CHAPTER II

AVOIDANCE OF OVERLAPPING AND DUPLICATION

The preamble to the Order in Council appointing the Commission contains the following recital:

"3. That governmental expenditures are increased by overlapping and duplication of services as between the Dominion and provincial governments in certain fields of activity..."

Moreover, the Commissioners are specifically instructed (3 (c) of the Order in Council),

"to examine public expenditures... in general, in order to determine whether the present division of the burden of government is equitable, and conducive to efficient administration..."

It should be noted that the Commission's attention is drawn to "overlapping and duplication of services," not to the nominal duplication of departments of government. The mere existence of ten departments of agriculture or of public health does not in itself imply duplication of services. A function may be divided between a Dominion and provincial department in such a way as to avoid overlapping. But fields of activity which are regulated and served by both Dominion and provincial departments deserve special examination in such an inquiry as this, because the situation lends itself readily to overlapping unless care is taken to avoid it.

The Commission's instructions did not call for a searching examination of the efficiency with which every unit of government performs the functions assigned to it, and indeed the elaborate and detailed investigation necessary could not appropriately have been made in conjunction with a general examination of Dominion-provincial relations. This survey is primarily concerned with the question whether there is extensive physical duplication between Dominion and provincial departments of government. But overlapping is only one of several unsatisfactory conditions which may exist when two governments share a field of activity. There may be failure to occupy the whole field, which may be termed "underlapping" or neglect; or the field may be divided illogically and inefficiently, leading to waste and friction. Our general inquiry on overlapping and duplication also threw some light on administrative tendencies which increase government costs within individual governments, and some suggestions are made toward reducing them.

A high degree of administrative co-ordination is more difficult to attain in a federation than in a unitary state. The relative effectiveness of single authority as contrasted with divided or dual control is obvious in any sphere of administration. Within a federal state the advantages of single authority are possible in fields exclusively assigned to one or the other government. But dual control is inevitable in those areas of concurrent, divided and contentious jurisdiction which are characteristic of federal states, and which tend to increase with the growing complexity and interdependence of society. Efficiency and harmony in government administration in such fields depend upon a measure of good-will, give-and-take, sincere and positive co-operation of the governments concerned, on both political and administrative levels. These are conditions difficult to achieve and still harder to preserve.9

The administrative problems inherent in all federations are increased if the member states or provinces differ widely in size, wealth, and political and social outlook, because it becomes impossible to fit national activities precisely to the needs of each of the provinces. In Canada there are several jointly occupied fields in which the Dominion provides supplementary services through bureaux for consultation, direction and research. The problem is one of complementing or supplementing each of the highly varied provincial services. In supplying these services some provinces are earlier in the field, adopt more aggressive policies, spend far larger sums. Any attempt to match national policy to all of these at once encounters a dilemma. To complement the activities of all provinces on the scale needed by the smaller and less aggressive provinces results in duplication of services for the larger provinces. To match activities with the more aggressive provinces means that the needs of the smaller and fiscally weaker provinces will be neglected. Such a dilemma may be avoided in the

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9 See Appendix 7—J. A. Corry, Difficulties of Divided Jurisdiction.
field work of the Dominion Government by stressing these national services in those provinces where they are most needed and minimizing them elsewhere. Such adjustment is more difficult if the national service consists of a branch or bureau operating at each provincial capital. Even regional adjustment may lead to charges of discrimination, and in practice the Dominion Government usually steers a middle course which results in some measure of duplication with the services of the stronger provinces and some inadequacy of service for the weaker ones. In a federation of provinces of unequal size and resources it is difficult to see how this basic dilemma can be avoided.

These factors point to the inevitability of some waste and maladjustment in such a federation as the Dominion of Canada, even if a high degree of co-operation and unanimity can be maintained between the several governments. The aim of administrations must, therefore, be to confine waste as much as possible to what is inherent and unavoidable.

In order to determine the extent of overlapping between governments the Commission attempted to examine in its public hearings the principal officials of relevant departments of Dominion and provincial governments. All but two Governments (Alberta and Quebec) co-operated in supplying the names of appropriate officials and permitting them to appear before the Commission. Although under the Inquiries Act the Commission could have subpoenaed officials of any government, it was not deemed expedient to ask civil servants for information if the government concerned objected. In addition to the public hearings two of the Commission's staff made a special survey of Dominion and provincial services. We now proceed to summarize by services the results of our inquiries.

**Agriculture**

Measured by total expenditures, agriculture is the largest field of concurrent service, and the existence of nine provincial departments of agriculture as well as a Dominion department appears to give rise to a popular conviction that duplication in this field is very extensive. Comprised within the term "agriculture" is an intricate network of diverse services and regulations included under the four general headings: production, marketing, research and promotion. These break down further into much smaller divisions. *Research* involves local matters such as soil analysis and matters common to all provinces, or even international in interest, such as plant hormones or certain animal and plant diseases. *Marketing* includes the procedure by which a market-gardener exchanges his produce in the local village, as well as the highly organized international grain trade. In this complex field there are activities so obviously local that no one questions the desirability of their provision or regulation being provincial; others are as obviously national, for it is the Dominion Government alone which can efficiently provide or regulate them. In between are activities not so easy to allocate since they have both local and national aspects. The relative importance of provincial and Dominion interests in these activities alters as the Canadian economy becomes more integrated and provincial economies more interdependent, and as the technology of farming changes. The constitutional provision for agriculture in 1867, which made it a subject of concurrent jurisdiction with the provision that provincial enactments were effective only "as long and as far" as they were "not repugnant to any Act of the Parliament of Canada," appears to have permitted the vast growth of government activity in this field to take place without serious friction between jurisdictions. Although the division of activities which has been reached today is essentially the result of a long process of trial and error rather than design, it is not markedly different from what would be dictated purely by considerations of logic and efficiency.

