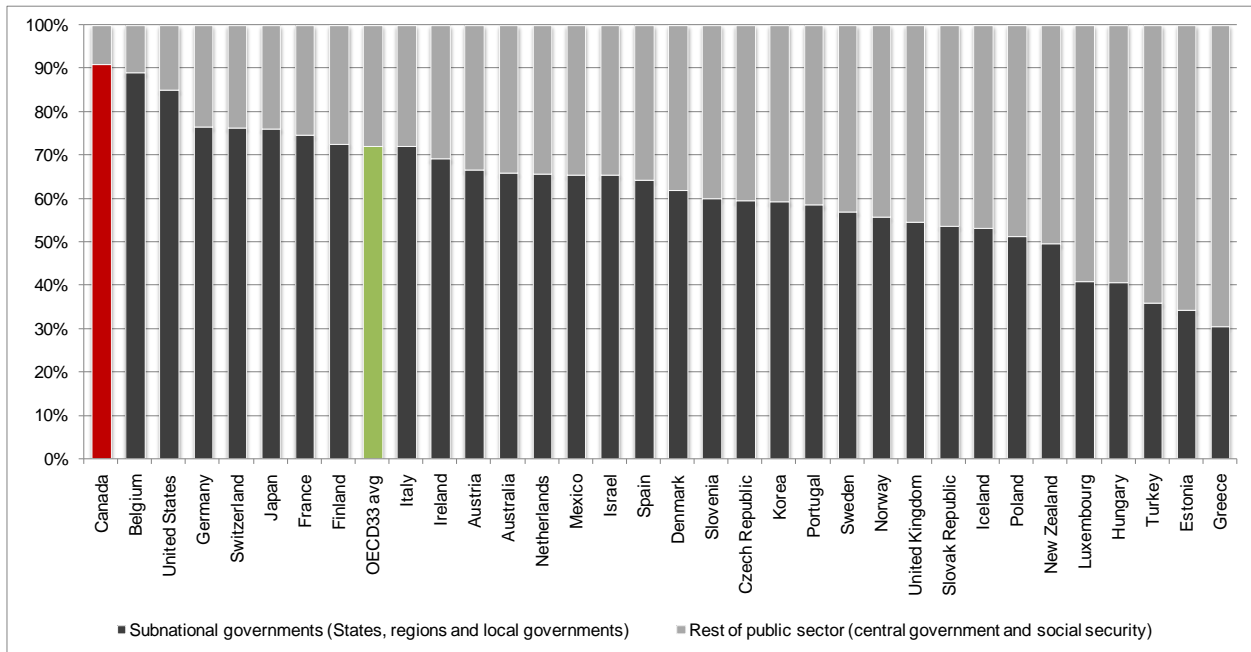


Country Fact Sheet

CANADA

Sub-national public direct investment in OECD countries, 2012

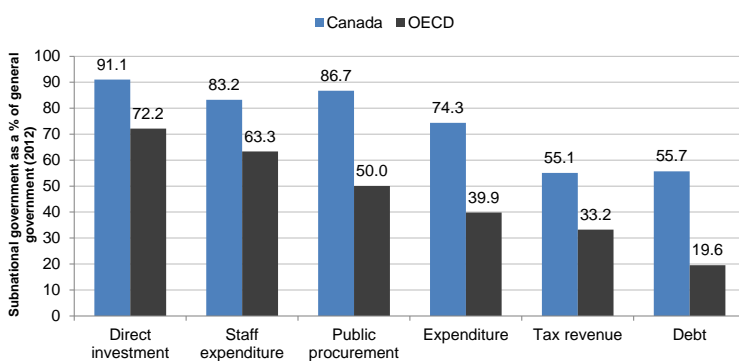
(as a share of public direct investment)



Note: Data for Australia, Mexico, Switzerland, the U.S., Israel, Japan, Korea, & Turkey from 2011; Data for Canada and New Zealand from 2010.

Source: OECD National accounts.

