next decade, hampered by weak corporate investment in capital and innovation, anemic productivity growth, and a policy and regulatory environment that threatens our future competitiveness.

Poor delivery of core government services and perplexing policy choices are a significant contributing factor to this national malaise.

The signs are only too evident. The cost of living is high but growth in per capita income is negative. Government spending is soaring, but delivery of essential government services is sputtering, and procurement is a quagmire. Debt servicing costs are skyrocketing but spending, deficits and debt are still rising. Monetary policy is painfully reining in inflation but without help from fiscal policy. Immigration is soaring, but the country has a housing crisis. We commit publicly and frequently to NATO's 2% defence spending target, but in practice we appear to

have no intention of meeting it. Ambitious climate change goals are proclaimed, but climate change policy itself is unclear to Canadians.

Beyond our borders, things are not much better. We trumpet Canada's Indo-Pacific Strategy as the centrepiece of our pivot to Asia, but today it is in tatters as we are barely on speaking terms with the two most populous countries in Asia – India and China. We are the fifth largest producer of natural gas in the world, but we are unwilling to commit to providing LNG supplies to our allies in Europe and Asia who are facing energy blackmail from Russia and China. We are proud members of the "Five Eyes" intelligence-sharing alliance, but appear to be excluded from pivotal meetings as allies question our intelligence capabilities and seriousness about security. In this uncertain world, it's not obvious where Canada stands, or what influence it has.

Canadians are well aware of this. They encounter it in the daily media headlines. It is hardly surprising, therefore, that public trust in government and government institutions is waning. Polls show that Canadians are sceptical of whether government is working as it should. They are not wrong.

This is not a partisan matter. Whichever political party is in power in Ottawa after the looming federal election needs to pay more attention to making government work more effectively and efficiently. There are no simple solutions to today's complex challenges, but a lean, nimble, and results-focused government, with clear accountabilities for outcomes, is surely part of the answer.

▶▶ The public context for governing is challenging

Canada is suffering from a worrisome combination of parochialism, complacency and short-termism. Globally, we tend to moralize and flaunt our virtues, despite our shortcomings. Our aspirations – whether those of corporations, institutions (such as universities), or government – seem rather complacent and parochial as we too often avoid benchmarking ourselves against the global best and aiming even higher.

One example of our parochialism on a key public policy issue is internal trade barriers. We tend to be loud cheerleaders for global free trade, and active in signing bilateral trade agreements with countries near and far. Yet, we maintain century-old barriers to the free movement of many goods and services among Canadian provinces, reducing the efficiency and productivity of our economy.

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The world beyond our borders is one where global competition is brutal, geopolitical risks are spiking, protectionism is escalating, and economic nationalism is surging. These challenging global trends demand serious policy thinking and agile responses if Canada is to remain secure and prosperous. Complacent mantras from the sidelines, such as “boycotting Davos”, are hardly the answer. Too often, we simply appear unserious in a very serious world.

Canadians tend to view the United States from what we assume is a moral high ground. We tut-tut about its political and social problems, while failing to challenge ourselves to match America's capacity for innovation and reinvention. We are rhetorically vigilant about the sanctity of our sovereignty, but we're unwilling to pay to protect it in the Arctic or elsewhere.

Like most democracies, Canada is finding that governing in the digital age is a greatly underestimated challenge. Social media are extraordinary in how they connect citizens as never before. But this real-time immediacy also creates expectations on governments for immediate solutions to complex problems as they are identified on Twitter or Facebook. In these circumstances, public and political attention to long-term issues is a challenge. Social media may give everyone a voice, but it nurtures “short-termism” in thought and action.

The rise of populism – both right-wing and left-wing – in western democracies has led to more polarized politics and a hollowing out of the “political centre”. In the United States, pragmatism is now roundly condemned by both progressive Democrats and MAGA Republicans. The spectre of a Trump 2.0 presidency underscores the risks to Canada of neonationalism in the United States, and its disregard of international rules, economic and military alliances, and liberalized trade.

Canada is not immune to these forces. But to deal effectively with them, we must double down on improving our competitiveness, our resiliency, our productivity and our security – and effective government is key to such a national response.

