

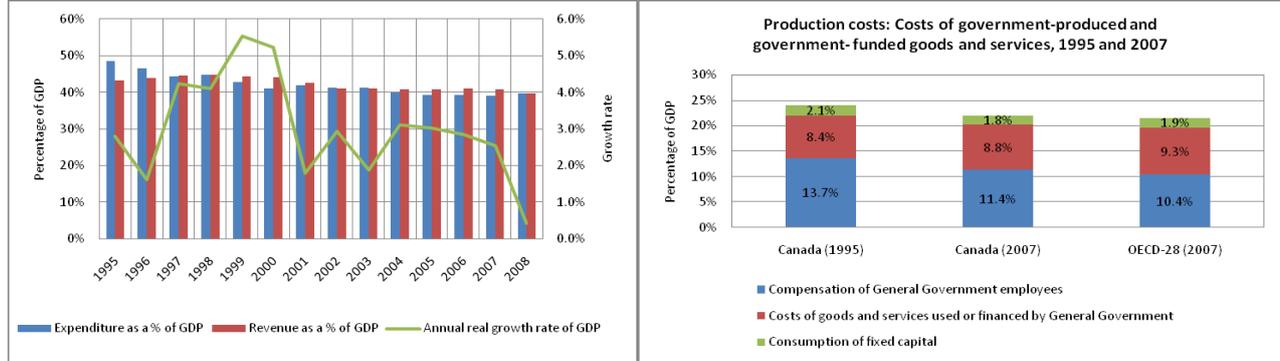
**LEGISLATURE: Bicameral**

- Upper house: non-elected
- Lower house: elected using First Past the Post

**SYSTEM OF GOVERNMENT: Parliamentary**

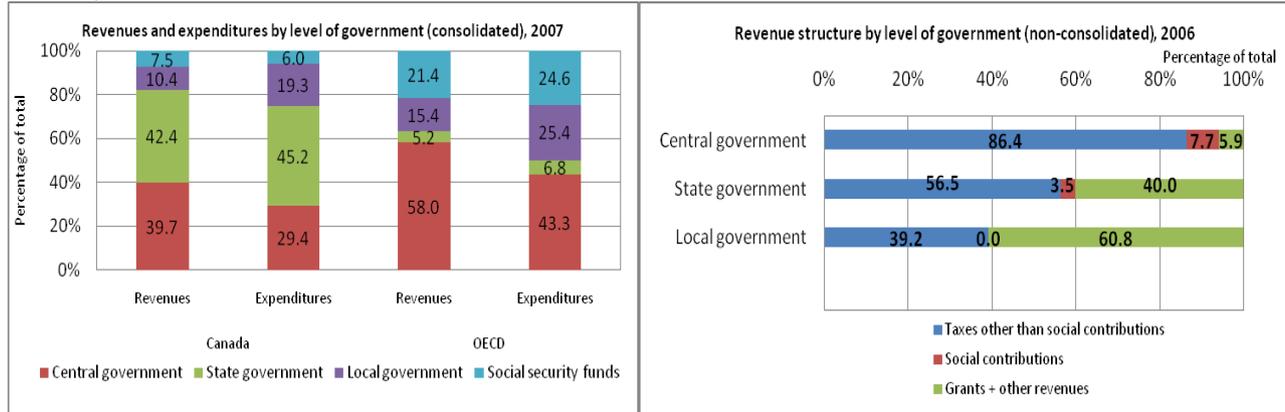
- No. of ministries: 25 (2008)
  - No. of ministers: 27 (2008)
- STATE STRUCTURE: Federal** (10 provinces and 3 territories)

Revenues and expenditures as a share of GDP have steadily decreased over the past decade, representing around 40% of GDP in 2007, and the Canadian government has enjoyed many consecutive surpluses. Over the long term, the trend in programme spending has been downward, sparked by successful programme review exercises between 1995 and 1999. The government has committed to limiting the growth of programme spending, on average, to below the rate of growth in the economy. Budget surpluses since 1997 have enabled major debt and tax reductions. Total production costs as a share of GDP decreased in Canada between 1995 and 2007, driven by decreases in compensation costs as a share of GDP. The share of production costs going to private sector actors has remained roughly the same.