Dealing first with the extent of duplication, the Commission did not find, either in its public or private investigations, any basis for the popular belief that the activities of Dominion and provincial governments overlap extensively, or that by complete elimination of what overlapping exists there would be any substantial reduction in the present cost of agricultural services in Canada.

A few minor cases came to light, but the potential economies, disregarding for the moment other values that may be involved, would be a mere drop in the bucket when measured against the annual Canadian tax bill or even against the annual sums spent upon agriculture. The amount of duplication in agricultural services is less now than it was some years ago, improvement having resulted from two
quite different factors: (a) a concentrated attack on the problem as the result of public criticism; and (b) the retrenchment in all government expenditures consequent upon the depression (especially by certain provincial governments).

Present relationships between the provincial departments and the Dominion reflect to a considerable measure the fiscal strengths and fortunes of the several governments. During the depression agricultural services were sharply curtailed by almost all governments, and restoration has proceeded unevenly with the arrival of better times. In those provinces which have not found it practicable to restore expenditures to earlier levels, the Dominion Government is now providing a much larger share of the combined services than it was before the depression. This relative expansion by the Dominion is accepted as unavoidable, especially by the smaller provinces, or at least as preferable to complete neglect of services formerly provided by the provinces but now beyond their means. Certain provincial leaders, however, hold that it would be more satisfactory if the Dominion, rather than expanding its own services to meet the deficiencies of the provinces, would provide grants-in-aid so that the provinces could directly undertake services which, though it is not now financially feasible to undertake them, are of a character likely to respond more profitably to provincial than to Dominion direction. The danger of additional duplication in the future, as the provinces restore their services to pre-depression levels because of either a return of better times or a reallocation of revenues and obligations as recommended in another part of this Report, should be noted. When all the provinces once more find it possible to meet all those agricultural services which are logically of a local nature, it will be necessary to reconsider carefully the division of services between them and the Dominion, and the latter government may find it conducive to efficiency and harmony to retire from certain fields.

A division of agricultural activity between the Dominion Government and the provinces suggested both by logic and experience would allot to the Dominion the following fields:

1. Marketing, grading and inspection, except for local distribution of commodities locally produced;
2. Plant and animal protection from pests and diseases especially those introduced from abroad;
3. Research of a general nature;
4. Certain national and international aspects of production and of agricultural economics.

The provinces would then undertake:

1. Extension and promotion;
2. Organization of farmers' activities, including co-operative marketing;
3. Production, except as under (4) above;
4. Local aspects of research, such as soil surveys;
5. Local interpretations and use of Dominion marketing and commercial intelligence services;
6. Local marketing of commodities locally produced.

This is not dissimilar to the division now in effect. There are some activities (e.g. production) which combine national and local aspects in a manner difficult to divide with complete satisfaction. Marketing and grading have been dealt with in another place.\(^{12}\)

The finding that gross physical overlapping does not exist must not be taken as assurance that waste of public funds does not occur in the fields of agricultural service and regulation. Overlapping between Dominion and provincial departments is by no means the only potential cause of such losses. It is possible that there is avoidable overlapping between a department of agriculture and other departments within the same government. Duplication can also occur within a department. In this connection we think that great care should be taken by the Dominion Department of Agriculture which has undertaken so many varied activities and has grown to such an enormous size that overlapping and waste may easily occur within the Department unless there is constant effort to prevent it.

The Commission's opinion is that substantial waste and loss in agricultural services arise from quite another condition, namely, the tendency for government policies to get into ruts. What is here said applies to government operations generally. It is always easier to continue traditional services than to make innovations. In private, competitive business, the penalty for decadence is swift and sure. In the more sheltered world of government monopoly, stereotyped and unprogressive policies may escape detection and elimination much longer. The dynamic and swiftly-changing character of agricultural problems today demands highly flexible and resourceful methods of attack. The Commission recommends for the earnest consideration of all governments the frequent examination and reappraisal of all services, schemes and enterprises,

\(^{12}\)The difficulties of enacting marketing legislation are discussed at pp. 54ff of this Report. While in a sense the attempts to enact marketing legislation have involved duplication of effort and expense, the difficulties are constitutional rather than administrative, and we do not, therefore, deal with them in the present section.
in the light of modern needs, so as to prune out the dead wood and keep the administrative structure vital and effective. One or two specific devices which may be of value in this connection are suggested at the end of this chapter. Governments can save themselves future difficulty by launching new policies, so far as possible, on a "project" or interim basis, subject to careful scrutiny before becoming permanent. In the world of private enterprise the profit motive usually assures a periodic overhaul of activities, but governments need to devise some substitute. The retrenchment due to the depression impaired services of all kinds but in partial compensation it eliminated certain activities whose value had largely or wholly expired. From private and public evidence the Commission is satisfied that the waste due to outmoded, redundant or misdirected activities involves much larger amounts than any physical overlapping between services of different governments.

Within the limits of this Report a detailed consideration of all branches of agricultural services cannot be undertaken, but two services merit special attention.

