

SYSTEM OF GOVERNMENT: Parliamentary

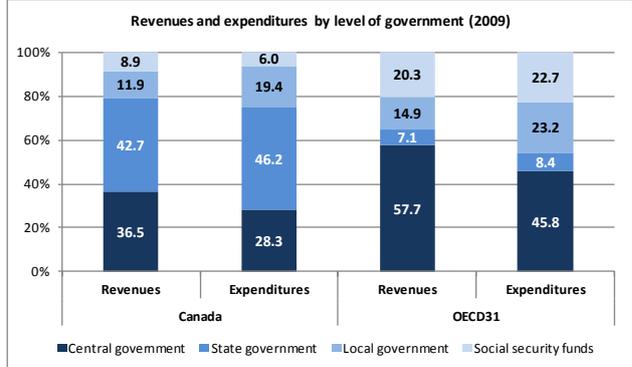
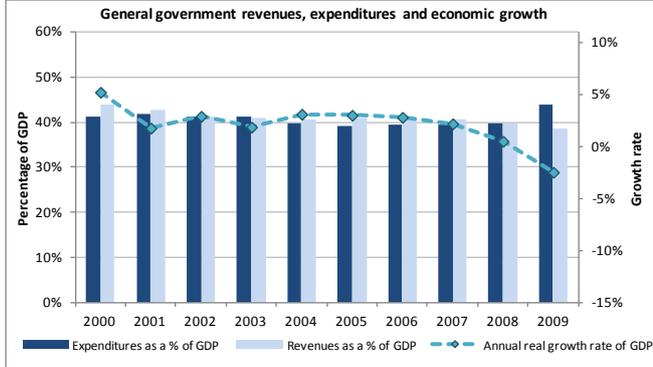
- No. of ministries: 32 (2010)
- No. of governments over last 20 years: 9
- No. of coalitions over last 20 years: 0

STATE STRUCTURE: Federal (10 provinces and 3 territories)

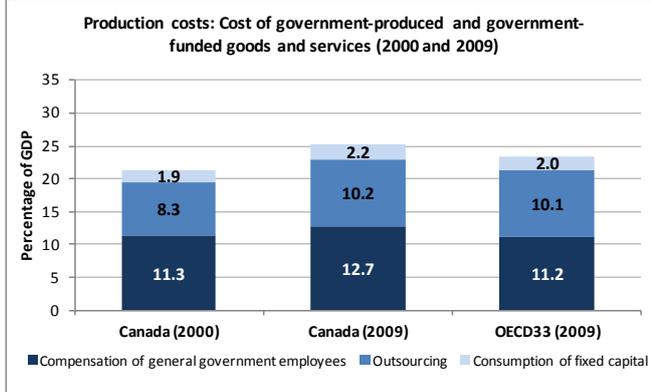
LEGISLATURE: Bicameral

- Upper house: Not elected
- Lower house: elected using First Past the Post

Government expenditures were just below 40% of GDP from 2004-08 while revenues slightly exceeded this amount as the government recorded consistent budget surpluses over this period. Canada was affected by the global crisis in 2009, with growth falling and government expenditures rising as fiscal stimulus was implemented. Provincial governments play an important role in public service delivery and have the autonomy to collect their own revenues. In addition, "equalisation" transfer payments are made to less affluent provinces to ensure comparable levels of services.



Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] [Revenues by level of government] [Expenditures by level of government]



Slightly more than 25% of the economy was devoted to producing public goods and services in 2009, more than the OECD average of 23.3%. Compared to other OECD countries, the Canadian government relies slightly less on the use of private and non-profit actors to provide public goods and services (*i.e.* outsourcing) and slightly more on its own employees in the production process, although the use of outsourcing increased between 2000 and 2009.

