

Intelligence MEMOS



From: Andrew Parkin
To: Public Policy Analysts and Advocates for “National Plans”
Date: July 14, 2016
Re: CANADA – A COUNTRY LIKE NO OTHER

Policy-making in Canada unfolds in a context that is unique among industrialized countries, owing to the distinctive structure of our federation.

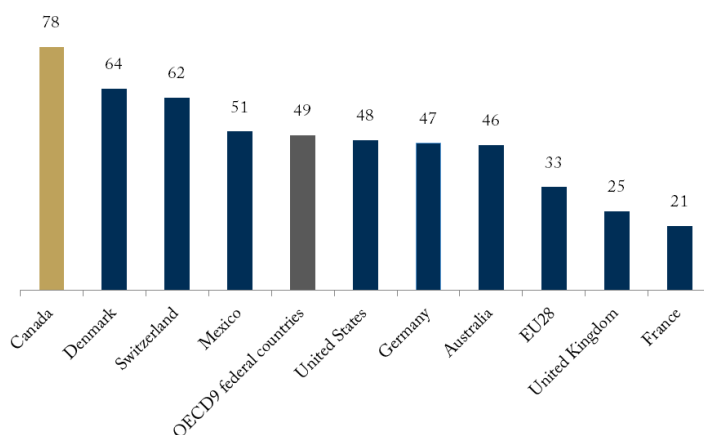
This uniqueness is captured by *OECD Regions at a Glance 2016*, which examines a variety of employment, health and housing indicators, as well as patterns of government spending. It shows not only that Canada has the largest “second level” of government in the OECD, but that it leads all the other countries – including the other federations – by a wide margin. Consider the following:

- On average, “subnational governments” in the OECD (i.e. provincial, state, regional and local governments) account for about 40% of all public spending (see figure). The average for the nine federations in the OECD is 49%. In Canada, however, provincial, territorial and local governments account for 78% of public spending.
- Canada tops the OECD in terms of the proportion of government revenue raised at a subnational level. On average, provincial, state, regional and local governments in the OECD account for 31% of public revenues; the average for OECD federations is 41%. The figure for Canada is 55%, ahead of other federations such as Switzerland (53%), Germany (49%), and the US (44%).
- The measure that most distinguishes Canada is that of the proportion of subnational government debt. Canada’s provincial, territorial and local governments account for 59% of public debt in Canada – a figure that is three times the overall OECD average and more than twice as high as the average for OECD federations.

One other figure is worth noting. The OECD reports that over the last 20 years, subnational government spending in Canada fell as a proportion of GDP by 2%, but increased as a share of total public spending by 9%. In other words, while the size of all governments has declined, the weight of government spending has been shifting from the federal to the provincial level.

How important are these facts and figures? At the very least, they serve as a reminder for analysts and advocates – both outside and inside of Canada – who tend to focus on what’s going on in Ottawa, as if that is where any and all governing of consequence is taking place. In reality, nearly all the expertise delivering critical public services, from healthcare to education to infrastructure and transit, rests with provincial and local governments. Four in five public dollars are allocated by decision-makers outside of the federal capital, and in this regard, Canada is a country like no other.

PROVINCIAL AND MUNICIPAL SPENDING AS A SHARE OF TOTAL GOVERNMENT SPENDING (PERCENT)



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