_Agricultural Research._—The nature and scope of agricultural research are such that it is difficult to co-ordinate. It is carried on by provincial universities and agricultural schools, by provincial departments of agriculture, by the Dominion Experimental Farms, by the Science Service Branch of the Dominion Department of Agriculture, by the National Research Council under the Minister of Trade and Commerce, and by private corporations. However, by far the greater part of agricultural research in Canada is carried on by the Dominion Government, or under its auspices. Modern agricultural research has become so highly technical and intricate that it would require a superman to keep authoritatively informed on all the lines of research being carried out in Canada and elsewhere at any time. Yet without this knowledge and the authority to co-ordinate all agricultural research in Canada a certain amount of duplication and misdirection is inevitable. However, such duplications are not without some value as checks. Moreover, even if it were theoretically possible, it might be unwise to attempt a rigid co-ordination of research with economy or even efficiency as the only criterion. The history of research proves that for best results you have to turn a good man loose with funds and freedom. Centralization is not necessarily beneficial. Our conclusion was rather that research should be kept decentralized among colleges and individual workers as much as possible. Duplication of research may, however, readily occur if there is lack of adequate information about projects under way or findings of completed projects. Careful records of all agricultural research activities should be available, and the findings of research workers collected as speedily and disseminated as widely as possible. Research programs should be co-ordinated so far as consistent with the encouragement of individual enterprise, and these functions can only be adequately performed by the Dominion. The relations between the National Research Council and the Department of Agriculture appear to call for continuous scrutiny. The benefits of agricultural research in Canada have been so vast in relation to the sums spent upon this activity that we hesitate to urge parsimony in this field. The price of skimping a few thousand dollars a year in research might be the elimination of the discovery of a Saunders.

_Experimental Farms._—The experimental farm system is almost exclusively a Dominion activity, although several provinces operate demonstration farms or research stations doing similar work. The Dominion farms are used for both local and national research. The practical use of research discoveries involves conveying them to the farmer, and in many ways the agency which actually makes the discovery is in the best position to pass the information along. In this way the experimental farms branch out into agricultural education and extension. These are, by and large, fields of provincial jurisdiction, and all provinces make some provision for them through their own departments of agriculture and their agricultural colleges or university activities. It is also impossible to draw a sharp line between national and local research, and the Dominion farms cannot avoid undertaking research projects which have certain local aspects, and which in some instances are more likely to be effective if pursued under local direction. The farms are also actively concerned in production, which, as has been said, falls more logically into the provincial sphere. The scope for duplication of effort is large.

The opinion that most of the work of the experimental farms could be undertaken more effectively by the provinces was frequently stated to the Commission's special investigators. It was asserted that since the soil is a natural resource as much as the forest or the mine, the servicing and regulation of agriculture could be undertaken with greater flexibility and effectiveness by provincial authorities. It was contended that provincial
authorities were more intimately acquainted with the peculiar production problems of the region, with the problems of agricultural economics and of research, and that they could act more swiftly and flexibly in coping with local problems as they arose. The further argument was advanced that, since the provinces are concerned with education and extension, the logical arrangement would be for the experimental farms to be closely linked up with agricultural colleges and provincial departments of agriculture, the three bodies acting in intimate conjunction to tackle the basic problems of the region. Certain provincial premiers and ministers of agriculture were confident that if experimental farms and illustration stations were both left to the provinces they could be made to perform a larger and more useful part in agricultural production and education.

It should be noted that these views as to the experimental farm system are held by some, but not all, of the provincial leaders. Others express themselves as well satisfied with present arrangements and results. Hitherto the experimental farm system has been too expensive for most provinces to assume. It was said that several years ago the Dominion offered to retire from the field but the provinces, on counting the cost, declined the offer. It was argued that the substitution of systems of provincial experimental farms in place of one national system would almost certainly increase the total cost and increase the likelihood of duplication, and that it might result in great lack of uniformity. It was contended that there would still remain the national aspects of production and research, which might require a national farm system as well as nine provincial ones, and that some of the gains in flexibility supposedly inherent in provincial attacks on agricultural problems would be offset by a loss in stability and permanence in research programs, since agricultural policies would then be subject to the more erratic fortunes of provincial politics.

Apart from these matters of jurisdiction, the charge has been made that in certain provinces the number of experimental farms is larger than is strictly necessary; that political factors are responsible for their number; and that any effort to reduce them meets with so much local protest that it is not pursued. One competent authority asserted a smaller sum spent on fewer farms, more adequately staffed and equipped, would result in more and better work. It was estimated that as much as $100,000 a year might be saved in one province by such a step.

It is also urged by some critics that while the farms did excellent work in the pioneer stages, educating the farmers of the area in the farming techniques necessary for the soil and climate of the area, the need for such experiments sharply declined when suitable seed varieties, methods, suitable types of cattle, etc., had become established, and that routine experiments tend to survive indefinitely to a point of sharply reduced utility. The inference was that the programs of the farms were not shifting as they should from problems of diminishing importance to new problems of agricultural economics, marketing and production, with which agricultural communities are now faced.

On balance there is a prima facie case for the Dominion withdrawing from many of its activities in connection with experimental farms, and either for disposing outright of most if not all experimental farms and illustration stations, or for handing them over to the provinces. Admittedly, there are technical questions involved which the Commission has not had the time nor the opportunity to investigate fully. An inquiry by technically competent authorities would probably be advisable before action is taken. But it should be pointed out that, if the financial recommendations of this Report are adopted, the financial obstacles against certain provinces taking over experimental farms will have been removed. In any case the Dominion should carefully reappraise its whole experimental farm program.

