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THE PROVINCIAL PRODUCTIVITY CRISIS

How better measurement, management, and modernization can improve outcomes

15 MLI
TRUE NORTH IN CANADIAN PUBLIC POLICY

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Canada's provincial structure offers a unique national experiment. As one of the most decentralized countries in the developed world, Canada effectively operates ten parallel public-service systems – each making different choices, facing different pressures, and achieving different outcomes.

Provinces operate our most critical services – health care, education, and social programs – and their choices fundamentally shape Canadian life. However, a new report confirms a troubling trend: taxpayers are spending more, but getting less.

This report – the final paper in a three-part series – examines the size and efficiency of the government sector across the provinces. Using two composite measures, we quantify how the size and productivity of government sectors vary across Canada and over time.

The results suggest a disconnect between spending and outcomes that should concern every Canadian:

- Public sector size has grown in every province, with health care being the main driver.
- The efficiency of public services – how much value we get per dollar spent – has fallen everywhere. Manitoba saw the largest drop in productivity, while Alberta saw the smallest decline.
- The largest government sectors are found in Atlantic Canada, while larger provinces tend to have smaller government sectors.

Because government sector outputs are notoriously difficult to measure, we also turn to alternative performance indicators to measure the value taxpayers receive for their money. The results are troubling:

- **Health care crisis**: Strains are visible in cripplingly long patient wait times across the country, led by sharp increases in Atlantic Canada. Client satisfaction surveys also paint a poor national picture.

- **Education slump**: International test scores for secondary school students are disappointing and have declined nationwide (again, with the poorest results in Atlantic Canada).
- **Middling service:** When it comes to government services, Canada's performance is mediocre, ranking 13th out of 30 OECD countries in client satisfaction.

These results suggest that larger government sectors don't necessarily equal better services or value-for-money. With aging populations and tight budgets, government efficiency is vitally important. Improving public-sector productivity is the only sustainable path forward.

We propose three key reform pillars:

- **Measurement:** Provinces should more systematically measure performance across all services and embed this reporting into their budgets. Creating a permanent, interprovincial mechanism – perhaps led by the Council of the Federation – to compare performance would be an important first step to improve accountability.
- **Management:** Link budgets and compensation more directly to measurable results, incentivizing managers and employees to achieve defined, positive outcomes for citizens.
- **Modernization:** Harness digital transformation and new technologies like generative artificial intelligence to overhaul and streamline service delivery. This will cut red tape and free up staff for higher value work.

By learning from the best, focusing on results, and raising accountability, governments at all levels can deliver more for Canadians without demanding more from their wallets.

If productivity becomes a defining benchmark of public-sector success, Canadians will be better positioned to meet the fiscal, demographic, and social challenges of the coming decades. MLI

La division du territoire canadien en provinces *est une expérience unique. Le Canada, connu pour sa décentralisation parmi les pays développés, préside en réalité dix systèmes de services publics distincts, chacun confronté à des choix, des impératifs et des résultats qui lui sont propres.*

Nos services les plus fondamentaux, à savoir la santé, l'éducation et les programmes sociaux, sont administrés par les provinces. Les choix qu'elles font façonnent en profondeur la vie des Canadiennes et Canadiens. Or, un rapport récent confirme une tendance préoccupante : les contribuables dépensent plus, mais reçoivent moins.

Ce rapport – le dernier d'une série de trois – analyse la taille et l'efficacité du secteur public au palier provincial. Nous utilisons deux indicateurs composites pour évaluer la mesure dans laquelle elles varient d'une province à l'autre au cours du temps.

Nos conclusions font ressortir une discordance entre les dépenses et les résultats, ce qui devrait tous nous alerter :

- *La taille du secteur public a augmenté dans chacune des provinces, surtout en santé.*
- *Partout, l'efficacité des services publics – la valeur obtenue pour chaque dollar dépensé – a diminué. Le Manitoba a enregistré la plus forte baisse, alors que l'Alberta a connu la plus infime.*
- *On trouve les secteurs publics les plus vastes dans les provinces atlantiques. Ils tendent à être proportionnellement plus petits dans les provinces les plus étendues.*

Comme le rendement du secteur public est notoirement complexe à mesurer, nous nous penchons également sur divers autres paramètres pour estimer les avantages que tirent les contribuables de leur argent. Les résultats inquiètent :

- ***Crise sanitaire :** la pression est bien visible dans les temps d'attente extraordinairement longs à travers le pays – l'Atlantique est en tête des hausses. Les sondages clients dessinent également une image nationale peu réjouissante.*
- ***Dégringolade dans l'éducation :** les performances sont décevantes aux examens internationaux pour les étudiants du secondaire, en baisse à l'échelle du pays (ici encore, les résultats sont les plus bas dans les provinces atlantiques).*
- ***Services médiocres :** en matière de services gouvernementaux, le Canada présente des performances mitigées, occupant le treizième rang des 30 pays membres de l'OCDE pour la satisfaction client.*

Ces conclusions montrent que l'élargissement des secteurs gouvernementaux ne garantit pas toujours une amélioration des services ou un meilleur rapport qualité-prix. Face au vieillissement de la population et aux budgets limités, l'efficacité gouvernementale est cruciale. Optimiser le secteur public est la seule stratégie viable pour l'avenir.

Nous proposons trois axes de réforme :

- **Mesure :** *il faudrait que les provinces évaluent régulièrement le rendement de tous leurs services et présentent les mesures dans leurs budgets. La création d'un mécanisme interprovincial permanent – possiblement supervisé par le Conseil de la fédération – pour comparer les résultats serait une avancée majeure vers plus d'imputabilité.*

- ***Gestion :*** *on doit directement lier les budgets et rémunérations aux résultats quantifiables pour inciter les gestionnaires et le personnel à générer des retombées pour les citoyens.*
- ***Modernisation :*** *tirer parti de la transition numérique et des technologies innovantes comme l'IA générative pourrait optimiser les services. Cela allègerait les obstacles bureaucratiques et permettrait de déployer les employés pour des missions importantes.*

En suivant les meilleurs, en se concentrant sur les résultats et en renforçant l'imputabilité, les gouvernements à tous les paliers peuvent mieux servir la population sans demander plus d'argent.

Si la productivité pouvait s'imposer comme un critère clé de réussite pour le secteur public, les Canadiennes et Canadiens seraient mieux préparés pour affronter les enjeux financiers, démographiques et sociaux des prochaines décennies. **MLI**

1. Introduction

Provinces play a central role in shaping Canada's economic and social outcomes. The constitution and federal structure assign provinces significant responsibilities for delivering many of the country's most important public services, including health care, education, social assistance, natural resource management, and a range of regulatory and administrative functions. Indeed, Canada is one of the most decentralized countries in the developed world (Lotz and Blöchliger 2013).

With significant autonomy over spending, taxation, and regulation, provinces have considerable room to set their own priorities, experiment with different approaches, and tailor public services to local preferences and economic conditions. This diversity of approaches creates a natural laboratory: ten jurisdictions pursuing similar mandates with varied strategies, budgets, and outcomes. Understanding how, and how well, the government sector operates across the provinces is essential for strengthening public-sector performance nationwide.

Key questions that guide this analysis include:

- Which provinces have the largest and smallest government sectors relative to the size of their economies?
- Which provinces have experienced the most growth in the government sector in recent decades?
- How does government productivity vary across provinces and major service delivery activities?
- What lessons can be drawn from these differences to improve public sector efficiency and value for money?

This report builds on foundations established in two previous papers in this series (Tapp 2025a and 2025b). The first developed a conceptual framework

for understanding government size and productivity, and explained the importance and challenges of measurement. The second operationalized that framework by introducing two composite indicators – the Size of Government Index (SGI) and the Government Productivity Index (GPI) – and applied them at the national level to a wide variety of indicators from 1997 to 2024. Those findings revealed that the government sector's footprint in Canada has expanded steadily, while its measured productivity has declined relative to the business sector.

This final report in the series extends the analysis from the national to the provincial level. By constructing SGI and GPI measures for each province, we quantify how the size and productivity of government sectors vary across Canada and over time. The provincial results reveal substantial and persistent differences: several smaller provinces, particularly in Atlantic Canada and Manitoba, operate larger government sectors relative to their economies. Of these larger government sectors, the Maritime provinces have low government productivity levels, but they have higher productivity in the government than in their respective business sectors.

By contrast, several larger provinces – Alberta, British Columbia, and Ontario – operate smaller government sectors with higher government productivity levels. Understanding the drivers of these differences can provide insights into what enhances public-sector performance and where reforms could yield the largest gains.

Our analysis reveals that the expansion in government size that occurred nationally in recent decades was broad-based across the country with the SGI increasing in all ten provinces. The largest gains occurred in Newfoundland and Labrador and New Brunswick. Growth in the SGI reflected increases across all indicators, but was led by the fiscal footprint, particularly higher government spending, and to a lesser extent, revenues. Across activities, health care was the main driver of larger governments, increasing its share of all provincial economies.

Regarding productivity dynamics, the GPI fell across all provinces over this period, with the largest decline in Manitoba, while Alberta experienced the smallest loss.

These findings speak to broader national challenges. Looking ahead, provincial governments will face rising demographic pressures, limited fiscal room, and increasing expectations from citizens. In this context, improving

government productivity – i.e., delivering more and better services with available resources – is critical to sustain living standards, ensure fiscal resilience, and protect the quality of public services Canadians rely on.

By comparing provincial performance and highlighting what works – and what doesn't – we can move the conversation beyond how much governments spend to how effectively they use their resources to deliver results. In doing so, we aim to offer an evidence-based roadmap for a more productive government sector across Canada.

2. Measuring government performance across provinces

This report applies the analytical framework developed in our previous papers (Tapp 2025a and 2025b) to examine differences in government size and productivity across Canada's provinces. The objective is to measure performance consistently over time and across jurisdictions, using indicators that capture both the scale of government activity and the efficiency with which governments convert resources into outputs.

2.1 Analytical framework

Two composite indicators underpin the analysis:

- **Size of Government Index (SGI)**
  The SGI measures the economic footprint of the government sector in each province. It combines six dimensions of government activity: employment, hours worked, total compensation, value added, government revenue, and government expenditure. Each component is expressed as a share of the provincial economy and weighted equally to produce a single composite index. A higher SGI indicates a larger government presence relative to GDP.
- **Government Productivity Index (GPI)**
  The GPI assesses how efficiently governments convert inputs into outputs. It combines two standard measures of labour productivity – real output per hour worked and real output per worker – each

expressed as a ratio to the equivalent measure in the business sector. A GPI value above 100 suggests that the government sector is more productive than the business sector in the province; values below 100 suggest the opposite.

Together, these indices provide a consistent basis for comparing government performance over time and across provinces. Annex A provides further details on data sources and construction.[1] In the sections that follow, we use these measures to document provincial differences in government size and productivity, trace their evolution over recent decades, and draw lessons for improving public-sector performance across Canada.

As noted in the earlier reports in this series, current productivity measures in the government sector do not fully capture issues of true output valuation, service quality, equity, or accessibility. This is an important caveat to this exercise. Nonetheless, analyzing these indicators – and alternatives – can provide a useful, albeit partial, lens on government performance. They help reveal broad patterns in how governments manage resources, while recognizing that many dimensions of public-sector value are not easily quantified.

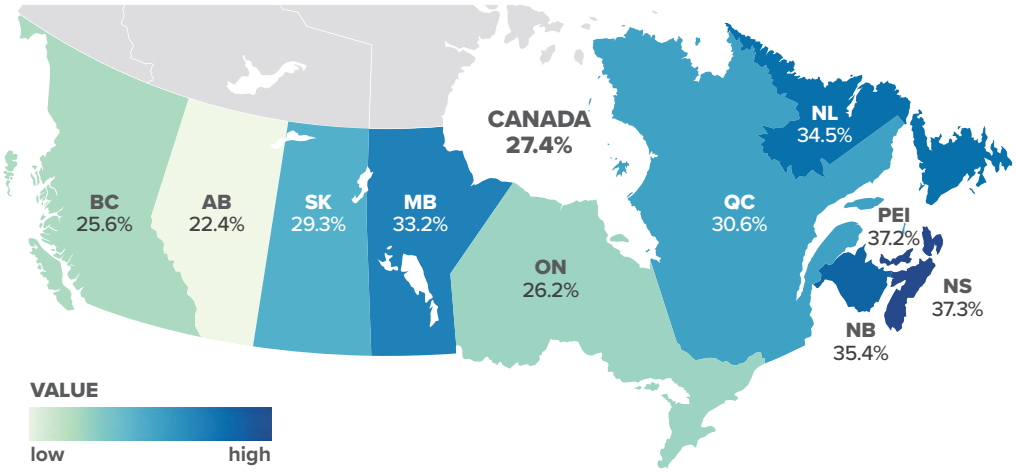
3. The Size of Government Index for the provinces

3.1 Trends and patterns in government size

Figure 3.1 reports the latest results for the Size of Government Index (SGI) across the provinces in 2023, the most recent year with complete data. The map shows that government sectors are proportionately larger in Atlantic Canada and Manitoba (darker shading), and smaller in several of the more populated provinces of Alberta, British Columbia, and Ontario.

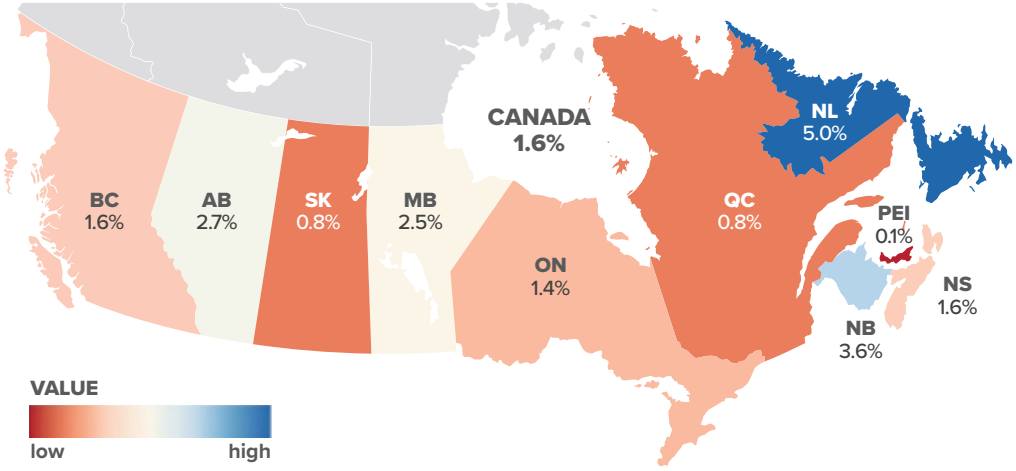
Earlier reports in this series documented a steady expansion of the government sector at the national level. The SGI rose from 25.9 per cent of GDP in 2007 to 27.4 per cent in 2023, a 1.6-percentage-point increase (due to rounding). This provincial analysis demonstrates just how broad-based this growth has been: the SGI increased in all ten provinces over this period (Figure 3.2). The largest gains occurred in Newfoundland and Labrador (+5.0 ppts)

FIGURE 3.1: Size of Government Index, by province in 2023, composite index value; per cent of GDP; higher means larger government sector



Sources: CSLS calculations using Statistics Canada Tables 36-10-0480-01 (employment, compensation, hours, value-added); 36-10-0450-01 (general government revenue and expenditure); and 36-10-0222-01 (gross domestic product).