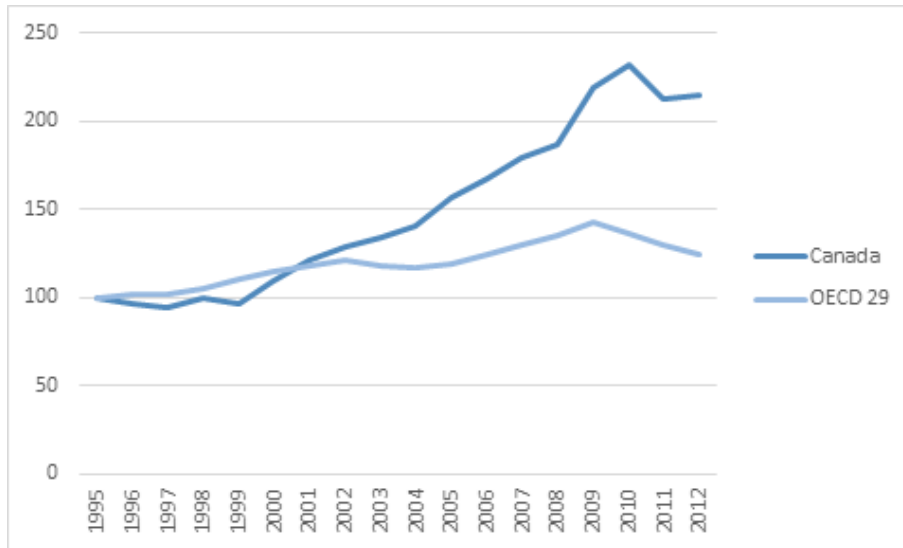
Figure 1. The role of sub-national governments in public finance in Canada



Source: OECD (2013), [Subnational governments in OECD countries: Key data](#).

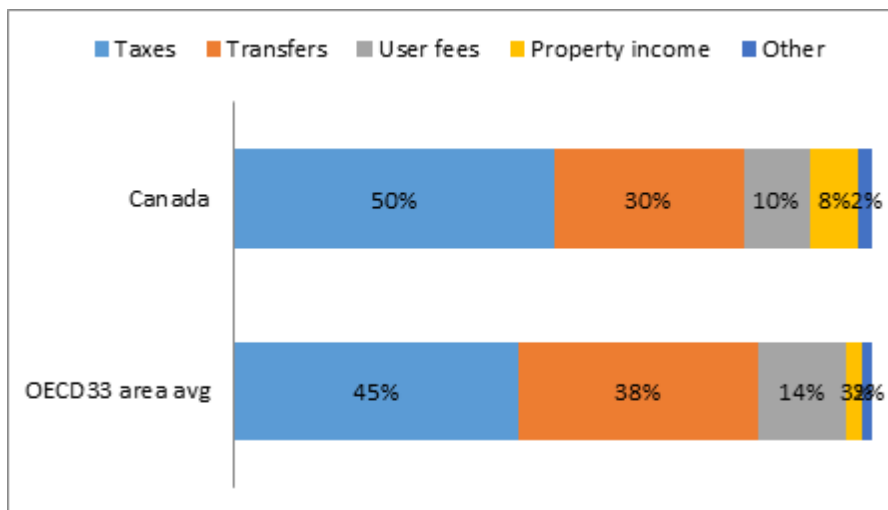
In Canada, 91% of the total public investment was carried out by sub-national governments (SNG) the highest among OECD countries, compared to 72% in the OECD area. SNG investment has increased in Canada from USD 1 129 per capita in 2007 to USD 1 474 per capita in 2012.

Trends in sub-national public investment in Canada



Source: OECD (2014) National Accounts.

Chart XX. Sub-national fiscal autonomy in Canada



Source: OECD (2013), [Subnational governments in OECD countries: Key data](#).