Source: OECD National Accounts and Economic Outlook [Revenues] [Expenditures] [Production costs]

Provincial government has a major role in general government, collecting and spending over 40% of monetary resources. The role of the federal (central) government and social security funds in Canada are rather marginal compared to average situation in OECD countries. The federal government makes major transfers to the provinces and territories to help fund health care, post-secondary education and other social services. In addition, "equalisation" transfer payments are made to the less affluent provinces to help them provide public services at a level comparable to wealthier provinces.



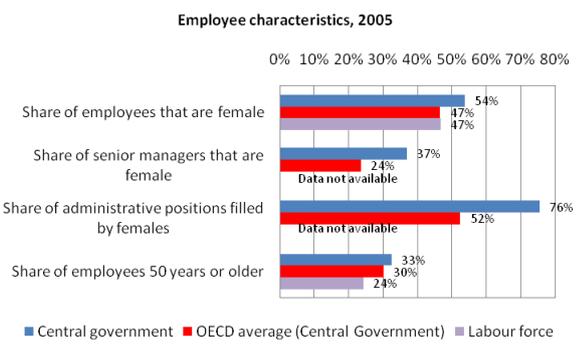
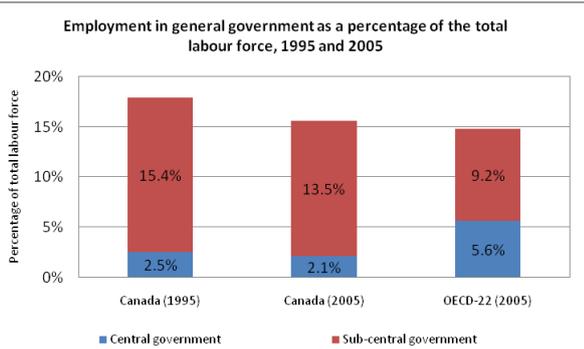
Source: OECD National Accounts [Revenues] [Expenditures]

The share of general public services, health and education expenditures in general government are notably higher in Canada than the OECD average. The higher share of expenditures on general public services is potentially a result of Canada's federal structure. Public order and safety is largely the responsibility of local governments. Provincial governments are responsible for health, education and social services while local governments are mainly involved in education and economic affairs. The federal government spends most resources on social protection and general public services.

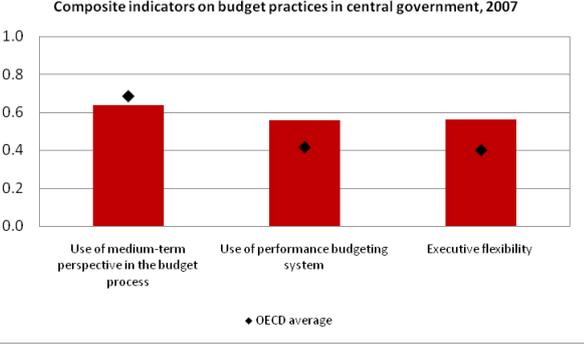
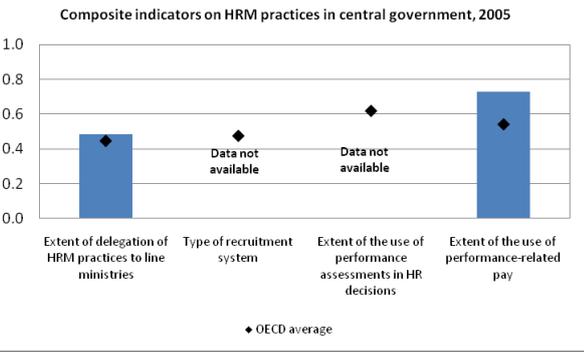
Expenditure structure by function of government (non-consolidated), 2006 Share of total	Canada			OECD-26	
	Federal (Central) government	Provincial (State) government	Local government	General government	General government
General public services	33.2%	13.8%	8.6%	18.6%	13.8%
Defence	6.6%	0.0%	0.0%	2.6%	3.4%
Public order and safety	3.7%	2.9%	9.0%	4.0%	3.8%
Economic affairs	7.9%	8.5%	13.0%	8.6%	10.6%
Environment protection	0.7%	0.4%	5.8%	1.4%	1.7%
Housing and community amenities	1.5%	1.3%	7.7%	2.3%	2%
Health	10.1%	33.5%	1.5%	18.7%	15.1%
Recreation, culture and religion	2.0%	1.1%	6.8%	2.3%	2.6%
Education	2.6%	23.4%	42.1%	18.3%	12.9%
Social protection	31.6%	15.2%	5.5%	23.3%	34.2%