FIGURE 3.2: Size of Government Index, change, by province over 2007 to 2023, composite index value; higher means larger government sector



Sources: CSLS calculations using Statistics Canada Tables 36-10-0480-01 (employment, compensation, hours, value-added); 36-10-0450-01 (general government revenue and expenditure); and 36-10-0222-01 (gross domestic product).

and New Brunswick (+3.6 ppts). Annex B presents the detailed time series and provincial rankings, which reveal persistent regional patterns:

- **Atlantic Canada** has consistently maintained the largest government sectors. Nova Scotia (SGI of 37.3 in 2023) and Prince Edward Island (37.2) have alternated between the largest and second-largest governments in the country. New Brunswick has held steady in third place (35.4) over the past decade, while Newfoundland and Labrador recently rose to fourth place (34.5).
- **Central Canada** has the two most populous provinces, together accounting for 60 per cent of total government employment. Quebec's government sector is larger than the national average (30.6 versus 27.4), ranking it sixth over recent decades. For its part, Ontario's government is smaller than the national average (26.2 versus 27.4) ranking eighth for several years.
- **Western Canada** presents a mixed picture. Alberta maintains the smallest government sector in the country (SGI of 22.4), followed by British Columbia (25.6). Saskatchewan (29.3) has been stable in seventh place for years, while Manitoba (33.2), which has a larger government, recently fell to fifth place after being overtaken by Newfoundland and Labrador.

3.2 Key drivers by SGI components

This section examines the contributions of the six SGI components. At the national level, all components increased between 2007 and 2023, with the fiscal footprint driving most of the growth.

The largest increase occurred in government spending (+4.3 ppts nationally), followed by government revenue (+1.8 ppts), hours worked (+1.2 ppts), total compensation and employment (both +0.8 ppts), and value added (+0.4 ppts).

Table 3.3 reports significant variation across the provinces:

- **Government spending** (which captures all spending, direct program expenditures as well as other items) increased in nine of ten provinces, led by Newfoundland and Labrador (+12.3 ppts) and Manitoba (+7.6 ppts).

TABLE 3.3: Size of Government Index, by component and province, 2007 versus 2023, composite index value; per cent of GDP; higher means larger government sector

Employment

	CAN	NL	PEI	NS	MB	SK	NB	QC	AB	ON	BC
2007	19.1%	28.0%	25.6%	26.1%	24.2%	23.4%	23.4%	21.0%	16.8%	17.5%	16.5%
2023	19.9%	30.5%	27.4%	27.1%	26.7%	26.5%	24.8%	21.8%	18.2%	17.9%	17.4%
Change	▲0.8%	▲2.5%	▲1.8%	▲1.0%	▲2.5%	▲3.1%	▲1.3%	▲0.8%	▲1.4%	▲0.3%	▲0.9%

Hours worked

	CAN	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
2007	17.8%	24.7%	23.4%	24.6%	18.5%	19.9%	16.2%	22.9%	21.3%	15.3%	15.5%
2023	18.9%	28.9%	26.3%	26.6%	24.4%	20.0%	17.1%	25.8%	25.4%	17.2%	16.9%
Change	▲1.2%	▲4.2%	▲3.0%	▲2.0%	▲5.8%	▲0.1%	▲1.0%	▲2.9%	▲4.1%	▲1.9%	▲1.4%

Total compensation

	CAN	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
2007	22.1%	36.5%	38.8%	33.5%	31.4%	24.2%	21.0%	28.5%	29.7%	15.7%	20.4%
2023	22.9%	33.3%	36.5%	32.4%	33.1%	24.5%	21.2%	31.3%	30.3%	19.0%	21.0%
Change	▲0.8%	▼3.2%	▼2.3%	▼1.1%	▲1.6%	▲0.3%	▲0.2%	▲2.7%	▲0.6%	▲3.3%	▲0.6%

Value-added

	CAN	NS	PEI	NB	NL	MB	QC	SK	ON	BC	AB
2007	18.5%	29.3%	30.3%	25.7%	18.3%	24.0%	20.8%	18.0%	18.2%	17.2%	13.1%
2023	19.0%	30.0%	29.7%	27.6%	24.5%	23.2%	21.4%	18.9%	18.4%	17.5%	14.2%
Change	▲0.4%	▲0.8%	▼0.6%	▲1.9%	▲6.2%	▼0.8%	▲0.6%	▲0.9%	▲0.3%	▲0.4%	▲1.1%

Government revenue

	CAN	QC	NS	NB	PEI	ON	BC	MB	NL	SK	AB
2007	40.3%	45.6%	43.9%	38.7%	43.3%	40.6%	39.8%	39.6%	30.8%	40.5%	35.2%
2023	42.2%	46.8%	46.1%	43.9%	43.1%	43.1%	42.0%	39.5%	38.9%	36.5%	36.1%
Change	▲1.8%	▲1.2%	▲2.2%	▲5.2%	▼0.2%	▲2.5%	▲2.2%	▼0.1%	▲8.1%	▼4.0%	▲0.9%

Government expenditure

	CAN	NS	PEI	NB	MB	NL	QC	ON	BC	SK	AB
2007	37.4%	56.9%	61.6%	52.7%	45.0%	38.7%	47.4%	35.8%	34.8%	37.7%	22.4%
2023	41.7%	61.4%	60.2%	58.4%	52.5%	50.9%	49.1%	39.6%	38.7%	38.0%	30.0%
Change	▲4.3%	▲4.5%	▼1.4%	▲5.7%	▲7.6%	▲12.3%	▲1.7%	▲3.9%	▲3.9%	▲0.3%	▲7.5%

Sources: CSLS calculations using Statistics Canada Tables 36-10-0480-01 (employment, compensation, hours, value-added); 36-10-0450-01 (general government revenue and expenditure); and 36-10-0222-01 (gross domestic product).

- **Government revenues** (which include not only provincial own-source revenues, but also other items such as federal transfers) rose in seven provinces, again with Newfoundland and Labrador recording the largest increase (+8.1 ppts), while Saskatchewan experienced a notable decline (–4.0 ppts).
- **Government employment**, as a share of GDP, increased in all provinces. Growth was strongest in Saskatchewan (+3.1 ppts) and in Newfoundland and Labrador and Manitoba (both +2.5 ppts), and weakest in Ontario (+0.3 ppts).
- **Hours worked** also rose across the country, with the strongest gains in New Brunswick (+5.8 ppts) and the weakest in Quebec (+0.1 ppts).
- **Total compensation** increased in seven provinces but declined from high starting levels in Nova Scotia, PEI, and Newfoundland and Labrador.
- **Government value added** increased in eight provinces, with declines only in Manitoba and PEI.

These patterns confirm that growth in government size reflects broad increases across most components, with fiscal measures (expenditure and revenue) contributing the most.

3.3 Key drivers by government activities

Provinces can adjust their spending to different activities based on demands and their priorities, so it is useful to examine SGI components by major government activities. Table 3.4 presents levels and changes from 2007 to 2023. The discussion below highlights three major activities with consistent coverage in these data: health care, education, and government administration.

3.3.1 Health care

Health care is the largest government activity, employing nearly 1.5 million workers nationwide. Health services employment increased by more than 650,000 workers over the period, making it one of the fastest-growing government subsectors.

Health care was also the largest contributor to the rise in the SGI (+0.7 ppts nationally), as its share of provincial economies increased across the country.

TABLE 3.4: Size of Government Index, by activity and province, 2007 versus 2023, composite index value; per cent of GDP; higher means larger government sector

Health services

	CAN	NL	MB	PEI	NB	NS	SK	QC	AB	BC	ON
2007	5.2%	7.2%	6.7%	7.4%	7.5%	7.2%	6.0%	6.4%	4.2%	4.0%	4.0%
2023	5.9%	10.7%	9.6%	9.2%	9.0%	8.8%	8.7%	7.5%	5.8%	5.7%	4.3%
Change	▲0.7%	▲3.5%	▲2.9%	▲1.8%	▲1.5%	▲1.6%	▲2.7%	▲1.0%	▲1.7%	▲1.7%	▲0.2%

Educational services

	CAN	NS	NL	PEI	SK	MB	QC	ON	BC	AB	NB
2007	5.9%	7.6%	8.0%	7.2%	6.9%	6.5%	6.4%	6.0%	5.5%	4.7%	5.6%
2023	5.7%	7.5%	7.1%	6.8%	6.7%	6.5%	6.1%	5.8%	5.3%	4.9%	2.2%
Change	▼0.2%	▼0.1%	▼0.9%	▼0.4%	▼0.3%	▲0.0%	▼0.3%	▼0.1%	▼0.2%	▲0.1%	▼3.4%

Federal government services

	CAN	PEI	NS	NB	NL	ON	MB	QC	BC	SK	AB
2007	2.9%	7.3%	7.4%	5.3%	3.8%	3.1%	3.5%	2.7%	2.2%	2.2%	1.5%
2023	2.9%	7.1%	6.8%	6.2%	4.5%	3.4%	3.3%	2.7%	2.0%	2.0%	1.5%
Change	▲0.1%	▼0.3%	▼0.6%	▲0.9%	▲0.7%	▲0.3%	▼0.2%	▲0.0%	▼0.2%	▼0.2%	▲0.0%

Provincial government services

	CAN	NB	PEI	NL	SK	NS	MB	QC	BC	AB	ON
2007	2.4%	4.0%	6.1%	5.8%	4.1%	3.5%	4.0%	3.3%	3.0%	2.1%	1.7%
2023	2.3%	7.8%	5.2%	4.3%	3.3%	3.0%	2.9%	2.8%	2.2%	1.8%	1.5%
Change	▼0.1%	▲3.8%	▼0.9%	▼1.5%	▼0.8%	▼0.5%	▼1.1%	▼0.5%	▼0.8%	▼0.4%	▼0.1%

Local, municipal, Indigenous government services

	CAN	SK	MB	ON	AB	BC	NS	NL	QC	NB	PEI
2007	3.0%	3.9%	4.3%	3.4%	2.7%	2.7%	2.6%	2.2%	2.6%	2.2%	1.4%
2023	3.3%	4.6%	4.5%	3.6%	3.2%	3.1%	2.9%	2.9%	2.8%	2.3%	1.6%
Change	▲0.3%	▲0.7%	▲0.3%	▲0.2%	▲0.5%	▲0.4%	▲0.3%	▲0.7%	▲0.2%	▲0.0%	▲0.2%

Sources: CSLS calculations using Statistics Canada Tables 36-10-0480-01 (employment, compensation, hours, value-added); 36-10-0450-01 (general government revenue and expenditure); and 36-10-0222-01 (gross domestic product).

- Newfoundland and Labrador has the highest share of its economy dedicated to health care.
- Manitoba also experienced fast growth and moved into second place.
- Ontario and British Columbia remain on the lower end of the distribution.

3.3.2 Education

After health care, education is the second-largest government activity, employing 1.3 million workers, accounting for roughly 7 per cent of total employment in Canada. Unlike health care, the SGI for education declined modestly (–0.2 ppts) over the period, with reductions occurring in nearly all provinces. New Brunswick is a notable outlier, where a major 2012 restructuring (halving the number of school districts) contributed to a larger decline in the SGI.

3.3.3 Government administration

Government administration showed small net declines nationally (–0.1 ppts) at both the federal and provincial levels.

- Federal government services grew fastest in New Brunswick and Newfoundland and Labrador.
- Provincial government services expanded in New Brunswick, offsetting reductions in its education sector.
- Local, municipal, and Indigenous government services experienced modest growth overall (+0.3 ppts), led by Newfoundland and Saskatchewan (both +0.7 ppts).

3.4 Summary insights

Across all provinces, the SGI increased, confirming a nationwide shift toward a larger government presence in the economy. Smaller provinces generally operate larger governments relative to their economies, while wealthier and more resource-intensive provinces maintain leaner government sectors. The next section examines how effectively provinces translate their resources into results through the Government Productivity Index (GPI).

4. Government Productivity Index across provinces

4.1 Government Productivity: Absolute and relative levels

The Government Productivity Index (GPI) attempts to capture how efficiently governments convert inputs into outputs by comparing real output per hour and real output per worker in the government sector with equivalent measures in the business sector.[2] The index is available for a longer period (1997 to 2024) allowing for deeper historical analysis.

At the national level, the government sector is less productive than the business sector, with a GPI of 92.7 in 2024. However, the national results mask substantial variation across provinces.

Figure 4.1 maps the latest provincial GPIs for 2024. At the top end of the distribution, the Maritime provinces – New Brunswick, Nova Scotia, and Prince Edward Island – have higher measured government productivity than their respective business sectors, with scores ranging from 111.7 to 117.0.

