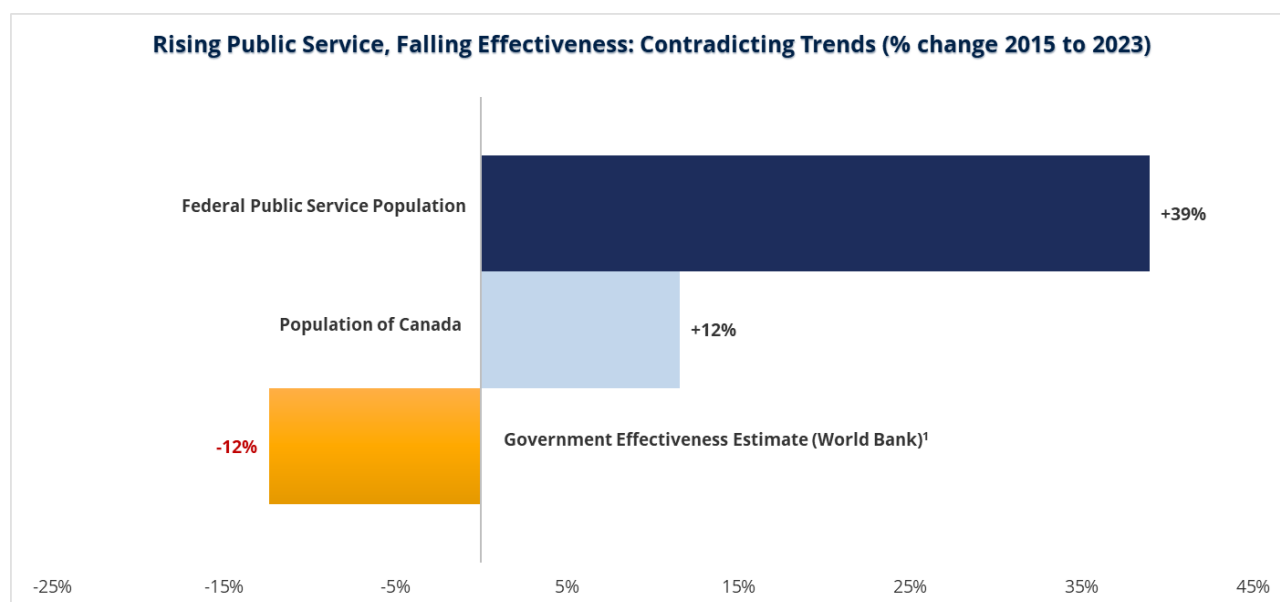


Canada's Federal Public Service: Growing Resources, Declining Effectiveness

Key Highlights:

- **Federal Public Service growth outpaced the Canadian population**, expanding by almost **40%** from 2015 to 2023, while the population grew only **12%**.
- **Government Effectiveness**, as measured by the World Bank, has **fallen by 12%** over the same period, despite higher expenditures and an expanding workforce.
- **Real Government Expenditure** increased by **33%**, yet Canadians are seeing **diminishing returns** in public service performance.



Source: Statistics Canada, World Bank, t6ix Economics.