Source: OECD National Accounts [General government] [Central, state and local]

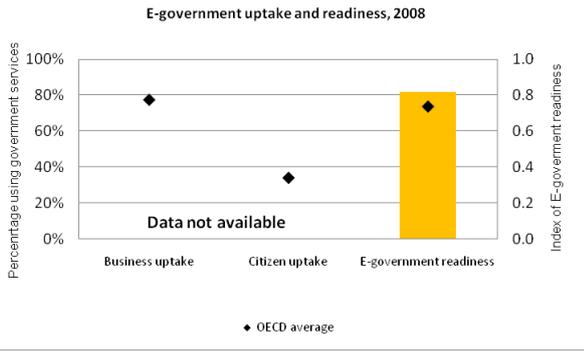
**GOVERNMENT EMPLOYMENT: SIZE AND CHARACTERISTICS**



**COMPOSITE INDICATORS: PUBLIC MANAGEMENT PRACTICES**



**E-GOVERNMENT**



Government employment in Canada is extremely decentralised due to the constitutional division of powers as well as the increased delegation of responsibilities from the federal government to provincial and local governments. As a result, the bulk of government employees work in provincial and local governments. The share of the labour force employed by government has decreased between 1995 and 2005 both at the federal and the provincial and local levels, largely due to large increases in the total labour force which outstripped increases in government employment.

Source: OECD Comparison of Employment in the Public Domain Survey and Labour Force Survey  
[\[General government employment\]](#) [\[Distribution by level\]](#)

Females represent a larger proportion of the federal (central) government workforce than the general labour force. Within federal government, females are much better represented in administrative positions - where three-quarters of all administrative positions are filled by women - than in senior managerial posts. However, more senior managerial positions are filled by women in Canada than in most OECD countries (37% is the second highest ratio among OECD for which data are available). An ageing workforce remains a challenge for the federal government in terms of its ability to maintain capacity and continuity, but it also created an opportunity for reforming positions and recruiting staff with different skill sets.

Source: OECD Strategic HRM Survey and Labour Force Survey  
[\[Female participation\]](#) [\[Ageing\]](#)

The Canadian system of HRM is rather delegated with line ministries having a relatively large amount of autonomy to make HRM decisions. While information has not been provided on recruitment practices and the use of performance assessment, performance-related pay is utilized more extensively than in many other OECD countries. The Canadian federal government is characterised by a cadre of senior civil servants that are managed separately with significantly different HRM practices than the other staff.

Source: OECD Strategic HRM Survey  
[\[Delegation\]](#) [\[Recruitment\]](#) [\[Performance management\]](#)

The Canadian federal government has taken steps to include a medium-term perspective in the budget process. Budget documents present aggregated projections of the government's expenditure plan for the coming and following two fiscal years. The government of Canada does not practice "performance-based budgeting" in a narrow sense but rather uses performance information throughout the main phases of an annual resource management cycle. Although there are exceptions to the rule, most of what constitutes direct programme spending (roughly 40% of the budget) is subject to performance measurement. Performance management in Canada has evolved from a system focused on inputs, activities and outputs, to one more capable of setting and measuring outcomes or results. Federal departments have a relatively high level of flexibility to adjust budgeted funds and can allocate and reallocate resources to ensure alignment with priorities and aggregate expenditure control.