▶▶ A pragmatic agenda for more effective government

To rebuild public confidence, governments in Canada must change how they operate. More specifically, if it is to provide Canadians with more effective and efficient delivery of programs and services, the federal government needs to address *five* key issues with a sense of urgency and purpose:

1. **“Political short-termism”**, nurtured by social media, has led to a shift in governing towards an attitude of “all politics, all the time”, at the expense of focussed priorities, considered policy analysis, and effective implementation. It is time to take a longer view.

Short-termism has governments chasing too many issues and declaring too many priorities. This is manifest in a focus on press releases and issues management. It encourages endless consultation on any number of topics, often as ostensible proof of the government's interest in a problem or in a particular group of voters. The result is that effective provision of government programs, across so many issues, becomes nearly impossible. This habit of over-promising and under-delivering leads inevitably to dashed expectations on the part of Canadians and a growing loss of trust in government.

What can be done? Despite social media pressures on any number of issues, governments need to target a limited set of electoral priorities and deliver them effectively, while attaching a clear priority to efficiently delivering core government services. Governments need to be clear and public about a more limited focus.

Part of the problem is today's ministerial mandate letters which, with dozens of priorities per Minister, amplified by today's 39 Cabinet Ministers and endless cross-department consultation and stakeholder engagement, simply bog government down in process rather than facilitating a laser focus on outcomes.

2. Excessive centralization of decision-making in the Prime Minister's Office (PMO), including on how some programs and services are delivered, has sidelined both Ministers and public servants. It's time to restore collective Cabinet decision-making and ministerial accountability.

In our Westminster system, decisions on policy and on what to do (or not do) should be taken by the Prime Minister and his or her ministerial colleagues. Officials advise, Ministers decide, and then the Public Service implements their decisions.

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In recent years, however, political staff have played an increasing role both in shaping and controlling the advice given to Ministers, and then inserting themselves again in the implementation of those decisions. What this means for government operations is that short-term political considerations end up colouring both *what* is done and *how* it's done. Even worse for effective operations, the political staff of Ministers are tightly orchestrated by the Prime Minister's Office (PMO), which undermines the responsibility of Ministers.

Insiders such as Wayne Easter, the former Liberal Solicitor General and chair of the Commons Finance Committee, and Bill Morneau, former Liberal Finance Minister, have decried the extent of PMO control, with Easter stating in the *Hill Times*: "I think there's far, far, too much control in the Prime Minister's Office, right throughout the whole system". This is not good for responsible and accountable government, and it is worse for *effective* government.

What should be done? It's time to allow Ministers to be Ministers again and revert to Cabinet and not PMO as the primary forum for government decision-making. It's time once again to empower the Public Service to provide frank advice and to be both responsible and accountable for the effective implementation of policy decisions. And it is past the time for PMO to return to its traditional role of providing political advice to the Prime Minister, not getting involved in running government operations.

3. Government operations – the provision of core services to Canadians – are much less efficient and more inconsistent than they can and should be. Not only does this reduce public confidence in government and in public institutions, it hurts both the economy and Canadian society.

The government's *modus operandi*, as Canadians now know all too well, is ponderously slow, risk-averse, and more oriented to process than results. Too many operational functions are bogged down in endless process and consultation. Too many projects take too long and run hugely over budget. Too many core functions and services are delivered below expectations. All of this is deeply frustrating to Canadians.

Why is this? One reason is that the government has become bloated. Spending levels have soared 75% since 2014-15, the federal Public Service is up almost 40% or over 100,000 employees, and the number of government agencies has skyrocketed, while the economy itself has grown less than 20% (as has our population), and the quality of government service delivery has slipped.

Another reason is that too few public servants are hired for their skills in operations, information systems and project management. Instead, the skills that are valued in today's Public Service have more to do with how to manage process, how to deal with the omnipresent PMO, and how to avoid risk. As a result, 'good process' too often becomes an end in itself rather than the means to accomplish things.

What would change this? The solution requires more than reining in spending growth and right sizing the federal Public Service, although doing both is crucial. It's more than a headcount issue – it also requires streamlining top-heavy management structures, cutting internal red tape and reversing the recent expansion in the number of government agencies.

You also cannot fix government operations without renewing the federal Public Service. A key element of this is attracting people with the critical skills needed for 21st century government operations, empowering them to solve problems, and instituting a management focus on results and accountability, rather than process and box-checking. It also means being very clear on who is responsible and accountable in government operations.