1. Government Effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e. ranging from approximately -2.5 to 2.5.

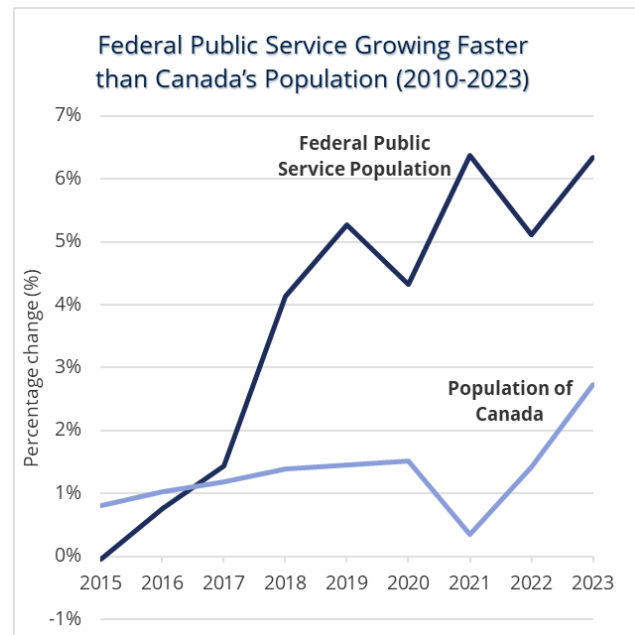
PUBLIC SERVICE EXPANSION: GROWTH WITHOUT GAINS

Between **2015 and 2023**, the Federal Public Service experienced explosive growth, expanding by **39%**. In contrast, Canada's population grew by only **12%** during this period. The gap between these growth rates begs the question: **Why hasn't this larger workforce translated into better service delivery?**

More hands on deck should mean smoother sailing, but the ship is still taking on water. **Public service effectiveness has actually declined despite this influx of resources.**

Comparing the percentage growth between the Federal Public Service and the Canadian population from 2015 to 2023 reveals a troubling mismatch. More employees are **not delivering more value**.

Chart 1



Source: Statistics Canada, t6ix Economics.

Annual changes in the Federal Public Service population versus Canada's population paint a picture of rapid public service growth that far outpaces population gains (**Chart 1**). While Canada's population increased steadily between 2010 and 2023, the Federal Public Service saw its population jump at a much faster rate — especially after 2015, highlighting a disproportionate expansion of government personnel relative to population needs.

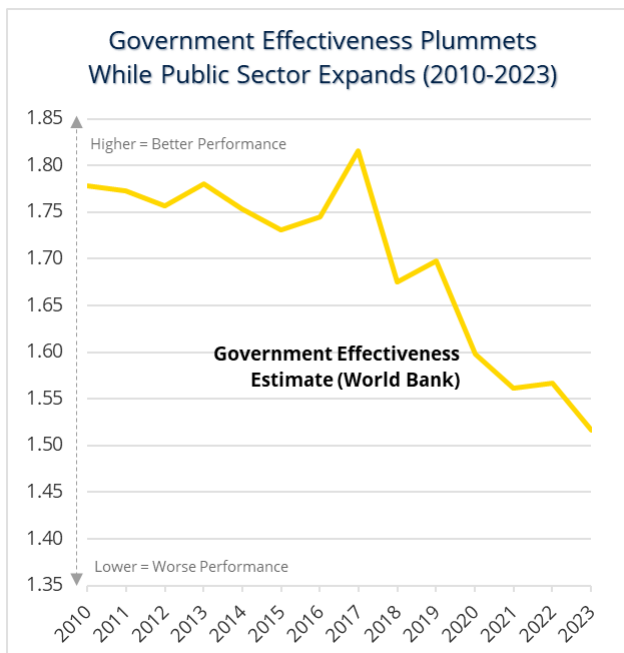
EFFECTIVENESS CONTINUES TO DECLINE DESPITE RESOURCE EXPANSION

Government effectiveness in Canada, as tracked by the **World Bank**, has been slipping (**Chart 2**). Despite a growing workforce and higher spending, the **Government Effectiveness Estimate**

has dropped by **12%** since 2015. This is more than just inefficiency — it's a **sign of systemic failure**. Adding more personnel without addressing underlying inefficiencies only amplifies the dysfunction.

From 2010 onward, there has been a **consistent downward trend in effectiveness**, signaling a serious disconnect between the size of the government and its ability to deliver results. Simply put, **bigger hasn't been better**.

Chart 2



Source: Statistics Canada, World Bank, t6ix Economics.

What is the World Bank Government Effectiveness Estimate?

