



TRANSFORMING THE FEDERAL GOVERNMENT IS NOT ENOUGH TO BUILD AN INTEROPERABLE DIGITAL CANADA

WHAT DIGITAL
TRANSFORMATION CANADA CAN
SET IN MOTION, AND WHAT
TEAM CANADA STILL HAS TO
BUILD

ALAIN DUDOIT
TONY LABILLOIS

Les documents **Pour Réflexion** sont des documents publiés pour susciter échanges et commentaires et s'appuient sur des résultats de recherche. Ces documents sont sous la seule responsabilité des auteurs.

Reflection Papers are documents published to stimulate discussion and commentary, based on research findings. These documents are the sole responsibility of their authors.

Le CIRANO est un organisme sans but lucratif constitué en vertu de la Loi des compagnies du Québec. Le financement de son infrastructure et de ses activités de recherche provient des cotisations de ses organisations-membres, d'une subvention d'infrastructure du gouvernement du Québec, de même que des subventions et mandats obtenus par ses équipes de recherche.

CIRANO is a private non-profit organization incorporated under the Quebec Companies Act. Its infrastructure and research activities are funded through fees paid by member organizations, an infrastructure grant from the government of Quebec, and grants and research mandates obtained by its research teams.

Les partenaires du CIRANO – CIRANO Partners

Partenaires Corporatifs - Corporate Partners	Partenaires gouvernementaux - Governmental partners	Partenaires universitaires - University Partners
Autorité des marchés financiers	Ministère des Finances du Québec	École de technologie supérieure
Banque de développement du Canada	Ministère de l'Économie, de l'Innovation et de l'Énergie	École nationale d'administration publique
Banque du Canada	Innovation, Sciences et Développement Économique Canada	HEC Montréal
Banque Nationale du Canada		Institut national de la recherche scientifique
Bell Canada	Ville de Montréal	Polytechnique Montréal
BMO Groupe financier		Université Concordia
La Caisse		Université de Montréal
Énergir		Université de Sherbrooke
Hydro-Québec		Université du Québec
Intact Corporation Financière		Université du Québec à Montréal
Mouvement Desjardins		Université Laval
Power Corporation du Canada		Université McGill
Pratt & Whitney Canada		
VIA Rail Canada		

Le CIRANO collabore avec de nombreux centres et chaires de recherche universitaires dont on peut consulter la liste sur son site web. *CIRANO collaborates with many centers and university research chairs; list available on its website.*

© October 2026. Alain Dudoit et Tony Labilloy. Tous droits réservés. *All rights reserved.* Reproduction partielle permise avec citation du document source, incluant la notice ©. *Short sections may be quoted without explicit permission, if full credit, including © notice, is given to the source.*

Les idées et les opinions émises dans cette publication sont sous l'unique responsabilité des auteurs et ne représentent pas les positions du CIRANO ou de ses partenaires. *The observations and viewpoints expressed in this publication are the sole responsibility of the authors; they do not represent the positions of CIRANO or its partners.*

Transforming the Federal Government Is Not Enough to Build an Interoperable Digital Canada

What Digital Transformation Canada can set in motion, and what Team Canada still has to build

Alain Dudoit^{*}, Tony Labillois[†]

Abstract

The creation of Digital Transformation Canada, announced by Prime Minister Mark Carney on 3 September 2026, gives the federal government a long-awaited instrument to modernize its administration. Its perimeter, however, remains that of the federal apparatus, while the problems that matter most to citizens, workers and businesses cross-jurisdictional boundaries. This reflection paper argues that a federal transformation that succeeds, but proceeds alone, risks hardening boundaries within Canada's public sector rather than reducing them: data standards, identifiers and procurement vehicles settled without the provinces and territories become de facto standards through sheer relative weight. The missing piece is not a technology but a governance capacity. Federal-provincial-territorial public sector data interoperability is presented as the enabling infrastructure on which national-interest projects already depend. The authors distinguish two complementary engines, one operational and federal, the other political and vested in Team Canada, and propose four immediate actions.