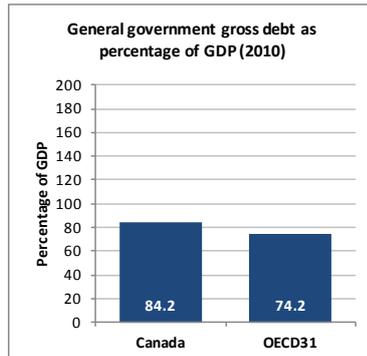
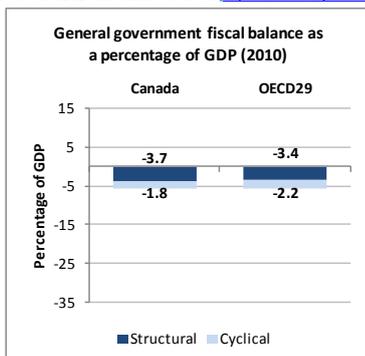
Source: OECD National Accounts. [Production costs]

Structure of general government expenditures by function (2008)



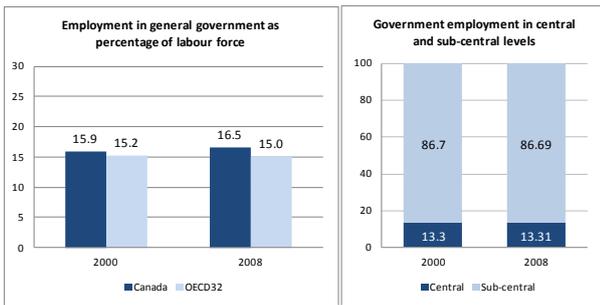
Source: OECD National Accounts. [Expenditures by function]

As in most other OECD countries, social protection programmes consume the largest share of government spending at 23.4%, although much lower than the OECD average of 33.5%. The Canadian government spends a larger share on general public services than in other countries, perhaps reflecting its federal structure, and devotes a greater proportion of resources to education and health.



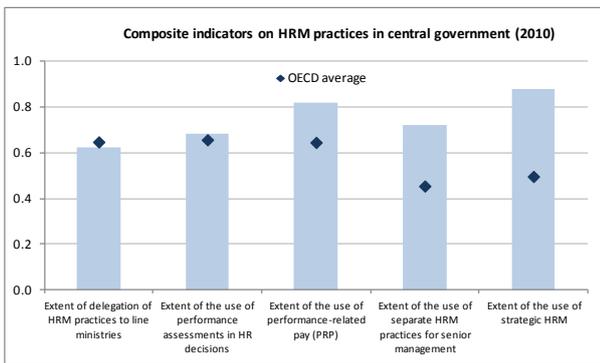
Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [Fiscal balance] [Debt]

The Canadian government operated at a negative fiscal balance in 2010 (-5.5% of GDP), slightly better than the OECD average. Most of the deficit was structural in nature. Canada has projected to balance its federal budget by 2015 by constraining expenditures, including continuing department spending reviews to identify savings from low-priority and low-performing programmes. At 84.2% of GDP in 2010, general government gross debt is Canada was higher than the OECD average. Debt would be less if net debt (which accounts for financial assets) was used in place of gross debt.



In Canada, general government employment as a share of the labour force has remained fairly stable 2000-2008, rising only slightly from 15.9% to 16.5%. This is just above the OECD average of 15%, and well within the range of 6.7%-29.3% covered by the OECD area. With only 13.3% of government staff working at the central government level in 2008, Canada is one of the most decentralised countries (among those covered in this study) in terms of public employment. Overall federal spending restraint, an Administrative Services Review and review of all departmental spending were announced in the Budget 2010, which should result in reductions in the size of the public service.

Source: International Labour Organisation. [\[General government employment\]](#) [\[Distribution by level\]](#)



In the Canadian federal government's HRM system, most functions—expect those related to pay and working conditions—are delegated to line ministries, ensuring a relatively large amount of autonomy to make HRM decisions. While performance assessments are applied to a similar extent as in other OECD countries, performance-related pay is utilised more extensively. It is also characterised by a cadre of senior civil servants that are managed separately with significantly different HRM practices than the other staff. The Canadian federal government is strong in strategic human resources management. The Management Accountability Framework (MAF) is a key performance management tool that the government uses to support the accountability of deputy heads and improve management practices across departments and agencies. HRM is one of the core areas of management assessed.