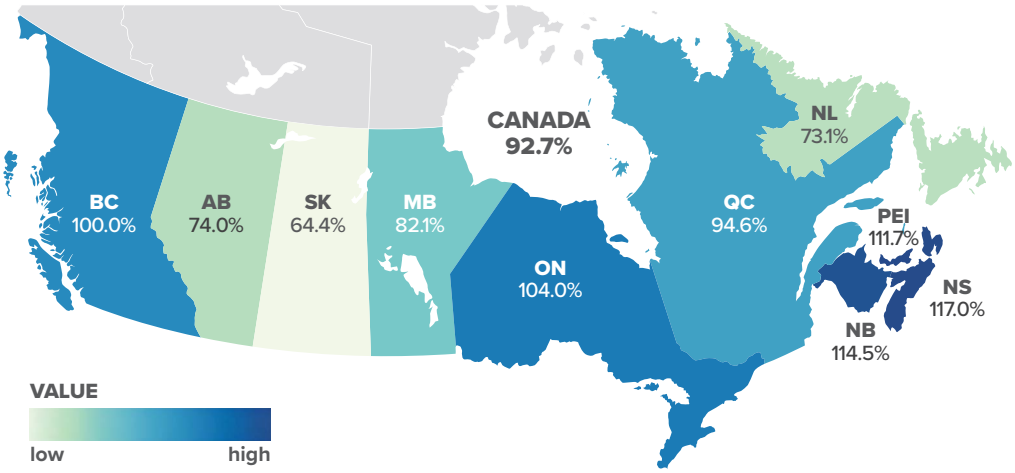
Conversely, at the bottom of the rankings, the Prairie provinces – Alberta, Saskatchewan, and Manitoba – have the weakest relative performance, with scores between 64.4 and 82.1. These differences are economically significant. However, as we will show, they depend heavily on the benchmark against which government is compared.

Because each province's GPI is relative to its own business sector benchmark, it is also important to examine absolute productivity levels. Figure 4.2 does so by reporting real value added per hour worked in government across the provinces.

These results reveal a very different pattern and cast the strong relative government productivity performances in the Maritime provinces in a different light. The Maritime provinces, despite strong *relative* productivity, have among the lowest *absolute* government productivity levels (between $46.70 and $51.80 per hour). In contrast, Ontario has the highest government productivity level (about $60.80 per hour), followed closely by Alberta and British Columbia.

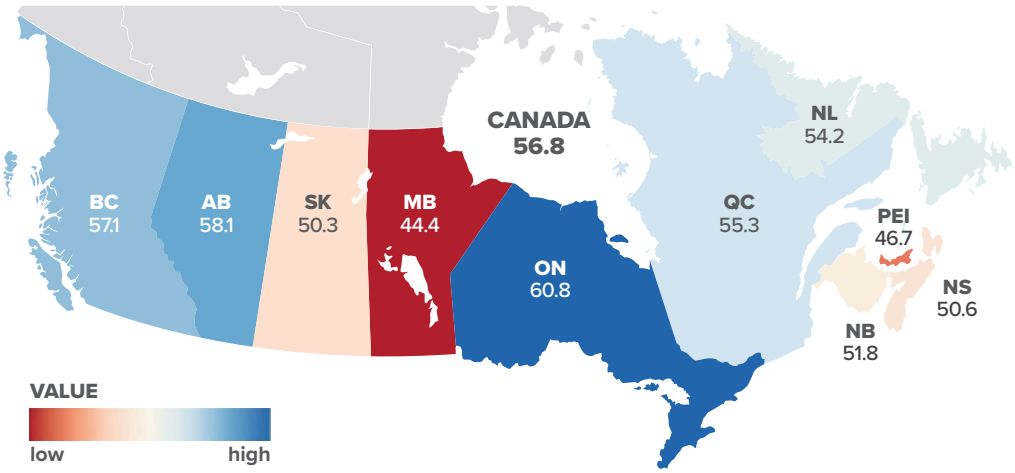
In other words, governments in the Maritime provinces appear more productive because their business sectors are comparatively weak. Ontario, Alberta, and British Columbia appear less productive in the GPI rankings because their business sectors are among the strongest in Canada.

FIGURE 4.1: Government Productivity Index, by province in 2024, index, >100 means the government sector is more productive than business sector



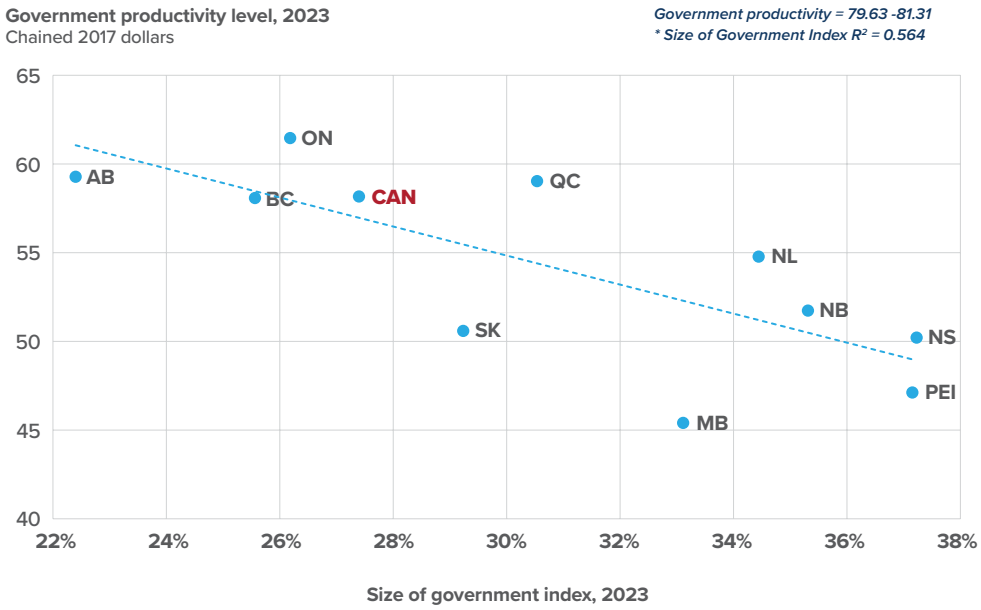
Source: Calculations using Statistics Canada Table: 36-10-0480-01

FIGURE 4.2: Government labour productivity level, by province in 2024, real value added per hour worked, chained 2017 dollars



Source: calculations using Statistics Canada Table: 36-10-0480-01

FIGURE 4.3: Relationship between Government Productivity Level and Government Size Index, by province 2023



Sources: CSLS calculations using Statistics Canada Tables 36-10-0480-01 (employment, compensation, hours, value-added); 36-10-0450-01 (general government revenue and expenditure); and 36-10-0222-01 (gross domestic product).

These contrasting patterns underscore why relying solely on relative measures can misrepresent the underlying efficiency of provincial government operations. To provide a more complete picture, Figure 4.3 shows the cross-province relationship between absolute government productivity levels and the SGI. While the results are not causal, the pattern suggests that provinces with higher government productivity tend to operate smaller government sectors, whereas those with lower productivity tend to have larger governments.

In Atlantic provinces, where government jobs represent 25 to 30 per cent of provincial employment, it could be that these larger government sectors "crowd out" some private sector activity. Palacios et al. (2022) find that, after controlling for various factors (such as gender, age, marital status, education, firm size, province, industry, occupation, etc.), government sector workers in Atlantic Canada earn over 7 per cent higher wages and enjoy better non-wage benefits (such as pensions and earlier retirements). This dynamic could increase labour market competition, such that private sector employers face higher compensation costs and tighter labour markets, making the private sector less competitive.

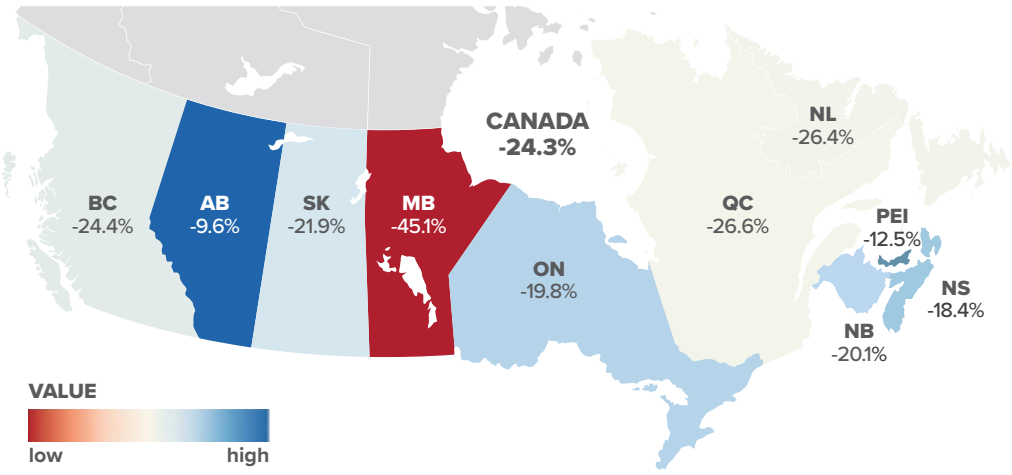
4.2 Government productivity changes over time

Next, we consider how the GPI has evolved over time. This longer-run perspective reinforces the challenges facing Canada's government sector. Nationally, the GPI fell sharply from 116.9 in 1997 to 92.7 in 2024 – a decline of 24.3 percentage points (Figure 4.4; Annex C presents the detailed time series and provincial rankings). This drop completely erased the large productivity advantage the government sector held in the late 1990s.

During most of the earlier period, government productivity exceeded business-sector productivity, except in 2006 and 2007 before the peak of the business cycle and the global financial crisis in 2008–09. By 2014, the national GPI had fallen below 100, indicating that government productivity had begun to lag the business sector, a trend that has persisted.

Provincial patterns mirror the national decline. The GPI fell in all ten provinces between 1997 and 2024. The largest decline occurred in Manitoba (–45.1 ppts), while Alberta experienced the smallest loss (–9.6 ppts). These divergent trends suggest that differing economic structures, demographic pressures, and public-sector management practices can shape productivity trajectories.

FIGURE 4.4: Government Productivity Index, by province change 1997–2024, index, negative numbers means the government sector is less productive than business sector over the period



Source: Calculations using Statistics Canada Table: 36-10-0480-01.

Despite some movement in the rankings, the broad ordering of provinces has been relatively stable:

- The Maritime provinces have remained consistently in the top three positions for the past 15 years.
- Saskatchewan, Alberta, and Newfoundland and Labrador – resource-rich provinces with highly productive business sectors – have consistently ranked near the bottom, reflecting large relative productivity gaps.

4.3 Productivity by government activity

The second report (Tapp 2025b) showed large differences in productivity growth across government subsectors, and highlighted the importance of alternative performance indicators – such as wait times, test scores, and graduation rates – to supplement productivity data. These alternative measures aligned well with the relative productivity patterns in the national data. This section extends that analysis to the provincial level.

4.3.1 Health care

Earlier sections showed that health care was also the single largest contributor to the expansion of the government sector, adding +0.7 percentage points nationally to the SGI and rising as a share of every provincial economy. Despite this sustained growth in resources, measured productivity in health care has lagged, nationally averaging 0.3 per cent per year between 1997 and 2024. Several structural forces help explain this persistent pattern:

- Population aging has increased demand on the health care system. Older Canadians require more acute, chronic, and long-term care services. PBO analysis emphasizes that demographic pressures have been, and will increasingly continue to be, a major driver of rising provincial health expenditures (PBO 2017).
- Health care remains a highly labour-intensive delivery model. A significant and rising share of health spending goes to compensation. Productivity gains are difficult when service delivery relies heavily on face-to-face care, rigid staffing hierarchies, and slow changes in scopes of practice.
- Technological adoption and digital integration have been slower than in leading OECD countries. Canada lags peers on integrated

electronic health records, digital triage, and automation of administrative processes – areas where other countries have achieved measurable efficiency gains.

- Provider shortages, especially physicians, can create systemic bottlenecks. Canada ranks 24th in the OECD in practicing physicians per capita (OECD 2023a), well below many peer countries. Limited physician supply contributes to diagnostic and treatment delays and restricts the system's ability to respond efficiently to rising demand.

These structural challenges help explain why increased staffing and spending have not translated into proportionate increases in measured outputs. Alternative performance indicators reinforce this conclusion.

First, Canadian citizen satisfaction with health care services is quite low relative to comparable international peers, ranking 21st out of 30 countries in surveys last conducted in 2023 (see Figure 4.1 in OECD 2025).[3] Drilling down further, among a subset of 17 countries, Canada ranked last for health care being perceived as "person-centred" for those with chronic conditions.

Second, median wait times from physician referral to treatment have risen sharply in every province since 1997, with the steepest increases in Atlantic Canada (Figure 4.5).[4] In many jurisdictions, wait times worsened even as overall employment and compensation grew in the health care system — indicating widening gaps between inputs and service outcomes.

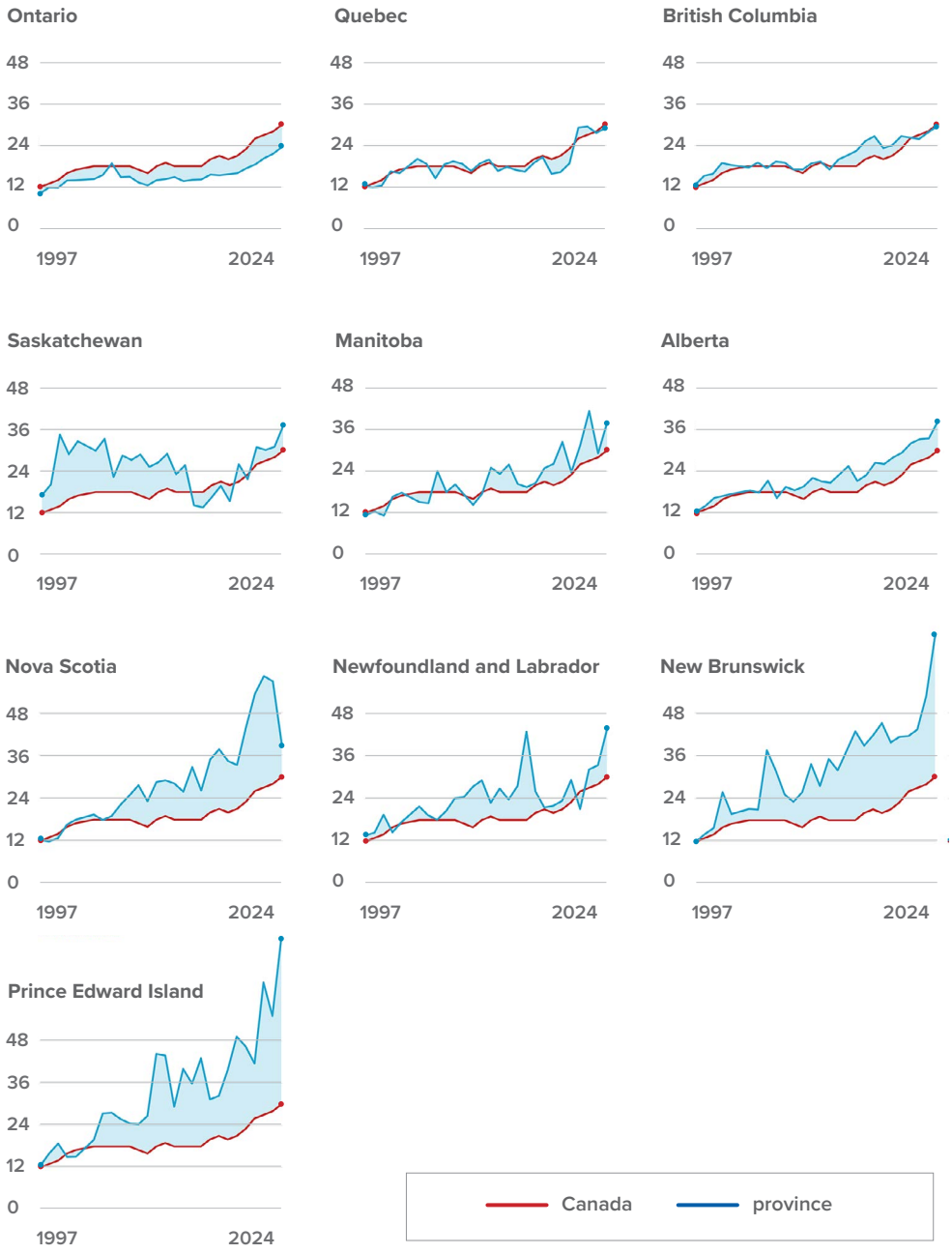
The provincial picture features vast disparities. Newfoundland and Labrador devotes the largest share of its economy to health care, yet its wait times are much longer than the national average. Ontario, British Columbia, and Alberta are at the lower end of health care size relative to their economies, but have suffered smaller increases in wait time, likely reflecting some economies of scale in larger provinces to provide services.