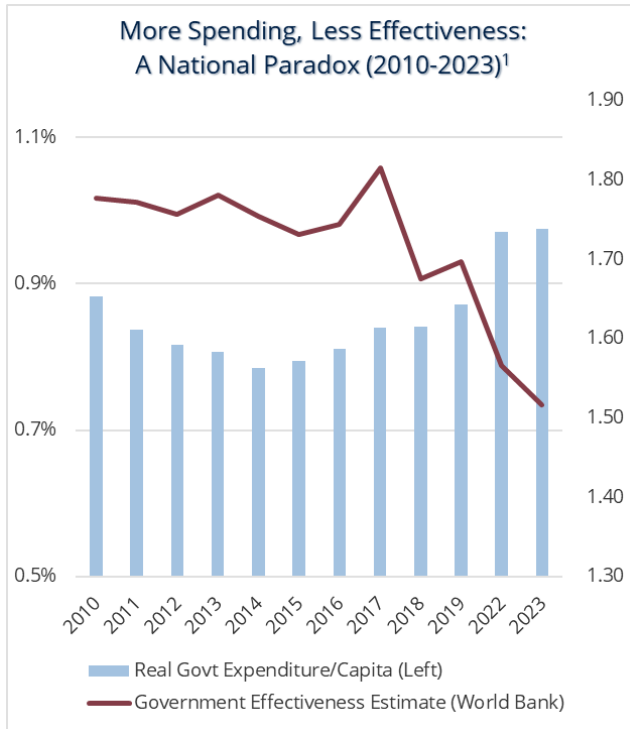
Government Effectiveness captures perceptions of the quality of public services, the quality of the civil service and its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to these policies. The estimate gives a country's score on the aggregate indicator, ranging from approximately -2.5 to 2.5.

SPENDING MORE FOR LESS

Between 2015 and 2023 **Total and Per Capita Real government expenditure** surged by **33%** and **22%** respectively (**Chart 3 & 4**). However, this increase in spending has failed to bring about any noticeable improvements in public sector performance. **The more the government spends per capita, the less effective it becomes (Chart 3)**. At what point do we recognize that increased spending isn't translating into better public services for Canadians?

As real spending climbs, **effectiveness continues to fall**. The disconnect between the two is clear — **more money doesn't equate to better results**. Government expenditures are rising rapidly, but service delivery is deteriorating.

Chart 3



Source: Statistics Canada, World Bank, t6ix Economics.

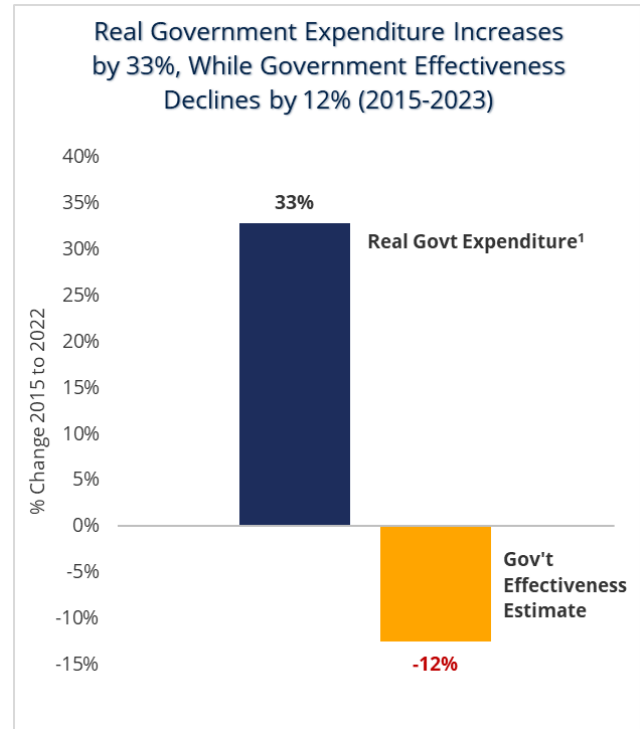
1. 2020 & 2021 data are excluded due to exceptional COVID-19 spending.