Breakdown of sub-national investment in Canada (data not available for Canada)

FACTS AND FIGURES RELATED TO PUBLIC INVESTMENT:	
General government public direct investment (USD billion), 2012	55.2
<ul style="list-style-type: none"> • Percent of GDP • Percent of public expenditure • In USD per capita 	4.1 9.4 1 618
Sub-national government public direct investment (USD billion), 2012	50.3
<ul style="list-style-type: none"> • Percent of GDP • Percent of sub-national public expenditure • Percent of total public direct investment • In USD per capita 	3.8 11.5 91.1 1 474
INDICATOR SUBNATIONAL FISCAL ATONOMY	
<ul style="list-style-type: none"> • Tax revenues (2012) [Percentage in total sub-national revenues] • User fees (2012) • Property income • Transfers (2012) [Percentage in total sub-national revenues] 	50% 10% 8% 30%
MAIN MECHANISMS FOR COORDINATING PRIOTISATION AND IMPLEMENTATION OF PUBLIC INVESTMENT BETWEEN NATIONAL AND SUB-NATIONAL LEVELS (2012)	
Vertical relations	
<ul style="list-style-type: none"> • Sectoral body in charge of national/sub-national co-ordination • National body in charge of national/sub-national co-ordination; • Forum gathering sub-national governments • Contractual arrangements across levels of government • National sectoral representatives appointed to sub-national levels • Regional Development Agencies 	Yes No ? Yes Yes
Horizontal relations	
<ul style="list-style-type: none"> • Mechanisms or incentives exist to encourage co-operation for public investment (horizontally) across sub-national authorities, 2012 	Yes
STRENGTHENING CAPACITIES FOR PUBLIC INVESTMENT AT DIFFERENT LEVELS OF GOVERNMENT	
<ul style="list-style-type: none"> • There is recognition of procurement officials as a specific profession, 2010 • Percent of general government procurement occurring at the sub-national level, 2011⁽¹⁾ • PPP unit(s) exist at the national (Nat'l) or sub-national (SN) levels • Use of relative and/or absolute value-for-money (VFM) assessments of PPPs • Intergovernmental co-ordination mechanisms impose obligations in regulatory practice 	Yes 87 Both Both Yes

Sources: OECD (2013), [Subnational governments in OECD countries: Key data](#); OECD (2013), [OECD Regions at a Glance 2013](#); OECD (2013), [Government at a Glance 2013](#); OECD (2012), Questionnaire: Multi-Level Governance of Public Investment, unpublished; OECD (2010), [Dedicated Public-Private Partnership Units: A Survey of Institutional and Governance Structures](#); OECD (2009), ["Indicators of Regulatory Management Systems, 2009 Report"](#).

GOOD PRACTICE EXAMPLES IN CANADA

Principle	Good practice examples from different levels of government
Principle 1.	<i>Invest using an integrated strategy tailored to different places and coordinate across sectors</i>
	<p>Regional Development Agencies and place-based approaches to investment</p> <p>Regional Development Agencies across Canada help to address key economic challenges by providing regionally-tailored programs, services, knowledge and expertise that: (i) Build on regional and local economic assets and strengths; (ii) Support business growth, productivity and innovation; (iii) Help small- and medium-sized businesses effectively compete in the global marketplace; (iv) Provide adjustment assistance in response to economic downturns and crises; and (v) Support communities.</p> <p>The Regional Development Agencies promote investment strategies tailored to different places to support regional development. For example:</p> <ul style="list-style-type: none"> • Western Economic Diversification Canada launched the WINN program, a CAD 100 million five-year federal initiative that offers repayable contributions for SMEs. • Federal Economic Development Agency for Southern Ontario’s (FedDev Ontario) Southern Ontario Prosperity Initiatives focuses on innovation, productivity and diversification. • Atlantic Canada Opportunities Agency will provide approximately CAD 450 million to support innovation and commercialization under its current programs, including the Atlantic Innovation Fund and the Business Development Program. <p><small>Source: http://www.feddevontario.gc.ca/eic/site/723.nsf/eng/01690.html ; OECD (2007), Linking Regions and Central Governments: Contracts for Regional Development, OECD Publishing.</small></p>
Principle 2.	<i>Co-ordinate among levels of government</i>
	<p>Use of contractual arrangements across levels of government</p> <p>In Canada, there are two instruments: one horizontal and the other vertical. The provinces meet amongst themselves to determine investment priorities, while federal arms of the government are represented in the provinces, via structures such as the regional federal councils or the regional development agencies. Their interests lie not only in representing the central government’s priorities in the provinces but also in conveying provincial preferences to the federal authorities. Tri-partite agreements are formal contractual arrangements among federal, provincial, and local authorities for implementing policies.</p> <p><small>Source: OECD (2013, Investing Together: Working Effectively Across Levels of Government, OECD Publishing.</small></p> <p>Regional Development Agencies</p> <p>Canada has developed a complex system to achieve efficient co-ordination across levels of governments, notably for public investment. Regional Development Agencies play an important mediating role between the provincial and federal governments and across provinces. Two federal institutions, the regional federal councils and the minister regional offices, have been created to further facilitate the co-ordination of federal sectoral policies at the provincial level, share information across levels of governments and represent regional interests and perspectives in the national decision-making process. In addition, various sector-specific councils, such as the Council of the Federation, have been created to co-ordinate sectoral policies among provinces and territories. Most of the institutions created for</p>