**Grants to Fairs and Agricultural Organizations**

The policy of government grants to agricultural organizations should also be carefully reappraised. Once such grants are begun, there is a tendency to continue them in a routine way. Dominion grants to such institutions were inaugurated as a wartime measure to assist in the stimulation of production. Except for grants to exhibitions and fairs of a national and international scope, it is suggested that the Dominion should withdraw from the field, leaving to the provinces, as a part of their production policy in connection with the provincial departments of agriculture, the responsibility for making such grants as they deem wise.

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What is said above is not intended to imply a lack of co-operation between the several authorities under the existing system. In most provinces the activities of the Dominion experimental farms and the extension and promotion work directed by the provinces are knitted efficiently together. In at
least one province the provincial and Dominion authorities even choose their new personnel with this harmony in view. In general we commend the high level of co-ordination which exists between the provincial and Dominion officials of the several departments of agriculture.

COLLECTION OF TAXES

Duplication of services for the collection of taxes obviously increases costs both of government and of tax compliance. We have dealt with the latter elsewhere.* Here we deal only with increased costs of government. Though extensive duplication does not exist in the sense of duplicate organizations for the collection of similar taxes, there is waste in that simpler and less expensive machinery might be used to collect present taxes.

In our financial proposals we recommend that personal income taxes, corporation taxes and succession duties should be levied solely by the Dominion Government and we there discuss certain advantages of economy, equity and efficiency in having these taxes collected by one agency. If the recommendations concerning these taxes are implemented the overlapping and duplication of governmental costs of collecting these taxes will be automatically eliminated. But even if there is no redistribution of revenue sources, the advantages of a single system for the collection of at least personal income taxes and corporation taxes are great. It is obvious that if the same information on which both the Dominion and a province base their calculations of income taxes can be supplied only once instead of twice, the governmental cost of checking the return and the taxpayer’s cost of preparing the return are materially reduced.

At the present time the Dominion collects, in addition to its own income tax, similar taxes for Ontario, Manitoba and Prince Edward Island, to the apparent satisfaction and benefit of all parties.15 It was stated that a single system of collection is possible wherever the two definitions of “income” are the same, even though deductions and exemptions are different.16 In hearings in Victoria it was stated that joint collection of Dominion and British Columbia income taxes was impossible because “taxable income” in the two statutes was different.17 While there may be differences in the present definitions, it seems evident that the two definitions of “income” could be made identical and the same results could be substantially attained by different schemes of deductions and exemptions. Were this done it would be possible to avoid the duplication of tax-collecting offices, the increased governmental expense of audits, and unnecessary costs and annoyances of tax-compliance to the taxpayers.

The case for joint collection of personal income taxes is overwhelmingly strong, whether the proceeds of such collection are retained by the Dominion or divided between the Dominion and province in which collections are made. Similarly provision should be made for collection by the Dominion Income Tax Division of municipal income taxes if they are retained, at least in so far as these are really income and not property taxes.

Many of the same considerations apply to the collection of corporation taxes. Numerous representations protesting against present arrangements were made in public hearings by business organizations.19 These submissions did not in general complain about the taxes as such, but attention was directed toward the excess cost of collecting them, both to governments and taxpayers. All provinces have built up extensive organizations for collecting such taxes, and the cost is substantial. Our recommendations with regard to the taxation of corporations were framed to replace provincial taxes, which are expensive to collect, by an extension of the Dominion tax on corporate income which is collected in any case. This change would reduce the total cost of collection, and would remove the cost of tax-compliance arising from the preparation of multiple tax returns calculated on different bases.

If our recommendation that the Dominion should have sole jurisdiction to levy corporation taxes is not carried out, little, perhaps, can be done to diminish this cost by unified collection except in the field of income taxes on corporations. Other types of provincial corporation taxes are so different in the several provinces that little advantage would be gained by Dominion collection, even if it were feasible.

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* See p. 154.
16 Ev. p. 3579.
17 Ev. pp. 3579-76. Ex. 185, Memo. B.C. Dept. of Income Tax, pp. 4-5.
19 Ex. 88, Brief of Canadian Manufacturers’ Ass’n; Ex. 207, Brief of Citizens’ Research Institute; Ex. 394, Brief of Canadian Chamber of Commerce; Ex. 185, Brief of Associated Boards of Trade of B.C.; Ex. 202, Brief of Victoria Chamber of Commerce; Ex. 266, Brief of Toronto Board of Trade; Ex. 345, Brief of Chambre de Commerce de Montréal; Ex. 107, Brief of Chartered Banks of Canada; Ex. 113, Brief of Canadian Federation of Mayors and Municipalities; Ex. 92, Brief of Canadian Life Insurance Officers’ Ass’n.
Complaints were also made concerning duplication between the Dominion and certain provinces in the collection of stock-transfer taxes. These taxes on the transfer of securities are imposed by the Dominion, by Ontario and by Quebec, and an audit is conducted by all three governments. An unnecessary expense both to governments and to taxpayers is thus incurred. We think that for these taxes a single collection and a single audit would be appropriate and that savings in cost both to governments and to taxpayers would thereby result.