4.3.2 Education

4.3.2.1 Primary and secondary education

The education sector's share of provincial economies shrank modestly over previous decades. Nationally, the productivity performance in the education sector was quite mixed. The elementary and secondary education sector experienced negative productivity growth of –0.5 per cent growth per year. This decline in productivity is consistent with some alternative performance measures from student test scores.

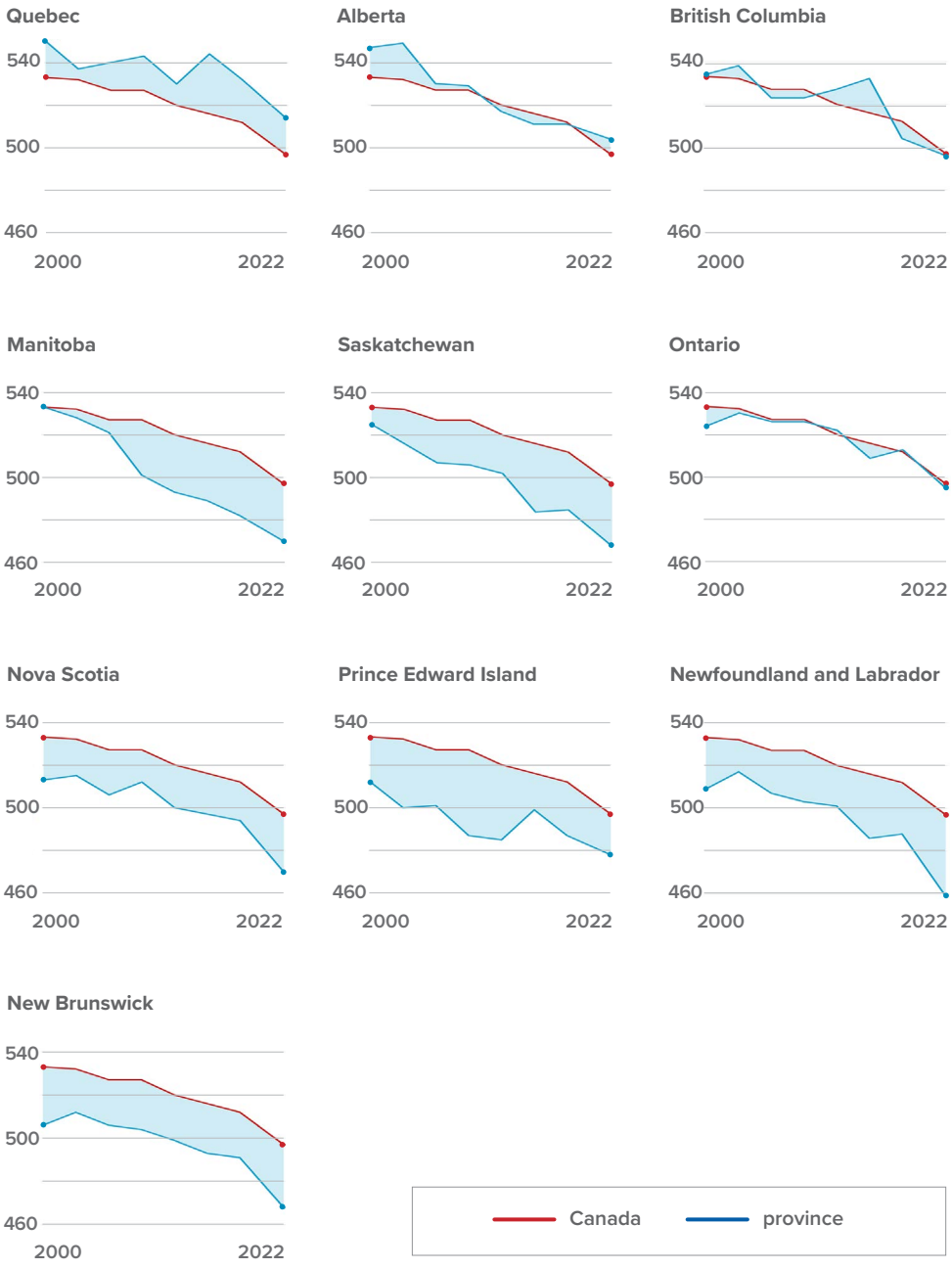
FIGURE 4.5: Median wait time from physician referral to treatment, by province, 1997–2024, weeks waited



	CAN	ON	QC	BC	SK	MB	AB	NS	NL	NB	PEI
1997	12	10	13	13	17	12	12	12	14	12	13
2024	30	24	29	30	37	38	38	39	43	69	77
Change	▲152%	▲131%	▲131%	▲134%	▲118%	▲230%	▲210%	▲218%	▲215%	▲478%	▲519%

Source: Moir and Barua (2024).

FIGURE 4.6: Programme for International Student Assessment scores in mathematics, Canadian provinces, 2000–2022, average achievement score



	CAN	QC	AB	BC	MB	SK	ON	NS	PEI	NL	NB
2000	533	550	547	534	533	525	524	513	512	509	506
2022	497	514	504	496	470	468	495	470	478	459	468
Change	▼7%	▼7%	▼8%	▼7%	▼11%	▼11%	▼6%	▼8%	▼7%	▼10%	▼8%

Source: Council of Ministers of Education, Canada (CMEC).

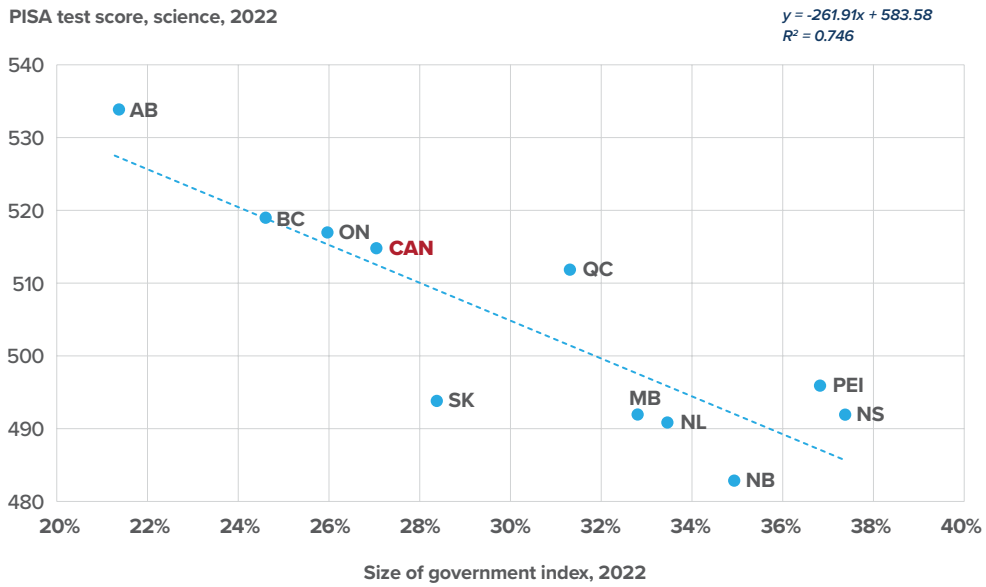
The Programme for International Student Assessment (PISA), which measures how well 15-year-old students apply their knowledge and skills to real-world problems in reading, math, and science, has a long comparable history back to 2000.

Remarkably, these results across all 10 Canadian provinces show clear downward trends in all three subject matter domains. (Figure 4.6 reports math scores, while Annex D reports reading and science results). Although the 2022 results were likely negatively impacted by pandemic-related disruptions, the decline was evident well before 2020. Consistent with the Figure 4.3 scatterplot, test scores are lowest in Atlantic Canada, and highest in Alberta, Quebec, and British Columbia.

Figure 4.7 compares PISA scores with the size of government index for the most recent period in 2022. While not a causal relationship, provinces with higher test scores tend to have smaller government sectors.

More broadly, the results suggest that resource allocations in elementary and secondary schools have not consistently aligned with instructional

FIGURE 4.7: Programme for International Student Assessment Scores in science and the Size of Government Index, 2022, average achievement score, index



Sources: Council of Ministers of Education, Canada (CMEC) and CSLS calculations using Statistics Canada Tables 36-10-0480-01 (employment, compensation, hours, value-added); 36-10-0450-01 (general government revenue and expenditure); and 36-10-0222-01 (gross domestic product).

effectiveness. In many provinces, increases in compensation and staffing have outpaced improvements in curriculum delivery, instructional time, or student learning outcomes.

Class-size policies vary significantly across provinces. Jurisdictions with smaller mandatory class sizes often require more staff, but without changes in pedagogy, class-size reductions alone may produce limited gains in achievement. Recent policy debates in Ontario and Quebec highlight how changing staffing levels may not map directly into student performance.

Governance arrangements also shape efficiency and accountability. Highly decentralized systems – such as in Alberta and British Columbia – tend to provide greater school-level autonomy, while more centralized systems – common in Atlantic Canada – concentrate authority at the provincial or district level. These structural differences influence hiring flexibility, curriculum implementation, and the pace of innovation.

Finally, adoption of digital learning tools varies widely across provinces. Some jurisdictions aggressively expanded digital platforms, blended learning, and data-driven assessment tools (notably Quebec and British Columbia), while others have integrated technology more slowly. According to the OECD, digital technologies can enhance teaching and learning when paired with effective pedagogy, but if implementation is uneven or lacks pedagogical integration, they may instead introduce complexity without improving outcomes (OECD 2023b).

4.3.2.2 Post-secondary education

Unlike the primary and secondary education system, productivity measures for universities and colleges are comparatively strong. Productivity grew by 1.1 per cent annually in universities and by 0.6 per cent in colleges, outperforming most government sectors.

At the university level, graduation rates increased across nearly all provinces.[5] The share of the population completing a university degree rose 0.22 percentage points nationally, with Nova Scotia, Ontario, and British Columbia recording the highest rates. The exception is New Brunswick, where graduation rates have trended downward and ended the period flat (Figure 4.8).

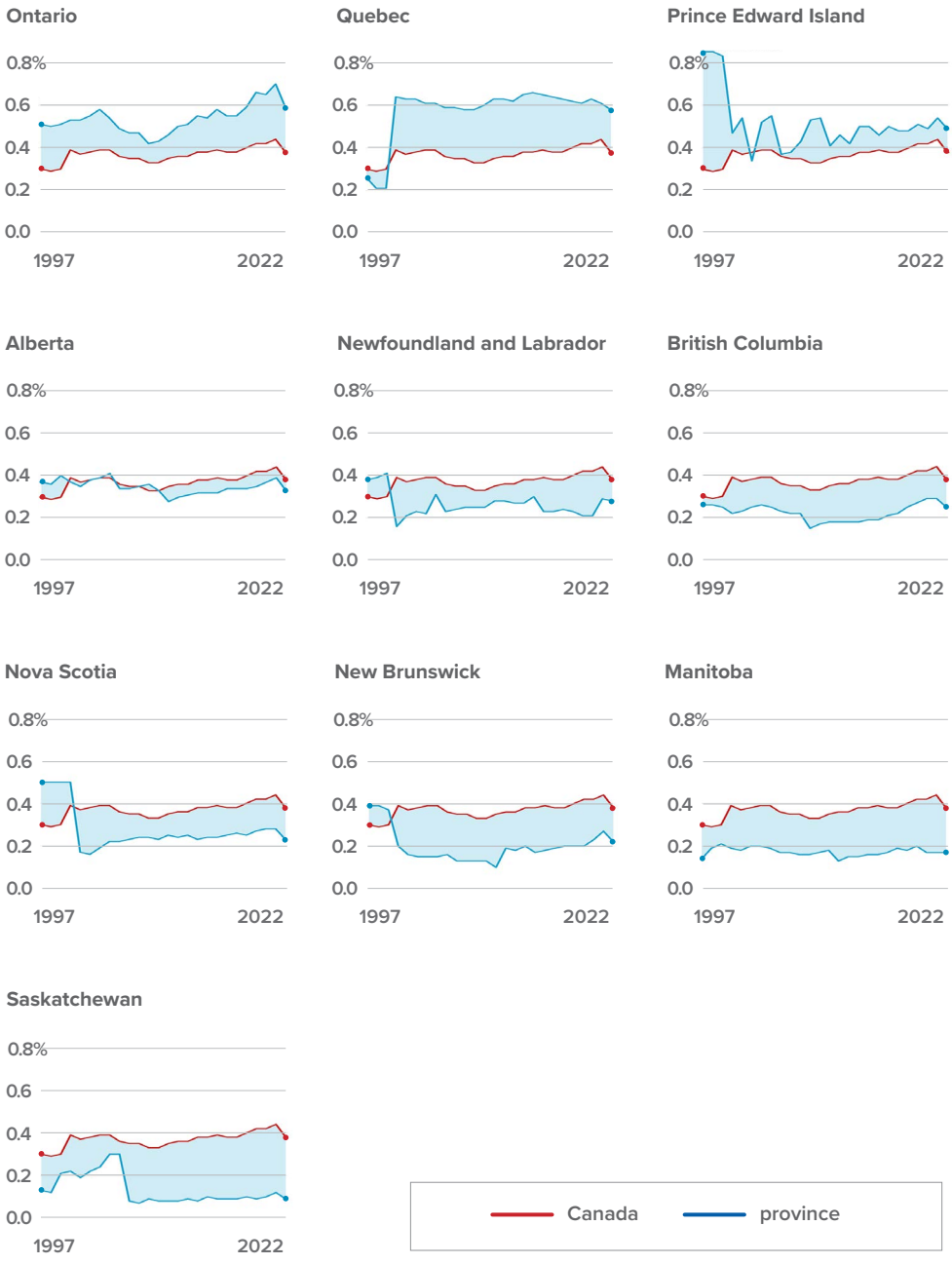
Growth in graduation rates was more modest in the college system (+0.08 ppt nationally) but still positive. Ontario and Quebec lead in college