Source: OECD International Budget Practices and Procedures Database  
[\[Medium-term\]](#) [\[Performance budgeting\]](#) [\[Executive flexibility\]](#)  
 OECD Journal on Budgeting: [www.oecd.org/gov/budget/journal](http://www.oecd.org/gov/budget/journal)

Canada was at the forefront of developing e-government. Overall, it exhibits a high-degree of e-government readiness characterised by pervasive access to Internet services, an educated population and a high amount of information and services available online. In particular, Service Canada, run by the federal government, (<http://www.servicecanada.gc.ca/eng/home.shtml>) is a "one-stop-shop" for service provision to citizens with an extended net of local service facilities in different provinces and local communities.

Source: United Nations E-Government Readiness Knowledge Base, Eurostat.  
[\[Readiness\]](#) [\[Uptake\]](#)  
[\[OECD E-Government Publications\]](#)

**INTEGRITY**

**Types of information federal government decision makers are required to disclose and level of transparency, 2009**

Requirements for public disclosure t	Prime Minister	Minister	Lower House Legislators	Upper House Legislators
Assets and liabilities	DP	DP	DP	DP
Loans	DP	DP	DP	DP
Sources and level of income	D	D	DP	DP
Outside positions	DP	DP	DP	DP
Gifts	DP	DP	DP	DP
Previous employment	D	D	ND	ND

D= Disclosed; DP= Disclosed and publicly available; ND= Not disclosed; NA= Not applicable.

Canada requires elected officials from the legislative branch in the federal government to disclose and make publicly available financial information on assets, liabilities and loans plus other personal information on outside positions and gifts. Legislators' reports on the sources and level of their income are made public. Elected members of the executive are also required to disclose information on previous employment, although this is not made available to the public. One integrity office, the Office of the Conflict of Interest and Ethics Commissioner, oversees the Prime Minister and Cabinet, lower house legislators and senior members of the public service. There is a separate Ethics Officer for the upper house of Parliament.

Source: OECD Survey on Integrity  
[\[Disclosures\]](#)

**REGULATORY MANAGEMENT**

**Requirements for Regulatory Impact Analysis (RIA) processes used by central governments**

	2005	2008
Quality reviewed by body external to Ministry preparing rules	Yes	Yes
Required for draft primary laws	Always	Always
Required for draft subordinate regulations	Always	Always
Required to quantify costs	Always	Always
Required to quantify benefits	Always	Always
Required to publicly release results	Always	Always

The 2005 and 2008 surveys of Indicators of Systems of Regulatory Management examined the extent of governance practices designed to improve the quality of regulation in OECD countries. Among the most important practices are: the use of regulatory impact analysis (RIA) to assess the cost and benefits of new regulation and the institutional oversight of the quality of regulations; and the design of programs to reduce the costs of administrative activities on business and citizens.

**Extent of programs for reducing administrative burdens at the central level of government**

	1998	2005	2008
Explicit programme exists	Yes	Yes	Yes
Includes quantitative targets	Yes	No	Yes

Canada was an early adopter of RIA and has an advanced system for quality regulatory management systems among the OECD. In April 2007, Canada implemented a new regulatory policy intended to increase the responsiveness of its regulatory management system. This included improvements to regulatory co-ordination and co-operation at both the international and national levels as well as increased capacity building to support evidence-based regulatory design through RIA. Canada's policy also stresses the importance of bolstering consumer and public confidence in the regulatory system. The practice of conducting and publishing quantified cost-benefit analyses (CBAs) for regulatory proposals is intended to help achieve this objective. Canada has also made progress in reducing the administrative burden of regulations on small and medium-sized businesses by reaching its target of a 20% reduction in the paper burden in March 2009, as well as launching BizPal, an online one-stop shop for information business licenses and permits.