PUBLIC HEALTH

The existence of a Dominion Department of National Health, provincial departments of health, and municipal organizations dealing with the same general service offers some ground for suspicion of unnecessary duplication, but our inquiries, both public and private, satisfied us that public health has local, provincial and national aspects which justify the existence of administrative machinery at all three levels, and that no material overlapping occurs at present among them.

Expenditures by the Dominion Government for quarantine and leprosy, for inspection of immigrants, for the treatment of sick mariners, for disabled veterans, for inmates of penitentiaries and for Indians are not duplicated in any way by the provinces. Jurisdiction in all these instances is expressly conferred by, or clearly implied from, the British North America Act. Other important branches of Dominion expenditures in this field provide for the administration of the Food and Drugs Act, the Laboratory of Hygiene and the division of public health engineering. The last named service inspects water and milk supplies on common carriers engaged in international and inter-provincial traffic and the sanitary conditions in Dominion buildings and parks. The Commission did not discover any duplication of these services by the provinces, though it is possible that some saving could be effected by the purchase of certain services from the provinces as an alternative to the maintenance of Dominion organizations for the purpose.

The annual saving would not be large, however, and there may be off-setting advantages in the present arrangement which outweigh the financial considerations. It is recommended that this possibility be investigated and the method be adopted wherever, on balance, it seems advisable to do so.

Several new Dominion services touch more closely upon the provincial sphere (child and maternal hygiene, epidemiology, industrial hygiene, and publicity and health education) but we are satisfied from our inquiry that the danger of duplication has been kept in mind in establishing the new services and its extent kept to a minimum, and that the establishment of such services on a national scale was at the request of certain provinces which will derive material benefit from them. It is true that they will, in some measure, duplicate work already carried on by two or three of the larger provinces, but some such duplication is inherent in federalism. In any event, unless the Dominion expenditure expands far beyond present intentions, the cost of such duplication will be small.

These new services are provided by consultative and research bureaux which are available at the need of the several provinces, and which co-ordinate and disseminate medical information more efficiently than a series of similar provincial bureaux would be likely to do. If the financial recommendations outlined elsewhere are implemented, the fiscal capacity of the several provinces to support adequate medical services may be brought up to a more approximate level, and in that event the Dominion Government may need to reappraise its health policies so as to avoid duplication with services that the provinces are then able to provide for themselves.

POLICE SERVICES

In six of the nine provinces the enforcement of provincial as well as Dominion statutes is entrusted to the Royal Canadian Mounted Police under agreements between the Dominion and the provinces concerned. The province pays the Dominion $1,000 per year for each member of the Royal Canadian Mounted Police required for provincial service. The other three provinces, Ontario, Quebec and British Columbia, continue their own provincial police forces. In these provinces, accordingly, two forces operate (in addition to municipal officers). In the main they are engaged in quite distinct work, but it is all a part of the general task of law enforcement. In these three provinces a certain amount of duplication exists and

20 Ex. 108, Brief of Investment Dealers' Ass'n, p. 15; Ex. 95, Brief of Dominion Mortgage and Investments Ass'n, pp. 17-18.
22 E.g., inspection of milk and water supplies on common carriers. It is suggested at p. 35, that health services for Indians might be purchased by the Dominion from provincial departments.
considerable sums could be saved by the negotiation of arrangements with the Dominion Government similar to those now in effect in the other six provinces. These three provinces could be policed by a single force which would be somewhat smaller than the present combined Dominion and provincial police forces operating in them, and there would in addition be some saving of administrative overhead. The standing offer of the Dominion Government to extend its present arrangements to the three provinces has not been accepted because of considerations which in the opinion of the provincial governments concerned outweigh the financial savings promised by the change.

Provinces which have entered into agreements with the Dominion have been able to cut their police costs in half. Analogous savings in the case of Ontario, Quebec and British Columbia would be of the order of $350,000 for each province, or a grand total of about $1,000,000 a year. Although this sum would be saved to the provincial taxpayer, the total Canadian tax bill would, however, not be relieved to that extent, since the Dominion Government performs the service for the province at considerably less than cost. But it appears that approximately a total of $500,000 annually could be saved if the Dominion were to make arrangements for police services with the three remaining provinces similar to arrangements with the other six. This saving is sufficiently great to warrant careful consideration, though there are other than financial considerations involved.

The chief argument advanced for retention by the province of its own police service is the desirability of the closest possible co-ordination between the provincial attorney-general's department, the crown attorneys of the province, and the law-enforcement officers. It was represented to us that since the provincial legislature and the provincial executive are responsible to the people of the province for the manner and method of law enforcement, it is desirable that the province have complete control of its own police force. A supplementary practical consideration, of special importance in British Columbia, is that some provincial police officers act also as general provincial agents in certain civil matters. It was suggested that Dominion police could not be expected to perform these services in full, if at all, or in any case as satisfactorily, because of their lack of knowledge of the local situation and the more inflexible character of a Dominion-wide organization. As a result the province might have to enlarge its civil service to carry out functions now performed by the provincial police.

As against these arguments it was asserted that the efficiency of law enforcement across Canada as a whole would be materially improved by the greater co-ordination of activity that would result from further unification. The weakness arising out of divided control was illustrated by the experience of the several forces in coping with the "sit-down" strike of single unemployed in the city of Vancouver in 1938, where the confusion over jurisdiction was said to have hampered the police materially in their efforts to deal with the situation. Moreover, the arguments in favour of the maintenance of provincial forces were, presumably, applicable to each of the six provinces which have entered into agreements with the Dominion, but, on the whole, the provinces within the agreements are satisfied with present arrangements, and, with the exception of Alberta, show no disposition to go back to a force of their own.