FIGURE 4.8: Students graduating with a university degree, Canadian provinces, 1997–2022, number of graduates as a share of the population

	CAN	NS	ON	BC	QC	AB	PEI	NL	MB	SK	NB
1997	0.51%	0.83%	0.73%	0.49%	0.56%	0.55%	0.42%	0.43%	0.55%	0.46%	0.56%
2022	0.72%	1.10%	1.03%	0.79%	0.77%	0.74%	0.70%	0.66%	0.65%	0.65%	0.56%
Change	▲0.22%	▲0.27%	▲0.30%	▲0.30%	▲0.21%	▲0.19%	▲0.28%	▲0.23%	▲0.10%	▲0.19%	▼0.0%

Source: CSLS calculations using Statistics Canada Table: 37-10-0289-01 (number of Canadian graduates); 17-10-0009-01 (population).

FIGURE 4.9: Students graduating with a college diploma, Canadian provinces, 1997–2022, number of graduates as a share of the population



	CAN	ON	QC	PEI	AB	NL	BC	NS	NB	MB	SK
1997	0.30%	0.51%	0.26%	0.85%	0.37%	0.38%	0.26%	0.50%	0.39%	0.14%	0.13%
2022	0.38%	0.59%	0.58%	0.49%	0.33%	0.28%	0.25%	0.23%	0.22%	0.17%	0.09%
Change	▲0.08%	▲0.08%	▲0.30%	▼0.36%	▼0.03%	▼0.09%	▼0.01%	▼0.27%	▼0.17%	▲0.03%	▼0.04%

Source: CSLS calculations using Statistics Canada Table: 37-10-0289-01 (number of Canadian graduates); 17-10-0009-01 (population).

completion, with Quebec achieving a notable spike in 2000. New Brunswick, Manitoba, and Saskatchewan are at the lower end of the distribution, mirroring the patterns observed in the university sector.

Of course, graduation rates provide only a partial measure of post-secondary performance. A much more comprehensive examination of higher education system's performance is difficult, but possible. For example, see Usher (2024), which includes additional indicators such as labour market outcomes, research, tuition and student aid.

Differences across provinces can reflect differences in governance models, program design, and institutional incentives, all of which shape productivity trajectories across the higher-education system. In general, provinces that empower institutions, diversify program offerings, and expand access to digital learning should be expected to generate better results.

Finally, it is important to note that citizen satisfaction with overall education services is much higher than for health care, with Canada ranking 6th out of 30 countries (see Figure 4.4 in OECD 2025).

4.3.3 Government administration

Productivity measures for government administration were weak at about 0.3 per cent growth per year over recent decades. Despite numerous efforts across federal, provincial, and municipal governments to digitize services, streamline workflows, and modernize organizational structures, these initiatives have generally not translated into measurable productivity gains in the Statistics Canada data. Several factors may explain why the productivity effects of digital transformation remain limited:

- **Digital initiatives may focus on front-end service delivery rather than back-end process redesign.**
  Online portals and digital forms can materially improve the user experience but may not reduce internal workloads, duplicative processes, or approval layers, which are also fundamental to productivity performance.
- **Legacy IT systems and fragmented data architecture can limit interoperability.**
  Many provinces operate complex, aging systems that are difficult to integrate across ministries and agencies. This constrains data

sharing, automated decision-support tools, or coordinated case management – key features of high-performing administrative systems internationally.

- **Labour-intensive administrative workflows persist.**
  In many areas such as benefits administration, eligibility verification, and permitting, processes still rely heavily on manual review, in some cases, paper-based documentation, and sequential approvals. Without re-engineering these workflows, digital tools reduce some frictions but do not generate meaningful productivity gains.

Taken together, these observations highlight a gap between modernization efforts undertaken and productivity gains achieved. While governments have made progress in digitizing services, the deeper organizational, technological, and workflow reforms required to unlock significant efficiency improvements remain incomplete. This gap represents an opportunity for future policy action: productivity improvements in public administration will depend on redesigning the underlying processes, systems, and incentives that determine how administrative work is carried out.

Lastly, measures of satisfaction with government services are also important indicators to assess whether systems are working based on the experiences of citizens. Here, Canada is in the middle of the pack relative to peer countries, ranking 13th out of 30 countries in 2023 (see Figure 4.10 in OECD 2025). In such surveys, respondents particularly value the speed and ease of obtaining government services. In a separate 2024 survey, "more than 60 per cent of surveyed Canadians do not feel they can easily navigate government services without assistance, pointing to challenges in clarity when accessing services." Moreover, several government services that are viewed as particularly important (such as immigration, employment insurance, disability benefits, or workers' compensation) often had the lowest satisfaction scores (Walker Turner et al. 2025). Together, these indicators point to a growing frustration with administrative complexity and slow service delivery, reinforcing the need for deeper workflow redesign, not just digitization.

5. Policy lessons and implications

5.1 Overview

The provincial results reaffirm and reinforce the central message emerging across this series of reports: Canada's government sector has grown steadily larger but not necessarily any more productive. The SGI rose in every province since 2007, while the GPI has fallen sharply since 1997. These twin trends – of expanding inputs and declining measured productivity – suggest that Canada's government sector challenge is not finding ways to allocate even more resources, but to increase the efficiency with which existing resources are translated into results, and reducing and reallocating resources where appropriate.

Improving productivity is essential to enhance the quality of public services Canadians rely on and ensure fiscal sustainability. This report's findings suggest a productivity strategy for governments across Canada that rests on three pillars: measure, manage, and modernize (Figure 5.1).

FIGURE 5.1: Three Pillar Productivity Strategy for governments in Canada

Source: Author

1. Measure

Regular measurement is the foundation for sustained performance improvement. Efforts are needed to institutionalize transparent performance reporting that attempts to measure outputs – and, ultimately, outcomes. Using a variety of indicators is preferable, as it prevents any single measure from being "gamed" in the short run.

Standardized measurement can illuminate performance gaps and inform policy. Governments should adopt such frameworks in annual public

reporting. Embedding more productivity reporting into fiscal frameworks would: improve accountability; support evidence-based budgeting; and encourage policy learning across jurisdictions.

Exercises such as this one, which benchmarks across jurisdictions, can help sharpen incentives and guide ongoing process and service-delivery improvements. Creating a permanent mechanism – potentially led by the Council of the Federation – to systematically compare public-sector productivity across provinces would be an important first step.

2. Manage

Construct tighter linkages between program budgets – and where appropriate employee compensation – and measurable performance results. This series has shown that compensation growth has significantly outpaced measured productivity. Governments can improve alignment between pay and performance by: modernizing staffing and skills strategies; providing better digital training and tools; and adopting outcome-based evaluation frameworks.

Provinces that operate high-performing systems join local autonomy with clear accountability, enabling schools, hospitals, and ministries to innovate while being assessed relative to measurable standards.

3. Modernize

First and foremost, modernization entails further progress on digital transformation, improving data collection and analytics, and adopting and safely experimenting with generative artificial intelligence to fundamentally reimagine and improve service delivery.

- **AI-assisted process redesign and case management.**
  Emerging generative artificial intelligence tools – when supported by strong governance and privacy safeguards – have the potential to automate routine tasks (such as classifying and summarizing complex documents, verifying identity, low-risk permitting, or adjudicating standard benefits), support decision-making to reduce processing times, and reallocate staff time to higher-value activities.
- **Outcome-oriented fiscal transfers.**
  Consider reforming major federal transfers (e.g., health, labour market, housing) to link part of funding to demonstrable improvements in service delivery and outcomes, rather than simply updating past

input spending allocations. Transfers should be structured to reward efficiency by incorporating key performance metrics, chosen in consultation with the provinces.

5.2 Key insights for policymakers

With concerns about the size of expanding governments (Sargent and Egan 2025), the evidence in this series suggests that efforts to reduce the size of government do not necessarily need to come at the expense of service quality or efficiency.

This is particularly true if expenditure reviews are structured comprehensively to include all programs as well as tax expenditures (which ultimately function similarly to direct program spending) (Lester 2025).

In government departments and administrative tasks, processes and departmental functions have expanded over time and could benefit from simplification. When fewer resources are available, teams are often forced to focus on what truly matters.

A simple example illustrates the point: preparing a typical government briefing document or press release that involves 25 people is more expensive, but does not necessarily result in superior output, compared with a process involving only a handful of people. Many information-gathering, briefing, research, and communication processes are similar, in the sense that adding more inputs does not necessarily generate better outputs – and in many cases can generate lower-quality results.

6. Conclusions

6.1 Summary of findings

This third and final report in the series extends the measurement of government size and productivity from the national level to the provinces, providing long-term benchmarking of government sector performance across Canada's provinces from 1997 to 2024. The results reinforce core themes of the earlier reports while offering some new insight into interprovincial differences. Three central findings stand out:

- **Government size has increased in every province.**
  The Size of Government Index (SGI) rose across all jurisdictions between 2007 and 2023. Employment, compensation, hours worked, and program expenditures all expanded faster than underlying economic activity. Growth was broad-based, though especially pronounced in Newfoundland and Labrador and New Brunswick.
- **Government productivity has declined sharply.**
  The Government Productivity Index (GPI) fell nationally from 116.9 in 1997 to 92.7 in 2024 – suggesting that governments now produce about 7 per cent less output per labour input than the business sector, compared with a clear advantage three decades ago. All provinces experienced declines, though the magnitude varied widely, with the largest decline in Manitoba.
- **Provincial differences are large, persistent, and economically meaningful.**
  Smaller Atlantic provinces tend to operate larger government sectors but, relative to their business sectors, achieve higher measured productivity. It is possible that the larger Maritime government sectors are crowding out some business sector activities. Resource-rich provinces – particularly Alberta and Newfoundland and Labrador – operate leaner but less productive public sectors. These patterns reflect structural factors such as economic composition, demographics, governance arrangements, and long-standing management practices.

Taken together, the results show that Canada's government sector has grown in scale but not in efficiency. Without sustained productivity improvements, larger governments risk translating into higher fiscal burdens rather than improved outcomes.

6.2 Final reflections

Across this series of reports, we have grappled with the challenges of measuring output and productivity in the government sector. While many metrics do not fully capture broader issues of output valuation, perceived quality, equity, and accessibility, the exercise is nonetheless instructive. Measurement – even if imperfect – helps clarify where performance is improving or deteriorating, and where policy attention is most needed.

Canada's governments are central to the country's prosperity and quality of life. Their success ultimately depends on how effectively they transform resources into results. By embracing measurement, modernizing service delivery, strengthening management practices, and learning systematically from high-performing peers, governments at all levels can deliver more for Canadians, without necessarily spending more.

If productivity becomes a defining benchmark of public-sector success, Canada's governments will be much better positioned to meet the fiscal, demographic, and social challenges of the coming decades. MLI

About the author

Stephen Tapp is the CEO and chief economist at the Centre for the Study of Living Standards (CSLS). Established in 1995, CSLS is Canada's leading think tank focused on productivity, living standards, and economic well-being.

Tapp was previously the chief economist and SVP of Research, Data, and Analytics at the Canadian Chamber of Commerce. In that role, he successfully launched and managed the Business Data Lab as well as economic analysis and research, and was a key member of the executive leadership team.

Tapp is currently the president of the Canadian Association for Business Economics and a member of the Canadian Statistics Advisory Council. He has 25 years of diverse experience at many of Canada's top economic organizations including at: Export Development Canada as the deputy chief economist, the Bank of Canada, Parliamentary Budget Office, Finance Canada, academia as well as think tanks such as the Institute for Research on Public Policy and the C.D. Howe Institute.

His research was awarded the Purvis prize for Canadian economic policy and has been published in academic journals, including the *Canadian Journal of Economics* and *Canadian Public Policy*.

He has a PhD and MA in Economics from Queen's University and an Honours BA in Economics with Distinction from Western University. MLI

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Endnotes

1 For more details on the precise definition of the government sector, see Annex A of Tapp (2025a).

2 As discussed earlier and throughout this series, the measurement of government-sector outputs remains inherently difficult, and the available data capture only part of the underlying performance story. The results presented here should therefore be interpreted with caution and not treated as definitive. This exercise uses the national accounts data as a starting point, while supplementary performance measures are incorporated where possible to provide a more complete and balanced assessment.

3 Specifically, in the OECD Survey on Drivers of Trust in Public Institutions, the survey question posed is: "On a scale of 0 to 10, how satisfied or dissatisfied are you with the healthcare system in your country as a whole?" Responses of 6 to 10 were classified as "satisfied." For Canada, less than half of its respondents (49.2 per cent) were satisfied with health care services.

4 These time series were constructed using Chart 1 from successive Fraser Institute reports on Canadian health care wait times (Moir and Barua and other authors over various years, 1997 to 2024). Each data point corresponds to the Fraser Institute's annual survey of specialist physicians. See the reference section for full report citations.