Source: OECD 2010 Strategic HRM Survey. [\[Delegation\]](#) [\[Performance assessment\]](#) [\[PRP\]](#) [\[Senior management\]](#) [\[Strategic HRM\]](#)

Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	Yes	No	No	No	97%
Selection & evaluation criteria	Yes	No	No	No	97%
Tender documents	Yes	No	No	No	82%
Contract award	Yes	Yes	No	No	100%
Justification for award	No	No	No	No	59%
Tracking procurement spending	No	No	No	No	32%

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

Achieving greater transparency in public procurement is important; especially given that the Canadian Government spent an estimated 12% of GDP on public procurement in 2008. Like the majority of OECD countries, Canada publishes most public procurement information on its central procurement website, namely the Government Electronic Tendering System (GETS) (www.merx.com). All contract awards and contract amendments over \$10 000 are proactively disclosed on a quarterly basis and available through the central portal. Only further information on contract awards (name and amount of selected contractor) is published by the contracting entity's website.

Currently, Canada does not publish information on the justification for awarding a contract to a selected contractor nor does it allow tracking public procurement spending on line as is done by 59% and 32% OECD member countries, respectively. In Canada, bidders do not need to enrol in a national registry to request tender documents; however, suppliers need to hold a valid Procurement Business Number (PBN) with the Canada Revenue Agency (CRA) in order to be awarded a contract.

Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public.

Source: OECD 2010 Survey on Public Procurement. [\[Transparency in public procurement\]](#)

REGULATORY GOVERNANCE

Regulatory governance mechanisms, 2008

Functions of the oversight body	Year	Percentage of OECD countries responding "yes"	CANADA
Consulted as part of process of developing new regulation	2005	73%	Yes
	2008	82%	Yes
Reports on progress made on reform by individual ministries	2005	43%	Yes
	2008	56%	Yes
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	43%	Yes
	2008	50%	Yes
Conducts its own regulatory impact analysis	2005	43%	No
	2008	47%	No
Anticipating compliance and enforcement			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	57%	Yes
	2008	70%	Yes
Guidance for regulators on compliance and enforcement	2005	37%	Yes
	2008	47%	Yes
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	30%	Yes

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

The Canadian government has set up an institutional structure for regulatory management within the Treasury Board Secretariat (TBS), which is the administrative branch of the Treasury Board, a cabinet committee in charge of the federal civil service. TBS has responsibility for regulatory affairs with the support of the Regulatory Affairs Sector (RAS).

RAS has three main missions: it contributes to the development of policies, it gives advice on Governor in Council submissions, and it assists departments in building their internal capacity to comply with the 2007 Cabinet Directive on Streamlining Regulation, particularly in the areas of cost-benefit analysis, risk assessment and performance measurement and evaluation. This includes reviewing regulatory impact analyses prepared by regulatory bodies. The Department of Justice drafts legislation and reviews draft regulations to promote internal consistency and overall legal quality. The Canadian government has established an external advisory body on administrative simplification, the Advisory Committee on Paperwork Burden Reduction.

The Cabinet Directive on Streamlining Regulation contains specific provisions on compliance and enforcement. The government has undertaken to develop guidelines on how to integrate risk assessment in the regulatory impact assessments. More broadly it is one of the few OECD governments that have established formal policy statements on risk.

Source: OECD 2008 Survey on Regulatory Management; OECD (2010), *Risk and Regulatory Policy – Improving the Governance of Risk*, OECD Reviews of Regulatory Reform, OECD Publishing, Paris.

[\[Oversight bodies\]](#) [\[Compliance and enforcement\]](#)

OPEN GOVERNMENT

Disclosure of public sector information, 2010

Types of information disclosed	Proactive disclosure		
	Canada	OECD32	Publication channels
Budget documents	●	94%	CP, MA
Audit reports	●	72%	CP, MA
List of public servants and their salaries	○	28%	Not published
Sharing of administrative data			
Administrative data sets	⊙	66%	MA
Requirements on publishing in open data formats	No	53%	–
<ul style="list-style-type: none"> ● Required to be proactively published by FOI laws ⊙ Not required by FOI laws, but routinely proactively published ○ Neither required nor routinely published <p>CP= central portal; MA= ministry or agency website; OW=other website OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.</p>			