UNEMPLOYMENT RELIEF AND OLD AGE PENSIONS

Elsewhere important recommendations are made concerning the reallocation of responsibilities for unemployment. If these changes are made, the powers and responsibilities of the several units will be clearly defined and duplication and other administrative waste in the handling of relief should be materially reduced. In this section it is merely proposed to call attention to the duplication which exists under the present arrangements.

Both unemployment relief and old age pensions are at present jointly financed by two or more levels of government. Expenditures on direct relief are made by municipalities, on old age pensions by the provincial governments, and in both cases subject to audit by the Comptroller-General of the Dominion and later by the Auditor-General. Audits of relief expenditure are also conducted by provincial governments. It is difficult, however, to see how this duplication of auditing could be eliminated under the present

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26 See Ex. 188, Brief of Associated Boards of Trade of B.C., pp. 5 and 9, Ev. p. 5412; for the B.C. Govt's opposition to national policing see Ev. pp. 5924-25.
27 For Alberta's objection see Canada Sessional Papers, 1938, No. 256.
30 See pp. 247.
32 See Appendix 7—J. A. Corry, Difficulties of Divided Jurisdiction.
system whereby costs are shared between two governments. Dual audits are almost certain to continue so long as sums are advanced by one jurisdiction to be spent by another, subject to conditions. It would be unreasonable and, indeed, politically impossible for a government supplying a large part of the costs of a service to waive the right to audit expenditures made through the agency of another government. The procedure results, however, in a considerable measure of friction which is detrimental to harmonious relations between the Dominion and the provinces. Our recommendations for a clear-cut division of responsibility for relief would, in general, mean that each authority would finance its own services with its own funds, in which case the need for such dual audits would disappear.

In the administration of old age pensions similar duplication of auditing exists, though to a lesser degree. But again it is difficult to see how this can be avoided so long as funds are contributed by both governments. But this occasions considerable friction. Numerous differences of opinion also have arisen over the interpretation of the regulations. Most of the early differences have now been ironed out, but new ones arise from time to time. It seems to us desirable that some simple provision should be made to provide for authoritative decisions as to contested points. This involves the choice of some tribunal satisfactory to the interested parties and capable of giving expeditious and authoritative rulings as to the meaning of the regulations.

**RESEARCH**

So many governmental and private agencies are engaged in research that it would be strange if there were not a certain amount of waste or duplicate effort. Research in agriculture has been considered under that heading. The field in which duplication is most likely to occur is private competitive research in which the utmost secrecy is maintained. Our evidence on the whole matter indicates that in respect to research under governmental auspices the present situation is "reasonably satisfactory". Persistent care is needed in this field to limit waste effort to a practical minimum. The benefits of shrewdly directed research are so great in proportion to the sums expended, and the need for industrial and scientific research in Canada is so widespread that undue "efficiency" in organization might prove to be false economy. The situation is complicated by the fact that many discoveries in pure science prove afterwards to be of enormous value in the field of applied science. If state aid were completely withheld from projects which, though promising to extend the field of man's knowledge, appeared to be of no immediate practical or financial benefit, the progress of research in both pure and applied science might be seriously checked. But such considerations do not justify duplication of identical experiments unless required for checking purposes, useless investigations, or other sheer waste, and we recommend that the present machinery of associate committees and other co-ordinating devices be extended wherever a greater pooling of knowledge and effort can be accomplished.

**TOURIST AND TRADE PROMOTION**

The only question concerning Dominion-provincial duplication in the field of tourist promotion arises out of the creation in 1934 of the Canadian Travel Bureau. This was designed to "sell Canada" to the tourists of other countries and to act as a co-ordinating office for the numerous provincial, municipal and private tourist agencies in Canada. Both public and private inquiries were made by the Commission relating to the work performed by the bureau and the administrative relationship between it and the other bodies throughout Canada. Some conflict of opinion was apparent as to whether tourists could be attracted to Canada by general advertising or whether it was more effective to advertise the specific local attractions of the diverse regions. If the latter, then a question arose as to the value of extensive Dominion advertising. The Commission was unable, without extending its inquiry unduly, to measure the relative effect of general versus local advertising upon potential tourists from abroad, and thus to evaluate the work of the Canadian Travel Bureau in a precise way. The annual sum devoted to tourist promotion by the Dominion is small in proportion to the vast sums spent in Canada each year by tourists, and without more information we should not like to disparage what may be a very valuable service. In view of some critical comments made by the provinces, however, we think the Dominion Government should satisfy itself by periodic reappraisal that this new service

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88 See p. 24.
84 See J. A. Corry, op. cit.
85 See p. 175.
86 Ex. 402, Memo. on services of the National Research Council, p. 48.
does not duplicate that of the provincial bureaux. If duplication appears the Dominion service should be reduced accordingly. The situation is complicated by the wide diversity of provincial expenditures. Several provinces have adopted a most aggressive tourist policy, and these provinces tend to feel that the Dominion Government may be overlapping their services. Other provinces are spending very little and rely (even gratefully) upon the promotion sponsored and financed by the Dominion Government. The basic federal dilemma arising out of the unequal financial ability of the provinces again crops up, and it is impossible to satisfy the requirements of all the provinces.