5 Of course, graduation rates or education system "outputs" are only part of the picture. Labour market "outcomes" are also important indicators of systemic performance. Incorporating this information is worthwhile, but beyond the scope of this report.

ANNEX A

Data sources and construction

All underlying data to construct the size of government and government productivity indexes are drawn from Statistics Canada, primarily Table 36-10-0480-01 for employment, hours worked, compensation, and real value-added; Table 36-10-0450-01 for government revenues and expenditures; and Table 36-10-0222-01 for GDP. Provincial populations are taken from Table 17-10-0009-01 to facilitate per-capita calculations where relevant.

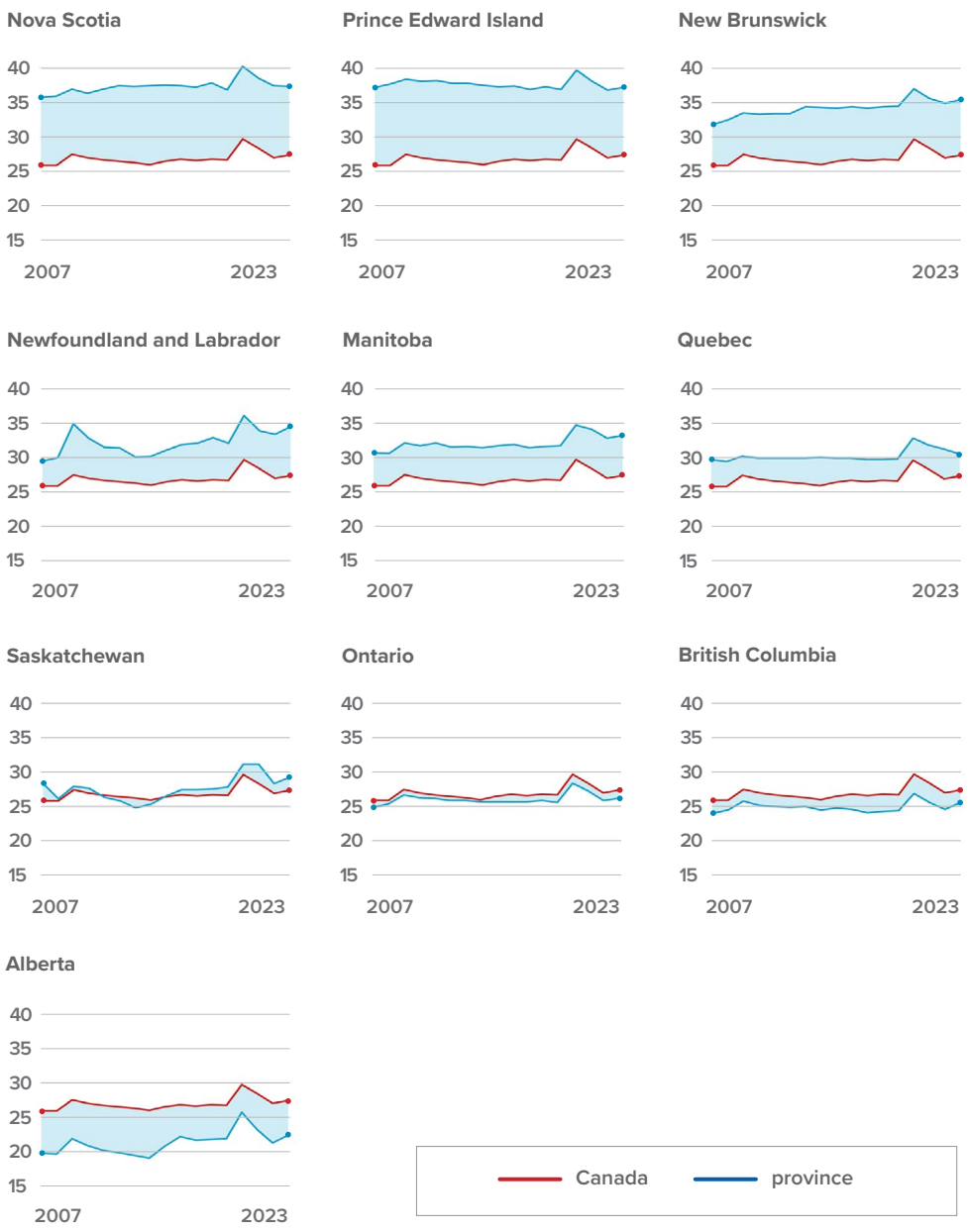
The analysis covers 1997 to 2024, and sub-periods from 2007 to 2023, for which consistent fiscal and productivity data are available across provinces.

Adjustments and data consistency

Statistics Canada reclassified several government subsectors in 2013, affecting reported levels of employment, compensation, and output for activities such as education, health, and public administration. To maintain comparability across time, the historical series were reconstructed by applying pre-2013 growth rates to the revised categories and aligning the adjusted data with the methodology described in (Tapp 2025b).

ANNEX B
Size of Government Index

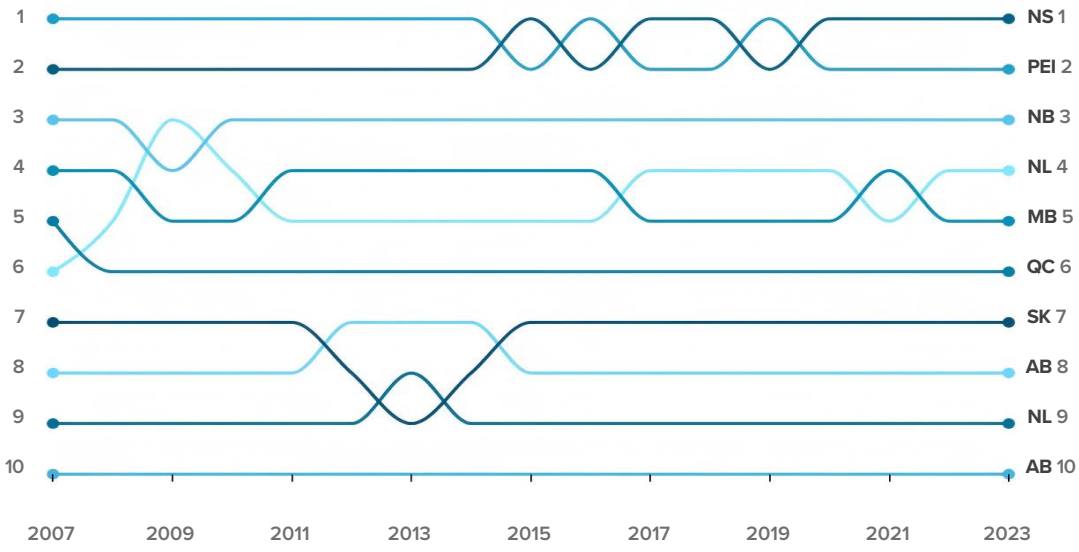
FIGURE B1: Size of Government Index, Canadian provinces, 2007–2023, index



	CAN	NS	PEI	NB	NL	MB	QC	SK	ON	BC	AB
2007	25.9%	35.7%	37.2%	31.8%	29.5%	30.7%	29.8%	28.4%	24.9%	24.0%	19.8%
2023	27.4%	37.3%	37.2%	35.4%	34.5%	33.2%	30.6%	29.3%	26.2%	25.6%	22.4%
Change	▲1.6%	▲1.6%	▲0.1%	▲3.6%	▲5.0%	▲2.5%	▲0.8%	▲0.8%	▲1.4%	▲1.6%	▲2.7%

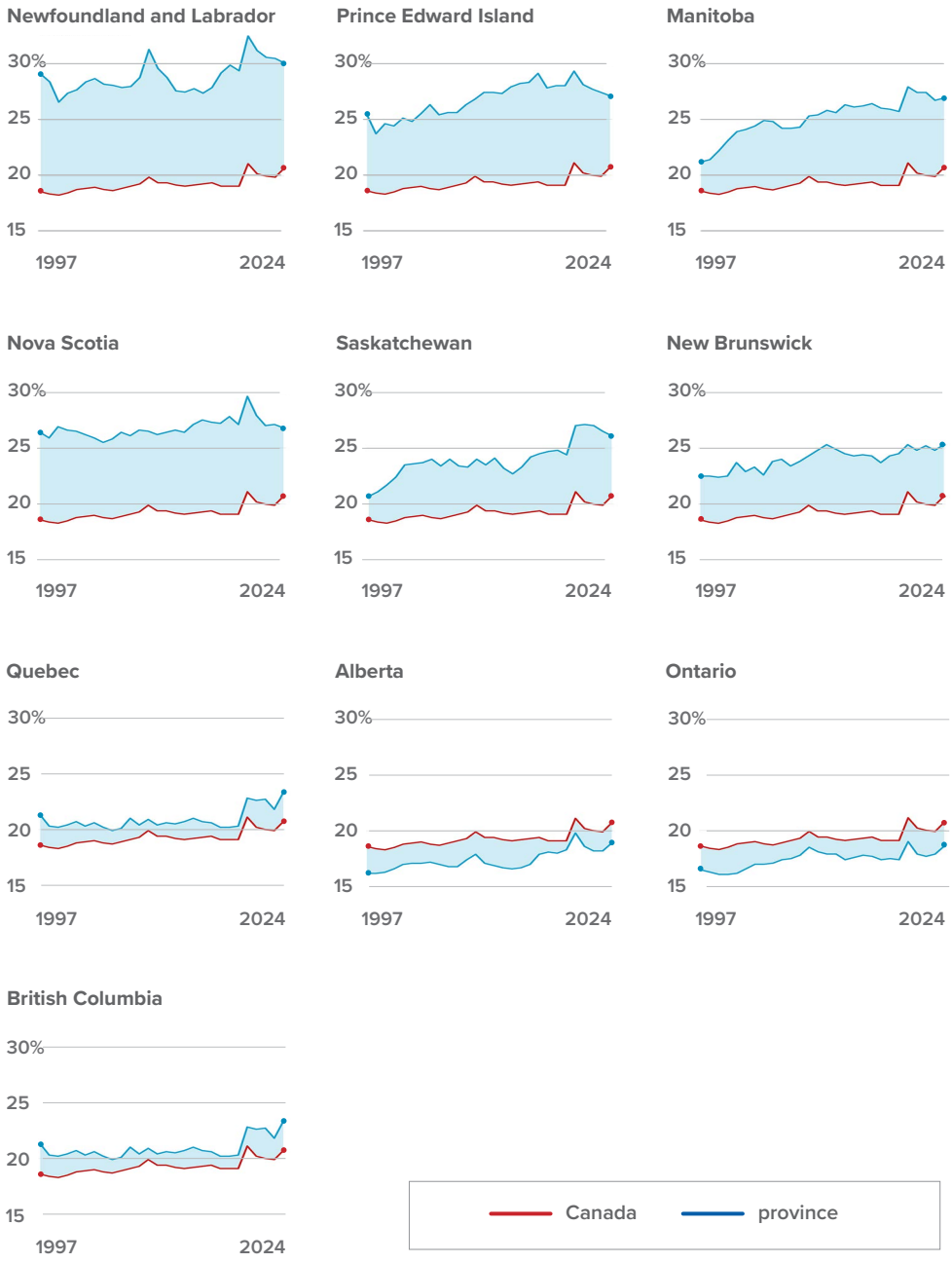
Sources: CSLS calculations from Statistics Canada 36-10-0480-01 (employment, hours, compensation, real value added), 36-10-0450-01 (revenue, expense), 36-10-0222-01 (GDP).

FIGURE B2: Size of Government Index, Canadian provinces, 2007–2023, rank among the provinces



Sources: CSLS calculations from Statistics Canada 36-10-0480-01 (employment, hours, compensation, real value added), 36-10-0450-01 (revenue, expense), 36-10-0222-01 (GDP).

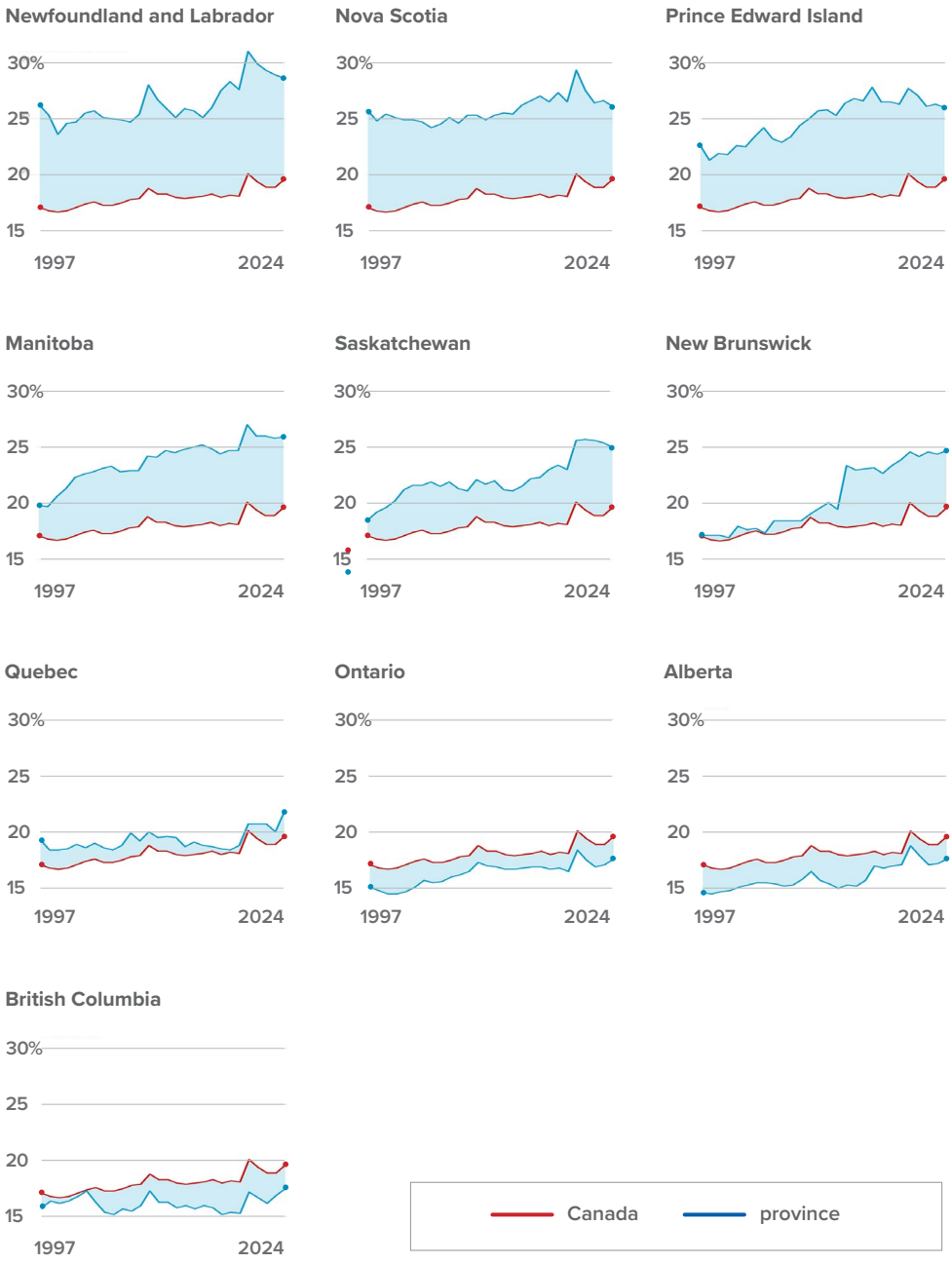
FIGURE B3: Government sector employment, Canadian provinces, 1997–2024, share of government's employment to provincial economy's



	CAN	NL	PEI	MB	NS	SK	NB	QC	AB	ON	BC
1997	18.6%	29.1%	25.4%	21.2%	26.4%	20.7%	22.5%	21.3%	16.2%	16.5%	16.8%
2024	20.7%	30.1%	27.1%	26.9%	26.8%	26.1%	25.3%	23.3%	18.9%	18.6%	18.1%
Change	▲2.1%	▲1.0%	▲1.7%	▲5.7%	▲0.3%	▲5.4%	▲2.7%	▲2.0%	▲2.6%	▲2.0%	▲1.3%

Source: CSLS calculations from Statistics Canada 36-10-0480-01.