Note: Real government expenditure is indexed with 2015 as the base year (2015 = 100)

DISPARITY IN SPENDING AND EFFECTIVENESS

When comparing the **percentage change in real government expenditure** and **government effectiveness** between 2015 and 2023, the disparity becomes impossible to ignore. **Nominal Government spending jumped by 70%**, while **effectiveness dropped by 12%**. This inverse relationship suggests that **throwing more money at the problem isn't the solution**. Without significant reforms to how resources are allocated and managed, this trend will continue.

Chart 4



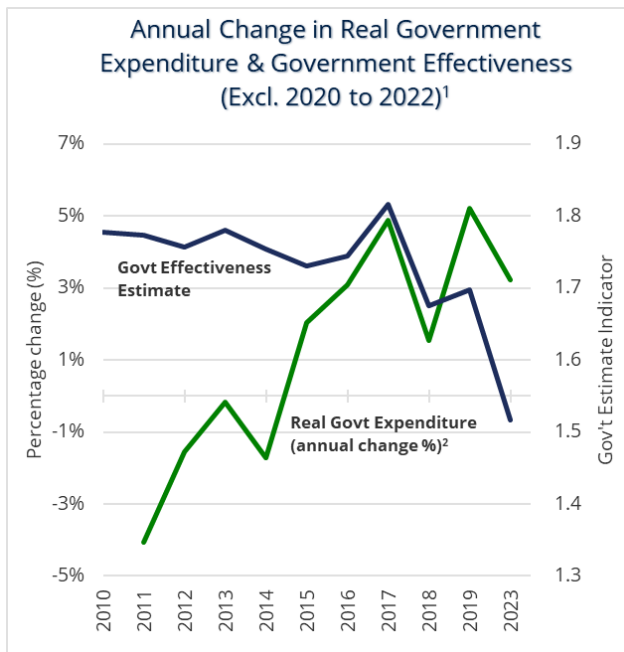
Source: Statistics Canada, World Bank, t6ix Economics.

1. Real government expenditure is indexed with 2015 as the base year (2015 = 100)

LONG-TERM TRENDS (EXCL. 2020 AND 2021)

To get a clearer view of **long-term trends**, years **2020 and 2021** have been excluded due to exceptional COVID-19 spending. Even without the pandemic, the upward trend in **real government expenditure** is undeniable. **Effectiveness, however, has continued to decline (Chart 5).**

Chart 5



Source: Statistics Canada, t6ix Economics.

1. 2020 & 2021 data are excluded due to exceptional COVID-19 spending. 2. Real government expenditure is indexed with 2015 as the base year (2015 = 100)

THE BIGGER THEY ARE, THE HARDER THEY FALL

The pattern emerging here is one of **overexpansion**. It's like a baseball team that adds more players to the roster without improving its strategy. The team might look stronger on paper, but in practice, it's still losing games. **Canada's Federal Public Service is much the same** — a larger workforce, higher expenditures, but **less value delivered** to Canadians. The data shows that **bigger isn't always better**.

So why is this happening? The problem is that **simply adding more employees doesn't solve underlying inefficiencies** in service delivery. Without reforms, the public service is **expanding in all the**

wrong ways. The government is not playing to win; **it's just padding the roster**.

A SYSTEM IN NEED OF REFORM

Canada's Federal Public Service population has grown by **39%** since 2015, far outpacing population growth. Yet, despite these additional resources, **government effectiveness has dropped by 12%**. Canadians are paying more in taxes but receiving **less in terms of public service performance**. The numbers tell a clear story: **growth without efficiency is a losing strategy**.

- **Public Service Expansion:** While the public service grew by almost 40%, Canada's population grew by only **12%**. This disproportionate growth raises concerns about **resource allocation** and **management**.
- **Spending Surge: Real government expenditure per capita** increased by **22%**, yet effectiveness declined. This signals that **increased funding alone is not the answer**.
- **Effectiveness Decline:** A **12% drop in effectiveness**, despite more personnel and spending, points to **deeper systemic issues** in how the public sector operates.

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