In the field of external trade promotion there is always the possibility that provincial trade representatives may duplicate the work of the Dominion Department of Trade and Commerce, but we are satisfied that up to the present there has been no serious overlapping. There appears to be a field for provincial trade agents to assist in the sale of commodities of special concern to their own region, and, provided the facilities of the Dominion Commercial Intelligence Service are first explored and used as fully as possible before such special campaigns are launched or special provincial representatives appointed, we do not believe the practice should be reprehended. The provincial representatives are able, it is contended, to act as selling agents in a way not permissible for Dominion Trade Commissioners, and in some cases local industries co-operate with provincial governments to finance the provincial service. There is no reason why Dominion and provincial trade agents should not co-operate fully for the mutual benefit of their governments, and indeed we were assured that a large measure of co-operation does now exist.

STATISTICS

Practically all Dominion and provincial departments collect some statistics in connection with their administrative operations, and the task of the Dominion Bureau of Statistics in part is to act as a collecting, correlating and interpreting office. A great deal of attention has been devoted in the past twenty years to arrangements between the Bureau on the one hand and the Dominion and provincial departments on the other so as to eliminate waste effort. Provincial statistics are for the most part collected by the provinces and compiled by the Dominion Bureau. The latter prints and standardizes the information returns and schedules used by the provinces in obtaining the information, and when the material is compiled—according to a plan usually agreed upon beforehand by all parties—it is made available to the provinces for their own use. In addition there is some provincial compilation of material, the Province of Quebec for example, having published a year book for many years. Since 1918 the departments of the Dominion Government have used the Dominion Bureau of Statistics as their statistical agency, although for special purposes, or when greater speed is required and is thought to be possible by direct collection, some of the departments still collect their own statistics from time to time. The danger of administrative waste in the collection of statistics is considerable, but our inquiries did not bring to light any serious cases of duplication.

The effective and economical compilation of statistics in many fields depends upon close and intricate co-operation between the Dominion Bureau of Statistics and the nine provincial governments. This is at present fostered by occasional ad hoc Dominion-provincial statistical conferences. It was represented to us that the co-ordination would be strengthened by the creation of a Statistical Council which would be required to meet at least once a year.

GEOLOGICAL SURVEY

The interests of the Dominion Government and the provinces overlap in the broad field of mapping and survey. Both geodetic and topographical surveys are closely related to the Dominion functions of regulating navigation, and of national defence. Since geological survey is a preliminary investigation looking toward the exploitation of natural resources, the title to which is vested in the provinces, it would appear to fall within the provincial field. There are, however, material advantages in a national service able to draw upon technical skills in a way not available to the smaller provinces at least. Geological survey is closely dependent upon topographical survey, and unless topographical survey precedes geological survey it is necessary for the geological survey parties to spend part of their time doing preliminary topographical work. The practice has been for the Dominion and the provinces to share geological

41 Ev. pp. 4716-24D.
42 Ex. 130, Memo. re Constitution and Administrative Machinery of the Dominion Bureau of Statistics; Ex. 220, Memo. B.C. Dept. of Trade and Industry; Ev. pp. 3833-81, 6314, 6321.
43 Ev. p. 3844.
survey work. We were told of the consultations that take place each spring before geological survey parties go out so as to avoid overlapping between Dominion and provincial efforts. The attitude of the several provinces toward Dominion participation in this field differs markedly.

The Province of Ontario, with major interests in mining, has looked after practically all of its own geological survey work since 1935 and its brief expressed the willingness of the Province to assume the entire responsibility for this work if the Dominion would exempt mining companies from income tax on actual mining operations. Other provinces, however, look to the Dominion to extend rather than curtail activities in their province could not afford to maintain the necessary staff of specialists. Manitoba, Saskatchewan and British Columbia, as well as Nova Scotia, favoured Dominion retention of this service and urged greater speed in the completion of topographical and geological surveys. The situation calls for a division of the field between the Dominion and the provinces in a flexible way to take care of the needs of the various provinces. Since the activity consists largely of field-work it is feasible for the Dominion Department of Mines to distribute its survey parties so as to supplement the activities of the provincial governments.

LABOUR LEGISLATION

Most of the provinces maintain a branch or department dealing with labour but no serious financial waste due to duplication with the Dominion department came to light either in public or private investigation. The Dominion Department maintains services dealing with such matters as annuities, investigations under the Combines Investigation Act, fair wages on Dominion projects or construction, unemployment relief and co-ordination of employment offices. The only activities in which overlapping with provincial functions might occur are the employment service, unemployment relief, and conciliation and investigation of industrial disputes. These activities are, however, dealt with at length elsewhere and recommendations made thereon.

JAILS; PENITENTIARIES; LAW ENFORCEMENT

The cost of administering justice and of maintaining penal institutions is divided among the several governments in Canada. Since the appointment of this Commission, recommendations have been made to the Dominion Government by the Royal Commission to Investigate the Penal System of Canada. These include proposals for the reorganization of the present administration over provincial jails and reformatories, and penitentiaries. Our recommendation for a general power of delegation of jurisdiction by a province to the Dominion or vice versa, if adopted, will conveniently provide means for any change of jurisdiction involved in the recommendations of the Penal Commission. In view of the exhaustive inquiry made by the Penal Commission on the whole subject of penal institutions (including overlapping), we think it would be out of place for us to say anything further on the matter of overlapping in this field, but certain complaints were made at our public hearings and may be appropriately mentioned.