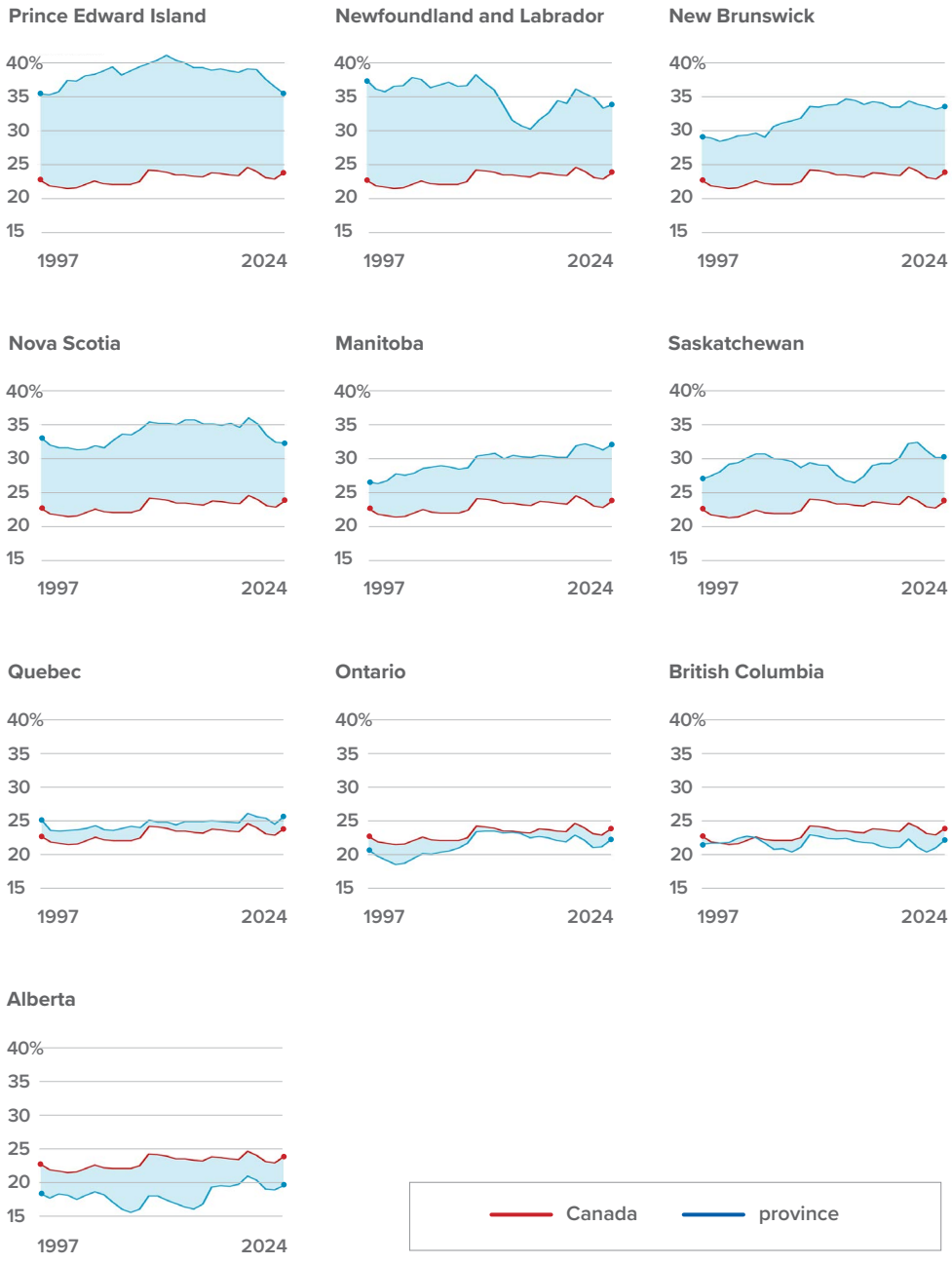
FIGURE B4: Government sector hours worked, Canadian provinces, 1997–2024
share of government's work hours to provincial economy's



	CAN	NL	NS	PEI	MB	SK	NB	QC	ON	AB	BC
1997	17.1%	26.2%	25.7%	22.6%	19.8%	18.5%	17.2%	19.3%	15.1%	14.6%	15.8%
2024	19.6%	28.6%	26.1%	26.0%	25.9%	25.0%	24.7%	21.8%	17.6%	17.6%	17.5%
Change	▲2.3%	▲2.3%	▲0.5%	▲3.4%	▲6.1%	▲6.5%	▲7.5%	▲2.5%	▲2.5%	▲3.1%	▲1.7%

Source: CSLS calculations from Statistics Canada 36-10-0480-01.

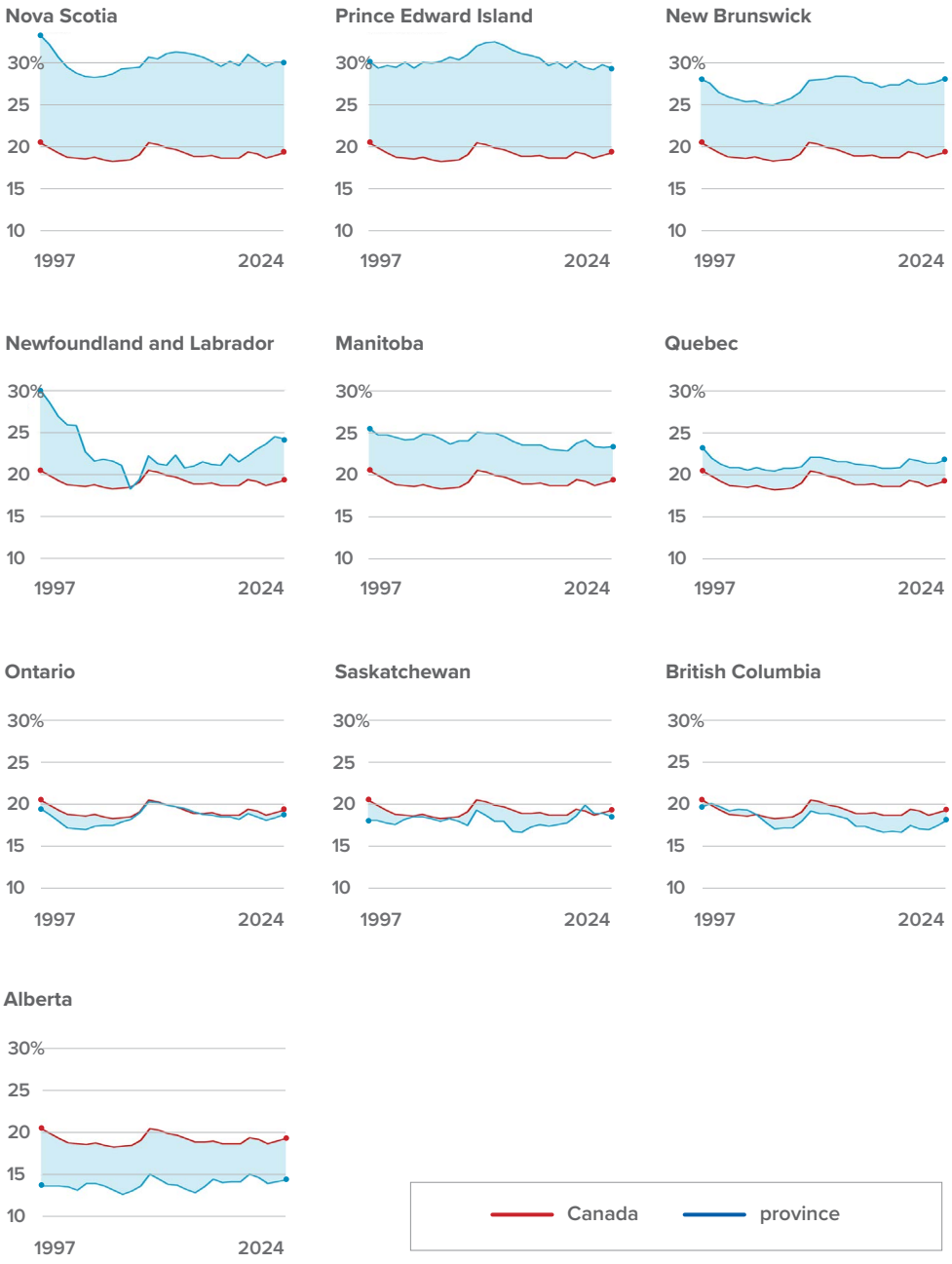
FIGURE B5: Government sector compensation, Canadian provinces, 1997–2024, share of government's total compensation to provincial economy's



	CAN	PEI	NL	NB	NS	MB	SK	QC	ON	BC	AB
1997	22.7%	35.4%	37.4%	29.1%	33.1%	26.6%	27.1%	25.1%	20.7%	21.5%	18.4%
2024	23.8%	35.5%	33.8%	33.5%	32.3%	32.1%	30.3%	25.6%	22.2%	22.1%	19.6%
Change	▲1.1%	▲0.1%	▼3.6%	▲4.3%	▼0.9%	▲5.4%	▲3.2%	▲0.6%	▲1.5%	▲0.5%	▲1.2%

Source: CSLS calculations from Statistics Canada 36-10-0480-01

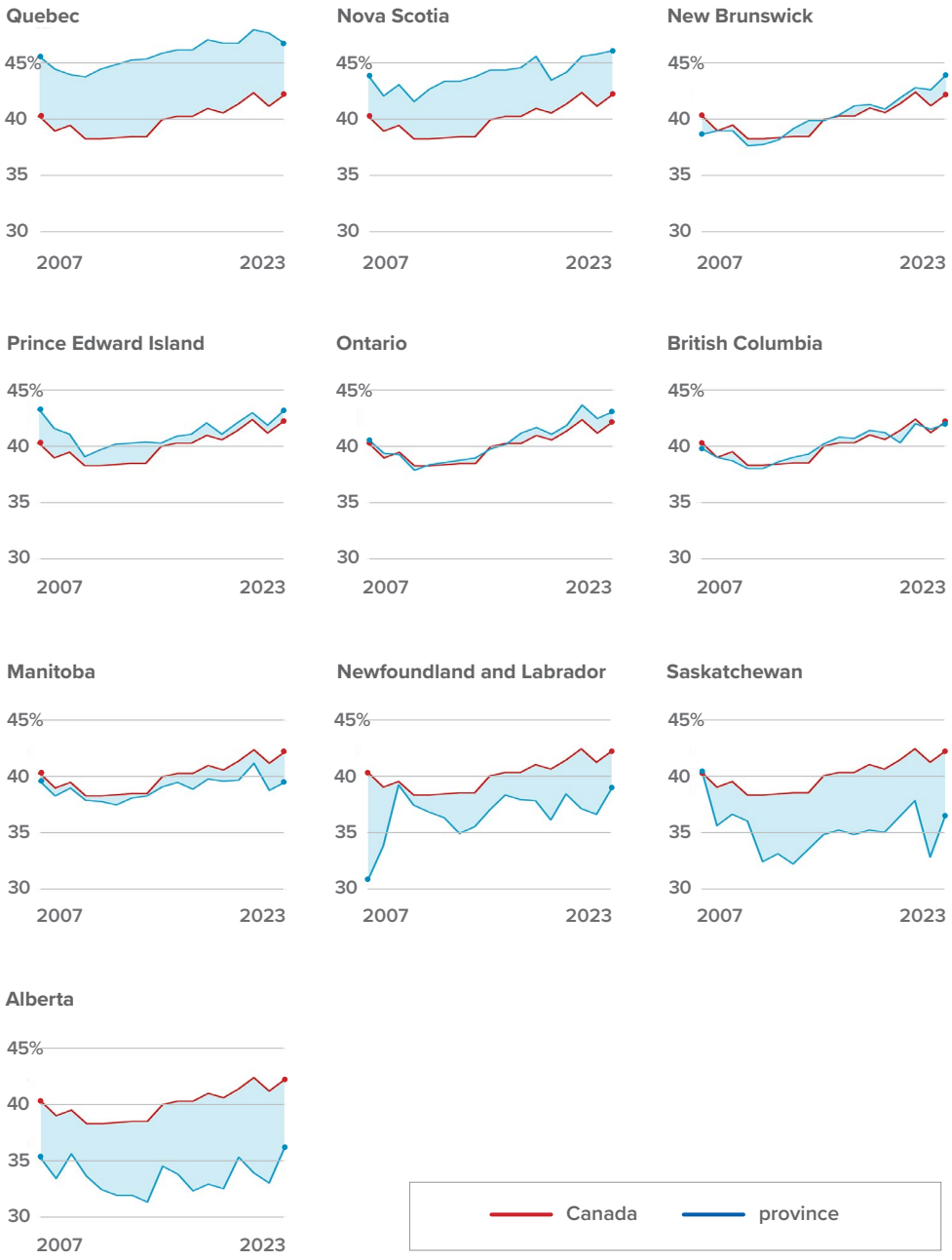
FIGURE B6: Government sector value added, Canadian provinces, 1997–2024, share of government's real value added to provincial economy's



	CAN	NS	PEI	NB	NL	MB	QC	ON	SK	BC	AB
1997	20.5%	33.2%	30.1%	28.0%	30.0%	25.5%	23.2%	19.5%	18.1%	19.7%	13.7%
2024	19.3%	30.0%	29.3%	28.0%	24.2%	23.3%	21.8%	18.8%	18.5%	18.1%	14.4%
Change	▼1.2%	▼3.2%	▼0.8%	▲0.0%	▼5.8%	▼2.2%	▼1.4%	▼0.7%	▲0.4%	▼1.6%	▲0.7%

Source: CSLS calculations from Statistics Canada 36-10-0480-01.