4. Government procurement of goods and services –

from boats to planes to the ArriveCan app – is a mess. This undermines efficient and effective government operations, it diminishes military readiness, and it reduces public confidence in government.

Why has government procurement gone so badly wrong? How is it possible that the actual cost of building new frigates is double or triple compared to the original estimates, or that a government agency could squander more than \$60 million developing the ArriveCan app, which was initially budgeted at \$80 thousand and experts say could have been built for \$1 million or less?

There is no single or simple answer to these questions. But the key culprits are a combination of poor project management capacity, a contracting regime that is plagued with too much red tape and too many controls, and, paradoxically, Treasury Board policies themselves that incentivize outsourcing to subcontractors, or ‘body shops’, as a way to get around complicated and cumbersome Treasury Board policies on contracting with real service providers. This is truly a case where the government, and mainly the Public Service itself, is the author of its procurement misfortunes.

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What can be done to fix this? Start with a primary focus on results by giving contracting authority to those who need it and hold them responsible when things go wrong. Treat military procurement as a matter of national security rather than regional development. Pay more attention to good comptrollership. And enshrine clear accountability for the efficient and effective spending of public funds in each department and agency of government.

5. Government policy capacity matters, and never more so than in a transforming and uncertain world. Sadly, the increasing complexity of the issues Canada faces has not been matched by an increase in government analytical and policy capacity. Too often external consultants are substituted for government policy expertise in advising Ministers and Cabinet.

Effective government is about much more than size and spending. It is about lean and nimble organizational structures that are fit for purpose. And it is about the capacity of those organizations to anticipate and respond to uncertain events in a volatile and changing world. The current immigration fiasco, the absence of fiscal anchors to guide spending and debt decisions, the Indo-Pacific Strategy muddle, and an outdated defence plan that predates the Russian invasion of Ukraine and Chinese threats to Taiwan – these are all prime examples of policy gaps.

Whether it is developing strategic foresight systems, undertaking scenario analyses to complement traditional forecasts, building real-time data intelligence capacity to monitor global events such as emerging pandemics, or bringing leading-edge policy thinking to bear on the wicked problems facing all countries, governments need sophisticated policy capacity today. High quality, leading edge “in-house” government policy capacity is, unfortunately, missing, as is a willingness by governments to listen to it, and this absence comes with a cost to Canadians.

►► The Bottom Line

This agenda for more efficient and effective government is neither radical nor partisan – it’s an approach to governing that could be adopted by any of our major parties, and indeed it has been in the past.

It is an agenda that would really make a difference, because the *sine qua non* of more effective government operations is a laser focus on outcomes and what it takes to achieve them – in other words, on actually getting things done. Couple that with humility: deliver brilliantly on the core functions of government before taking on new priorities and projects where the capacity and competency to act effectively has yet to be developed.

Moreover, it is an agenda that would be welcomed by public servants who are frustrated by how hard it is to get things done today. A leaner, better-equipped, more accountable and more empowered Public Service would do a much better job of serving both Ministers and Canadians in the 21st-century. And it would be a more invigorating place to work.

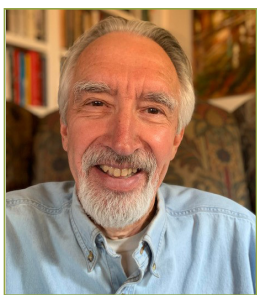
Canada is a success story. It’s not broken, but our governance practices and our government institutions are in urgent need of repair. Over many years, successive federal governments and generations of public servants have played a key role in setting the nation’s policy direction, working productively with the private sector and provinces on shared issues, and delivering for Canadians. But that’s not where we are today.

It’s time to restore public confidence in government’s ability to get things done. If we can do that, everyone wins.



The Honourable **Kevin Lynch** served as the Vice Chairman of BMO Financial Group from 2010 to 2020. Prior to that, he was a distinguished former public servant with 33 years of service with the Government of Canada, serving as Clerk of the Privy Council, Secretary to the Cabinet, Deputy Minister of Finance, Deputy Minister of Industry, as well as Executive Director for Canada at the International Monetary Fund. Dr. Lynch is the past Chancellor of the University of King's College, the past Chair of the

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