Source: OECD Survey on Regulatory Management.

[\[RIA\] \[Administrative simplification\]](#)

Regulatory Management Indicators: [www.oecd.org/regreform/indicators](http://www.oecd.org/regreform/indicators)

EU 15 reviews on Regulatory Reform: [www.oecd.org/gov/regref/eu15](http://www.oecd.org/gov/regref/eu15)

Background reports on Regulatory Reform: [www.oecd.org/regreform/backgroundreports](http://www.oecd.org/regreform/backgroundreports)

**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, the costs of goods and services produced by private entities funded by government (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 2009*.

**Employment characteristics:** The OECD averages refer to the following number of countries:

- Share of employees that are female: OECD-23
- Share of senior managers that are female: OECD-22
- Share of administrative positions filled by females: OECD-17
- Share of employees 50 years or older: OECD-25

**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 at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- **Delegation index** gathers data on the delegation of determining the number and types of posts needed in an organization, 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.
- **Type of recruitment system index** includes policies for becoming a civil servant in general (*e.g.* competitive examination or direct application) and for recruiting senior civil servants, and systems for appointing entry-level positions and for allocating posts across departments. This index describes a spectrum of recruitment systems in place in OECD member countries. Countries scoring closer to 0 have career-based systems whereas countries scoring closer to 1 have more position-based systems. The index does not evaluate the performance of difference systems.
- The **performance assessment index** indicates the extent to which it is 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 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.

**Budget 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 at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- The **medium term budget perspective index** contains information on whether countries develop and present multi-year expenditure estimates in the annual budget, the number of years the estimate covers, how often estimates are updated; and whether there are multi-year targets or ceilings and how often these are revised. This index measures the extent to which countries have developed a medium-term perspective in their budget process. However, it does not evaluate whether this perspective has been effective at achieving budget outcomes such as fiscal discipline and allocative efficiency.
- The **performance budgeting index** contains information on what type of performance information is developed; the processes for setting goals and targets; the process for monitoring and reporting on results; and if and how performance information is used in budget negotiations and decision making processes by key actors including the central budget authority, the line ministries and politicians. This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.
- The **executive flexibility index** contains the following variables: the extent to which lump sum appropriations are used; the number of line items in the budget; agencies' ability to carry-over unused budget allocations between years, borrow against future appropriations, reallocate between line items and keep efficiency gains; and constraints on the executive's ability to increase spending during budget execution. This index looks at the different levels of flexibility provided to the executive during budget execution. However, it does not measure whether this flexibility is used effectively or appropriately.

**E-Government:**

- The **UN e-government readiness index** ranges between 0 (low level) and 1 (high level). It measures the capacity of governments to implement and develop e-government services. Developed within the framework of the UN global e-government survey, the indicator consists of three sub-indices: (1) the web measure index, (2) the telecommunication infrastructure index and (3) the human capital index. The web measure index ranks countries based on the coverage, sophistication and availability of e-services and e-products. The index categorizes countries as having either an emerging, enhanced, interactive, transactional, or networked e-government presence. The telecommunication infrastructure index is a weighted average of 5 measures of ICT infrastructure capacity: PCs/100 persons, Internet users/100 persons, Telephone lines/100 persons, Broad-banding/100 persons and Mobile phones/100 persons. The human capital index is a weighted average of the adult literacy rate (two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (one-thirds weight).
- The e-government take-up by citizens indicator measures the percentage of individuals (aged 16-74) who used the Internet to interact with public authorities in the 3 months preceding the survey. Data are collected through Eurostat's annual Community Survey on ICT Usage in Households and by Individuals, and are only available for European countries.
- The e-government take-up by businesses indicator measures the percentage of enterprises using the Internet to interact with public authorities. Only businesses with 10 or more employees are included. Data are collected by national statistical offices based on Eurostat's annual Model Survey on ICT Usage and E-commerce in Businesses.