Notice of the Final Oral Examination
for the Degree of Doctor of Philosophy

of

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“Agencification in Canada: Pulling Back the Veil of Arms-length Government”

School of Public Administration

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Remote Defence

Supervisory Committee:
Dr. Michael J. Prince, Human and Social Development, University of Victoria (Supervisor)
Dr. J. Barton Cunningham, Department of Public Administration, UVic (Member)
Dr. Amy Verdun, Department of Political Science, UVic (Outside Member)

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Chair of Oral Examination:
Dr. Richard Dewey, School of Earth and Ocean Sciences, UVic

Dr. Stephen Evans, Acting Dean, Faculty of Graduate Studies
Abstract

Governments around the world, including Canada, continue to look for new ways to structure themselves and deliver services to accommodate the growing challenges of governing in an increasingly complex global environment. One strategy is to hive off functions to arms-length entities. This continues to be a popular option for service delivery, consuming significant amounts of public resources with little understood about the implications on accountability, performance, transparency and cost. Distributing public governance by moving functions further out from the institutional centre of government has tended to make the public sector less visible. In Canada, there has been negligible critical analysis about the trend and its impacts, in particular, at the provincial level. This study addresses that gap by analyzing the use of arms-length entities over time in two provinces, British Columbia and Ontario. It empirically determines trends in agencification, explores the rationale for creation and use of arms-length entities, and contributes to a better understanding of the implications, impacts and challenges that continue to arise in distributing public governance.

The study uses a mixed methods approach relying on a quantitative analysis of jurisdictional data to describe changes in the agency landscape in British Columbia and Ontario over a 65-year period from 1951 to 2016. The qualitative strategy uses 32 interviews of current and past government and agency executives to provide insights into the rationale for agency creation, relationships between government and its arms-length entities, the impacts on public sector governance, and the future of agencification. Document and literature reviews were conducted to support the analysis of both the quantitative and qualitative data.

Results show there has been a continued and statistically significant increase in the overall number of arms-length entities in both jurisdictions over time. Creation, though, ebbs and flows, and is not necessarily a reflection of political ideology or economic climate. However, political influence has not been eliminated with the establishment of governance frameworks for arms-length entities. Recognizing this, agencies have become more adept at reading political signals and building relationships with government that earn them trust and autonomy. The key findings of this study suggest that:

1. The governance structures in Canada continue, increasingly, to illustrate a broad range of arms-length entities to deliver a breadth of services and functions, with little consistency in the rationale and structure for their creation.
2. New governance controls and mechanisms are being implemented to address issues of performance, accountability and political brand as the shape of the public sector continues to evolve.
3. The independence of arms-length agencies is more myth than reality. Ultimately governments are accountable for their delegation of authority and this reality has and will continue to influence the relationship between government and its arms-length entities.
4. Individual personalities matter. Despite governance frameworks and mechanisms intended to prescribe the accountability relationship between government and arms-length entities, individuals on both sides of the relationship can have a significant impact on agency performance and viability.

All indications suggest that governments will continue to use arms-length agencies to deliver a variety of services using various organizational forms and inconsistent governance frameworks. In addition to agency creation, the reshaping of agencies through merger, re-categorization, mandate shifts, renaming, etc., will continue, as will the changing landscape of distributed public governance. The ability to design a governance framework that addresses the ongoing evolution of government structure will need to evolve in order to address challenges with coordination, fragmentation, service delivery and accountability. To this end, governments have been rationalizing their governance systems, increasing their ability to control arms-length entities through a variety of mechanisms, including the creation of new “super agencies”. As the use of agencies continues, the governance environment becomes more complex with a greater number of actors, changes in government capacity and resourcing, and global, multi-level government systems in meeting public needs. Governance rationalization supports the need for increased focus on why and how governments re-shape themselves and how this impacts accountability and performance, providing new opportunities for further research as the shape of the public sector continues to evolve.