Canada's Freedom of Information legislation- which include among others the Access to Information Act, the Privacy Act and the Federal Accountability Act, require the government to proactively publish budget documents and audit reports in both official languages, English and French (as required by the Official Languages Act). Although not required to by the this legislation, the government also publishes administrative data sets and has launched an online Open Data Portal, which made more than 260,000 datasets from ten participating departments available to all Canadians. However, while 53% of OECD countries have requirements to publish information in open data formats, Canada does not which could hinder the re-use of information by other parties. Similarly to most OECD countries, Canada does not publish lists of public servants and their salaries. Only collective agreements and salary scales for the federal public service are published centrally (www.tbs-sct.gc.ca/pubs_pol/hrpubs/coll_agre/siqlist-eng.asp). The main publication channels used by Canada are central portals (such as the Government of Canada portal www.canada.gc.ca, the Library and Archives portal www.collectionscanada.gc.ca/the-public/005-1114-e.html and the government of Canada Publications portal www.publications.gc.ca) and ministry or agency websites such as *Statistics Canada*, *Environment Canada*, *Health Canada* and *Natural Resources Canada*. Besides the Access to Information Act, a variety of federal sources require the publication of information such as the Financial Administration Act for authorities to publish information on departmental budgets and finances.

Source: OECD 2010 Survey on Access to Information. [\[Disclosure of information\]](#) [\[Publication channels\]](#)

Similar to most OECD countries with a single-entry procurement website, Canada allows businesses to perform tender searches, thereby facilitating equal access to procurement opportunities. However, the single-entry site does not allow users to track the outcomes of contracts, a functionality/service that can allow for greater transparency in the procurement process. No data are available for Canada regarding e-government laws and policies.

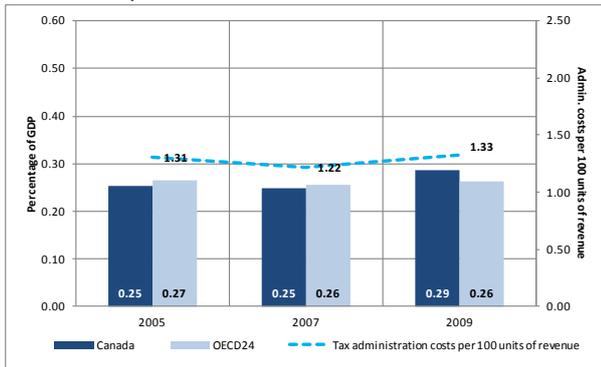
Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [\[E-enabling laws\]](#) [\[E-procurement\]](#)

E-GOVERNMENT

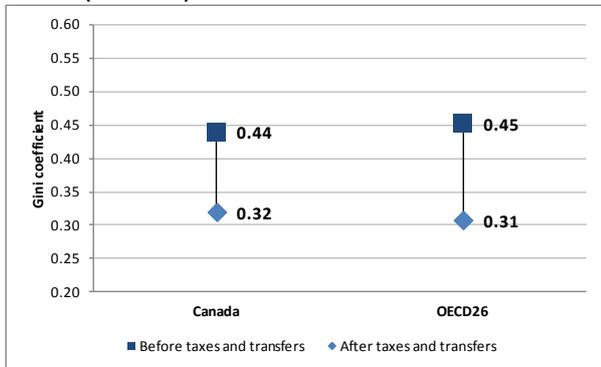
E-Government building blocks and e-procurement, 2010

e-enabling laws and policies	Canada	OECD25
Recognition & use of digital signature	..	100%
Electronic filing within the public sector	..	88%
Administering PPPs for e-government projects	..	64%
Services offered on single-entry procurement website		
Tender searches	●	62%
Tracking of outcomes of contracts	○	32%
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable		

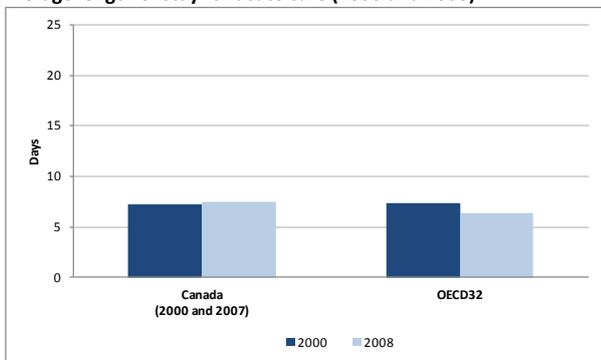
Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)