	co-ordination have the double mandate of both vertical co-ordination across levels of government and horizontal co-ordination across sectors.
Principle 3.	<i>Encourage effectiveness through cross-jurisdictional co-ordination</i>
Principle 4.	<i>Use long-term and comprehensive appraisals for investment selection</i>
	<p>Example of British Columbia, Canada</p> <p>Implementation of public investment projects is mostly delegated to an independent agency which contributes to the overall efficiency of public investment management. British Columbia created a non-for-profit private company, Partnership British Columbia (PBC), which is in charge of the planning and design of most investment projects in the province. PBC serves municipalities through the planning, delivery and oversight of major infrastructure projects, also handling PPPs and playing a large role in procurement. It is an autonomous entity relying upon service fees.</p>
Principle 5.	<i>Engage public, private and civil society stakeholders throughout the investment cycle</i>
Principle 6.	<i>Mobilise private actors and innovative financing arrangements to diversify sources of funding and strengthen capacities</i>
	<p>The Canadian federal government encourages the use of public-private partnerships through PPP Canada, which incorporates, among other measures, the CAN 1.2 billion “P3 Canada Fund”, offering funding for PPP projects undertaken by provinces, territories and local governments. PPP Canada does not procure investments, but rather helps build capacities for PPPs at different levels of government through detailed guidance and incentives to develop high quality projects.</p> <p><i>Source: McBride, J. (2013) “Broadening and Deepening the Canadian P3 Market: A Case Study of PPP Canada and the P3 Canada Fund” presentation at the OECD 6th Annual Meeting of Senior PPP Officials, April 15 - 16, 2013, Paris, France.</i></p> <p>In Canada, significant co-financing requirements have led sub-national actors to engage private partners that were not previously involved in financing public investment, through the provision of matching grants or other in-kind contributions. The matching grants have amounted to as much as 1.5 times the amount transferred from the central government to the sub-national entities. In British Columbia (Canada), the private sector has become a key partner in most large investment projects (e.g. airport, railway or port infrastructure).</p> <p><i>Source: OECD (2013, Investing Together: Working Effectively Across Levels of Government, OECD Publishing.</i></p>
Principle 7.	<i>Reinforce the capacity of people and institutions throughout the investment cycle</i>
Principle 8.	<i>Focus on results and promote learning</i>

Principle 9.	<i>Develop a fiscal framework adapted to the objectives pursued</i>
Principle 10.	<i>Require sound and transparent financial management</i>
Principle 11.	<i>Promote transparency and smart use of public procurement at all levels of government</i>
Principle 12.	<i>Pursue high-quality and coherent regulation across levels of government</i>
	<p>In Canada, a Federal, Provincial and Territorial Working Group on Regulatory Reform acts as a forum to develop government’s capacity to produce quality regulation and encourage regulatory co-operation across jurisdictions. Its work includes developing common regulatory principles, developing a consistent approach to regulatory impact analysis and sharing best practices.</p> <p><i>Source:</i> OECD (2011), Regulatory Policy and Governance: Supporting Economic Growth and Serving the Public Interest, OECD Publishing.</p>

Areas of focus of current/planned reforms (national level)

Please mention whether your country is currently conducting reform(s) in the field of governance of public investment across levels of government (territorial reforms, fiscal reforms, capacity building initiatives, performance monitoring, procurement reforms, reforms linked to PPPs or innovative financing arrangements, etc.). You may provide explanations in the box below (or just briefly mention which of the 12 OECD Principles are currently high on your government agenda).