FIGURE B7: Government sector revenue, Canadian provinces, 2007–2023, share of GDP



	CAN	QC	NS	NB	PEI	ON	BC	MB	NL	SK	AB
1997	40.3%	45.6%	43.9%	38.7%	43.3%	40.6%	39.8%	39.6%	30.8%	40.5%	35.2%
2024	42.2%	46.8%	46.1%	43.9%	43.1%	43.1%	42.0%	39.5%	38.9%	36.5%	36.1%
Change	▲1.8%	▲1.2%	▲2.2%	▲5.2%	▼0.2%	▲2.5%	▲2.2%	▼0.1%	▲8.1%	▼4.0%	▲0.9%

Source: CSLS calculations from Statistics Canada 36-10-0450-01 (revenue), 36-10-0222-01 (GDP).

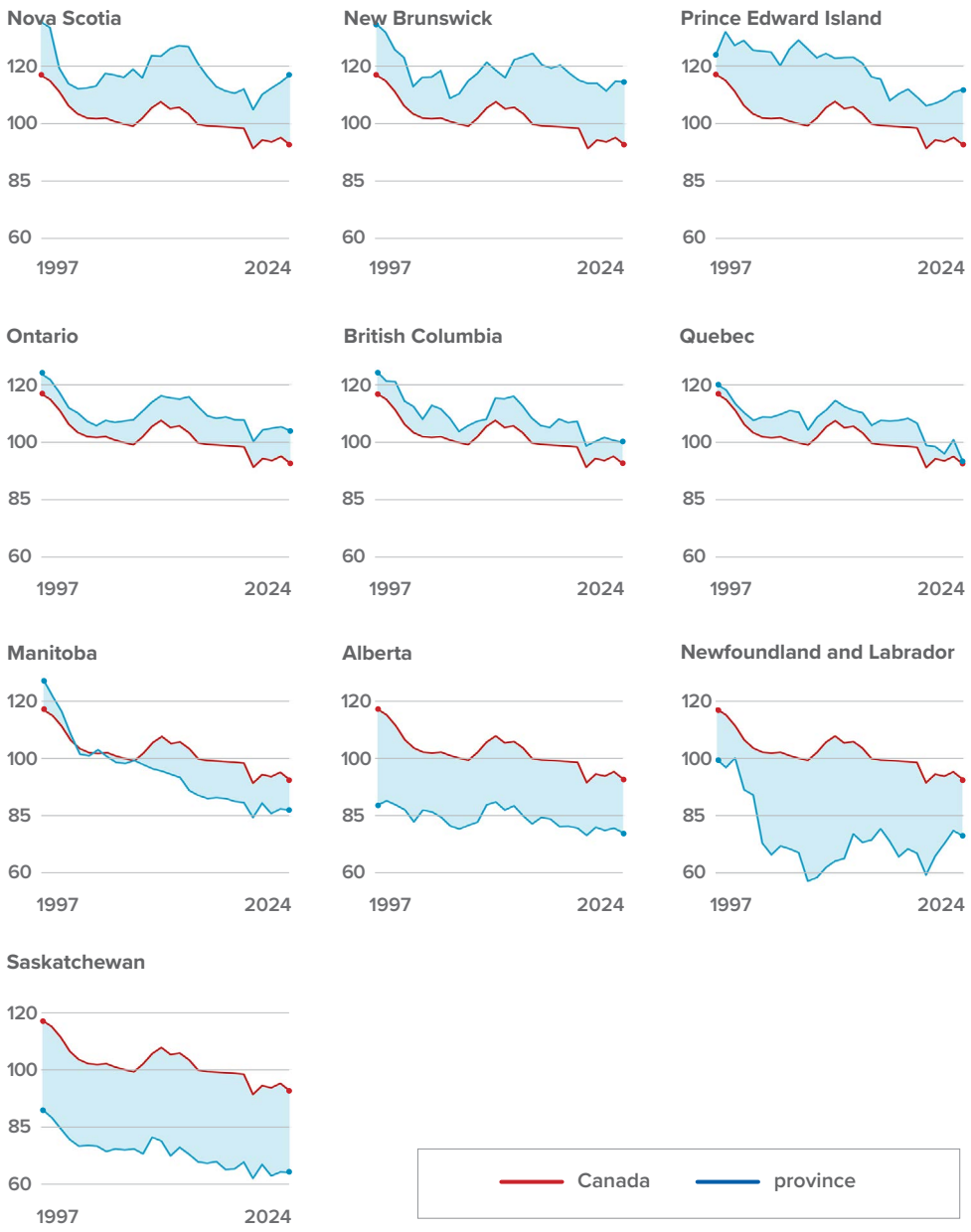
FIGURE B8: Government sector expenditure, Canadian provinces, 2007–2023, share of GDP

	CAN	NS	PEI	NB	MB	NL	QC	ON	BC	SK	AB
1997	37.4%	56.9%	61.6%	52.7%	45.0%	38.7%	47.4%	35.8%	34.8%	37.7%	22.4%
2024	41.7%	61.4%	60.2%	58.4%	52.5%	50.9%	49.1%	39.6%	38.7%	38.0%	30.0%
Change	▲4.3%	▲4.5%	▼1.4%	▲5.7%	▲7.6%	▲12.3%	▲1.7%	▲3.9%	▲3.9%	▲0.3%	▲7.5%

Source: CSLS calculations from Statistics Canada 36-10-0450-01 (expense), 36-10-0222-01 (GDP).

ANNEX C
Government Productivity Index

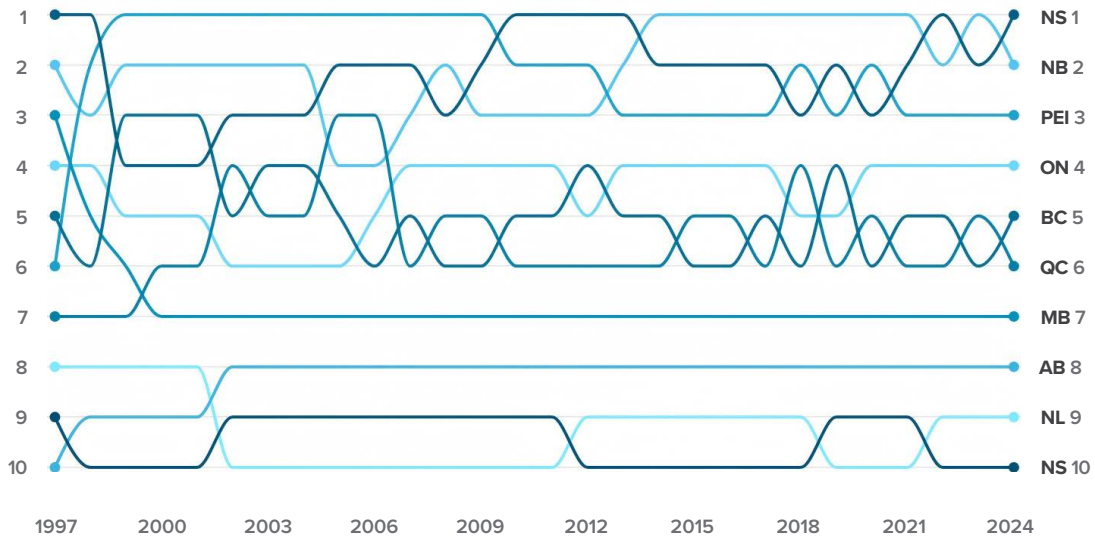
FIGURE C1: Government Productivity Index, Canadian provinces, 1997–2024, index



	CAN	NS	NB	PEI	ON	BC	QC	MB	AB	NL	SK
1997	116.9%	135.4%	134.6%	124.2%	125.0%	124.4%	120.2%	127.3%	83.6%	99.5%	86.2%
2024	92.7%	117.0%	114.5%	111.7%	103.3%	100.0%	93.6%	82.1%	74.0%	73.1%	64.4%
Change	▼24.3%	▼18.4%	▼20.1%	▼12.5%	▼21.7%	▼24.4%	▼26.6%	▼45.1%	▼9.6%	▼26.4%	▼21.8%

Source: CSLS calculations from Statistics Canada 36-10-0480-01.

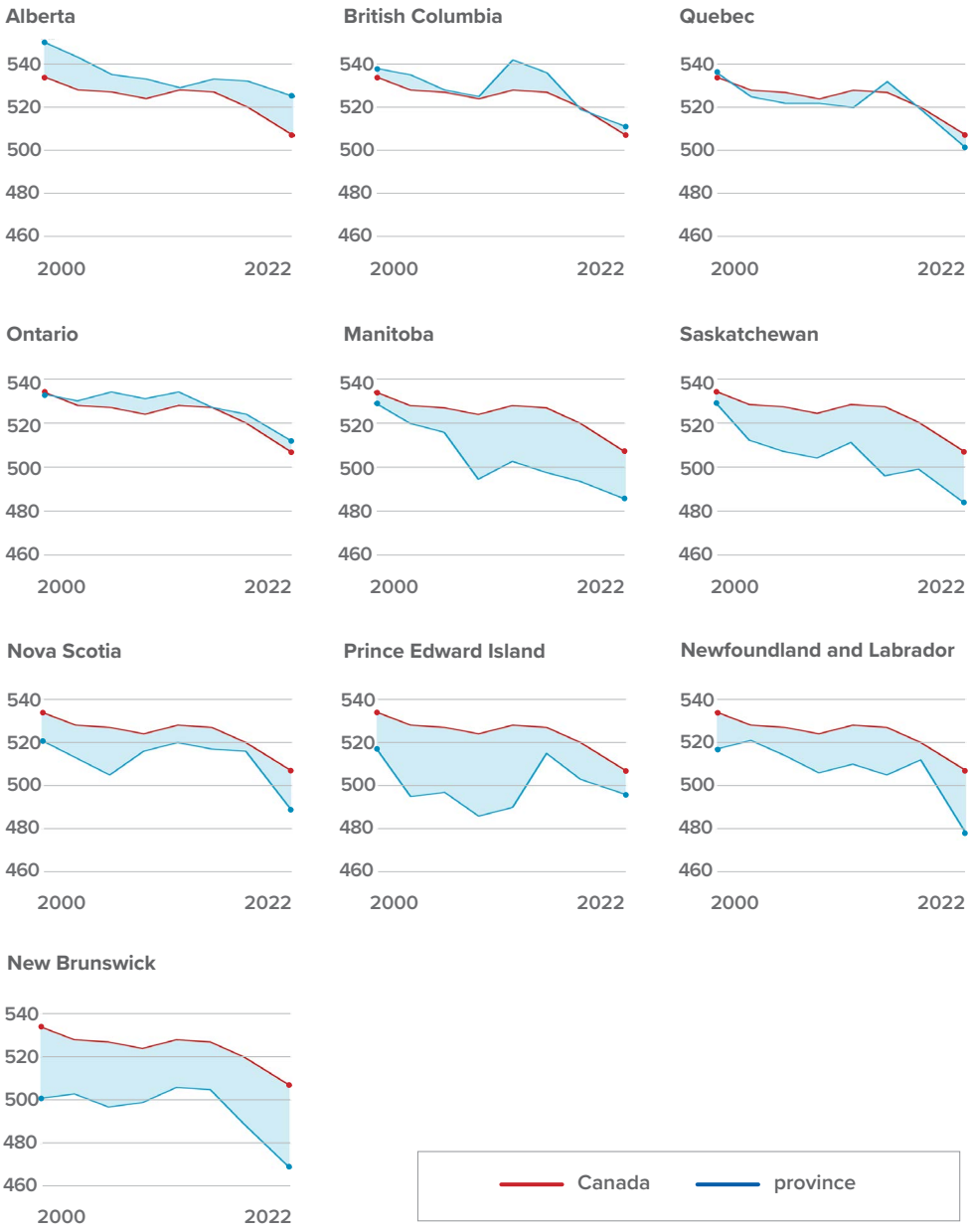
FIGURE C2: Government Productivity Index, Canadian provinces, 1997–2024, rank among the provinces



Source: CSLS calculations from Statistics Canada 36-10-0480-01.

ANNEX D
Alternative education performance measures

FIGURE D1: Programme for International Student Assessment Scores in reading, Canadian provinces, 2000–2022, average achievement score



	CAN	AB	BC	QC	ON	MB	SK	NS	PEI	NL	NB
1997	534	550	538	536	533	529	529	521	517	517	501
2024	507	525	511	501	512	486	484	489	496	478	469
Change	▼5%	▼5%	▼5%	▼7%	▼4%	▼8%	▼9%	▼6%	▼4%	▼8%	▼6%

Source: Council of Ministers of Education, Canada (CMEC).

FIGURE D2: Programme for International Student Assessment Scores in Science, Canadian provinces, 2000–2022, average achievement score

	CAN	AB	QC	BC	MB	ON	SK	NL	NS	PEI	NB
1997	529	546	541	533	527	522	522	516	516	508	497
2024	515	534	512	519	492	517	494	491	492	496	483
Change	▼3%	▼2%	▼5%	▼3%	▼7%	▼1%	▼5%	▼5%	▼5%	▼2%	▼3%

Source: Council of Ministers of Education, Canada (CMEC). (

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