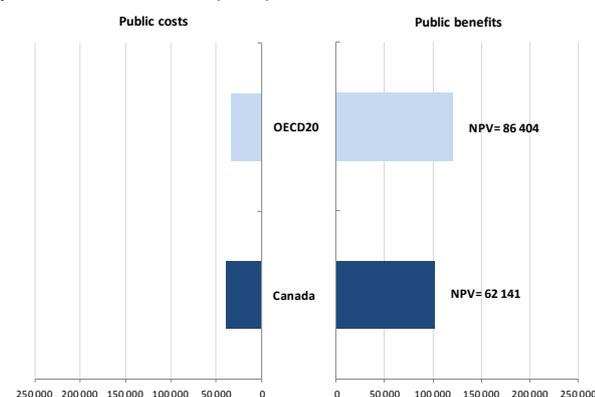
Differences in income inequality pre- and post-tax and government transfers (mid-2000s)



Average length of stay for acute care (2000 and 2008)



Public net present value for male obtaining tertiary education as part of initial education (2006), USD PPP



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The “cost of collection ratio,” for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/ or improved tax compliance. In Canada, the administration costs of collecting 100 units of revenue have increased- but only slightly- from 2005 to 2009. This could be partly explained by increases in revenue body expenditures, as well as a reduction in tax revenue following the crisis. Canada’s new Provincial Sales Tax Administration Reform initiative plans to harmonize provincial sales taxes in Ontario and British Columbia with the federal Goods and Services Tax (GST). This is a major development in Canadian tax administration could improve efficiency by eliminating administrative duplication.

Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [\[Total revenue body expenditures\]](#) [\[Tax administration costs per 100 units of revenue\]](#)

One method of assessing the effect of government tax and transfer policies on income inequality is by assessing a country’s Gini coefficient before and after taxes and transfers. The effect of government redistributive policies on income inequality is slightly lower in Canada than on average in the OECD. Canada achieved a 0.12 point reduction in the Gini coefficient following its tax and transfer policies, compared to an average 0.14 point reduction in OECD countries. This could be partly explained by the fact that Canada spends less on cash benefits such as unemployment benefits and family benefits than most OECD countries. After 20 years of continuous decline, inequality has increased in Canada in the past 10 years.

Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, OECD Publishing, Paris. [\[Differences in inequality\]](#)

The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in hospital for curative care. Over time, reductions in ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilising less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Unlike most OECD countries- where the ALOS decreased by about one day between 2000 and 2008- the ALOS increased slightly from 7.2 days in 2000 to 7.5 days in 2007 in Canada. In some countries, this can be linked to an abundance of hospital beds and/or financial incentives inherent in hospital payments methods. Too short a length of stay however could cause an adverse effect on health outcomes.

Source: OECD Health Data 2010. [\[ALOS for acute care\]](#)

Both government and society gain economic benefits from increased schooling. Obtaining a tertiary education helps people enter the labour market and earn more, thereby increasing government tax revenues. A more educated and employed population can also reduce the government obligations for benefits and social assistance. At around USD 62 100, Canada’s public net present value (NPV) for a man obtaining tertiary education is slightly lower than the OECD average. This measure represents the public economic returns to education after having accounted for the costs of this education. In the case of Canada, the NPV is over 1.5 times the net public investment in tertiary education.

Source: OECD (2010), Education at a Glance 2010: OECD Indicators, OECD Publishing, Paris. [\[Public NPV of education\]](#)

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

“Gross general government debt” refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: www.oecd.org/gov/indicators/govataglance.

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

Regulatory governance: The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

Tax efficiency: Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

Differences in income inequality pre- and post-tax and government transfers: The values of the Gini coefficient range between 0 in the case of “perfect equality” (*i.e.* each share of the population gets the same share of income) and 1 in the case of “perfect inequality” (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

Public net present value for male obtaining tertiary education: Tertiary education refers to levels 5 and 6 in the International Standard Classification of Education (ISCED 97). Public costs include lost income tax receipts during the schooling years and public expenditures related to tertiary education. Public benefits include additional tax and social contribution receipts associated with higher earnings, and savings from transfers (housing benefits and social assistance) that the public sector does not have to pay above a certain level of earnings. The discount rate is set at 3%, which largely reflects the typical interest on an investment in long-term government bonds in an OECD country.