It was represented in hearings in the Maritime Provinces that the present arrangements were in some respects inequitable and anomalous, and especially that the cost of enforcing such federal statutes as the Customs Act bore with undue weight upon the municipalities where the offence happened to take place. In New Brunswick it was urged that excessive costs fell upon the municipalities from offences committed by Indians, who were held to be a Dominion responsibility. The inability of the weaker municipalities to provide modern penal institutions and uniformity of treatment was stressed. These, however, are matters to be settled between the provincial government (which is responsible for the enforcement of law and order) and its agent or creature, the municipality. If the financial adjustments recommended elsewhere are made, every province will be in a financial position to make whatever rearrangements with its own municipalities appear to be called for in the interests of equity and efficiency.

TRANSPORTATION

A separate section of this Report is devoted to the discussion of transportation problems, and one of the most important problems discussed there is

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44 Ev. p. 9027.
47 See Sect. A, Ch. I (2); and p. 47.
the actual and potential duplication of transportation facilities by the Dominion and the provinces.\textsuperscript{51} Indeed, duplication of services between governments is greatest in the field of transportation, and probable developments in transportation may tend to increase greatly this duplication unless a comprehensive scheme of co-operation between the Dominion and the provinces is evolved.

\textbf{COMPANY INCORPORATION AND REGULATION; INSURANCE; FISHERIES}

There is also some duplication of effort and services in the above fields although the costs resulting from this duplication are not large. These subjects, however, are discussed at length elsewhere and recommendations made thereon.\textsuperscript{52}

\textbf{SUMMARY OF OVERLAPPING AND DUPLICATION}

The foregoing indicates that the Commission's inquiries failed to disclose the measure of overlapping and duplication between governments which has been charged from time to time. This conclusion is supported by the testimony of witnesses whose close contact with administrative conditions should have placed them in a position to detect any substantial degree of such wastes.\textsuperscript{53} Every provincial government, as well as the Dominion Government, was asked to permit officials to appear and give evidence about overlapping. During the Ontario hearings questions were addressed to the Government of Ontario seeking precise evidence regarding allegations of overlapping made in the Ontario brief. Further information was promised but was not received.\textsuperscript{54} Similar requests to provide us with concrete evidence were made of business organizations,\textsuperscript{55} which had deplored the amount of duplication in government, but again with negative results.

It should, however, be reiterated that the failure to discover gross overlapping does not warrant the assumption that no administrative waste exists. We are satisfied that considerable sums could be saved to the Canadian taxpayer without material loss in efficiency of services by a systematic weeding-out of ill-considered or obsolete activities.

\textsuperscript{51} See pp. 260 ff.
\textsuperscript{52} See for Company Incorporation and Regulation, p. 56; Insurance, p. 69; Fisheries, p. 68.
\textsuperscript{53} Brief of Man., p. 321; Brief of Man., Pt. VIII, pp. 14-15; Brief of N.S., Ev. p. 610 ff.
\textsuperscript{54} At Ev. p. 8114 the following question was directed to the Government of Ontario: "Is Part 1 of the Ontario submission, p. 5, it is stated that there is 'gross prodigality and woeful waste in public administration' and that 'there is overlapping between the central and provincial bodies'? Would the Government of Ontario indicate as completely as possible where prodigality, waste and overlapping exist?" See also Ev. pp. 7403-04.
\textsuperscript{55} E.g. Winnipeg Board of Trade, Ev. p. 864; Canadian Chamber of Commerce, Ev. pp. 9538-39.

The Dominion Government has within its Civil Service Commission an embryo agency for the systematic canvassing of the efficiency of the civil service. The organization branch of that commission undertakes surveys of the day-by-day work of each civil servant; and on their recommendations depend promotions, reclassifications, new appointments and termination of posts. They report on any proposed expansion of administrative machinery. We believe that this device is sound, but needs considerable strengthening and extension to be effective. If the idea can be copied by the provincial governments it should result in greater efficiency in provincial services.

But many wastes are of a nature which such administrative surveys are unable to disclose since they arise from unwise, static and outmoded policies which fail to change with the needs of a dynamic economy. The Civil Service Commission is not in a position to criticize policy in public expenditure. If sums are voted for a stated purpose by Parliament, all that the Civil Service Commission can do, no matter what its private views may be regarding the value of the service, is to see that the sums are spent through an efficient organization. Critical appraisal of policy can be made only by representatives of the people. We suggest that the task of periodic reconstruction of all branches and departments of government be entrusted to a special committee of Parliament set up for the purpose. Instead of being permitted to coast along on its momentum in grooves worn smooth by custom, every branch and project of government should at intervals be called upon to justify its cost in terms of values to society. Only in some such way can the operations of government be kept free from deadwood and duplication. This suggestion, of course, applies to the Dominion alone, but some analogous method might be devised by the provincial governments.

From the point of view of the civil servant such periodic reapraisals, which in order to be of value would need to be drastic and conducted without fear or favour, would constitute a threat of insecurity of office that would raise some new problems. In choosing the civil service as a career many persons accept a somewhat smaller income and less attractive opportunities for advancement as an offset to the insecure speculative nature of employment in private enterprise. It would be necessary to combine security of tenure within the civil service as a whole with a new insecurity of special function. Any such increase of flexibility within the service would, we think, be a desirable attainment in itself.