Résumé

La création de Transformation numérique Canada, annoncée par le premier ministre Carney le 3 septembre 2026, donne au gouvernement fédéral un instrument attendu, dont le périmètre demeure celui de l'appareil fédéral. Ce document de réflexion soutient qu'une transformation fédérale réussie, mais menée seule, risque de durcir les frontières au sein du secteur public canadien plutôt que de les réduire. La pièce manquante n'est pas une technologie, mais une capacité de gouvernance intergouvernementale. L'interopérabilité fédérale-provinciale territoriale des données du secteur public y est présentée comme l'infrastructure habilitante des chantiers d'intérêt national en cours. Les auteurs proposent quatre actions immédiates et distinguent deux moteurs complémentaires, l'un opérationnel et fédéral, l'autre politique et confié à Équipe Canada.

^{*} Ambassador of Canada (ret.) CIRANO Invited Fellow Strategic Advisor, Global Advantage Consulting Group

[†] Consultant in accessibility, public policy, leadership, and data Retired Director General at Statistics Canada Elected Member of the International Statistical Institute

Keywords/Mots-clés: Data interoperability, public sector data ; Canadian federalism ; federal-provincial-territorial governance ; digital transformation ; digital sovereignty ; artificial intelligence ; digital public infrastructure ; public procurement ; public sector productivity. / Interopérabilité des données ; données du secteur public ; fédéralisme canadien ; gouvernance fédérale-provinciale territoriale ; transformation numérique ; souveraineté numérique ; intelligence artificielle ; infrastructure publique numérique ; approvisionnement public ; productivité du secteur public

Pour citer ce document / To quote this document

Dudoit, A., & Labilloy, T. (2026). Transforming the Federal Government Is Not Enough to Build an Interoperable Digital Canada (2026PR-14, For reflection, CIRANO.) <https://doi.org/10.54932/UETL4299>

Table of Contents

In brief	3
1. An important federal decision, but one confined to Ottawa	3
<i>From fragmented systems to fragmented authority.....</i>	<i>4</i>
2. The real problem: governments whose systems do not talk to each other	5
<i>The scaling ceiling</i>	<i>5</i>
<i>The problems themselves are already interconnected.....</i>	<i>6</i>
<i>The next source of productivity lies between governments</i>	<i>6</i>
3. The risk of a federal “go-it-alone” success	7
<i>The risk is not failure; it is success.....</i>	<i>7</i>
<i>Should we fear that pooling will slow Ottawa down?.....</i>	<i>8</i>
4. A concrete case: major projects in the national interest	9
<i>An enabling infrastructure for projects in the national interest.....</i>	<i>9</i>
5. The solution: autonomous but connected governments	9
<i>A federated architecture, not centralization</i>	<i>9</i>
<i>Canada is not starting from zero.....</i>	<i>11</i>
<i>Team Canada as the political engine</i>	<i>11</i>
<i>Start from outcomes, not from technology.....</i>	<i>11</i>
6. Four immediate actions.....	12
<i>Conclude an FPT framework agreement</i>	<i>12</i>
<i>Establish durable FPT governance.....</i>	<i>12</i>
<i>Choose a few pilot projects</i>	<i>12</i>
<i>Open federal procurement</i>	<i>12</i>
Conclusion: the moment to act.....	13
Sources and references	14

In brief

The creation of Digital Transformation Canada gives the federal government a new instrument for modernizing its administration (Prime Minister's Office, 2026). The decision is significant and long awaited. Until the orders in council that will define its mandate are issued, it would be premature to assess its exact scope. One observation is nonetheless already clear: its perimeter remains that of the federal apparatus. Yet the problems that matter most to citizens, workers and businesses do not stop at the boundaries of a single administration.

This discussion paper draws on a series of recent CIRANO publications and initiatives.¹ It advances three propositions:

- Even if it succeeds, a digital transformation of the federal administration carried out alone risks hardening the information boundaries within Canada's public sector rather than reducing them.
- The missing piece is not a new technology but a governance capacity: a durable way for governments to agree on the priorities, standards and rules that allow their data and their systems to work together.
- Federal-provincial-territorial (FPT) interoperability of public sector data is an enabling infrastructure on which national-interest undertakings already under way depend.

That capacity cannot arise from an administrative decision. It requires political impetus, and that impetus rests with the federal, provincial and territorial first ministers, while respecting the jurisdiction of each government.

1. An important federal decision, but one confined to Ottawa

On September 3, the Prime Minister announced the creation of Digital Transformation Canada, a federal organization that brings together Shared Services Canada along with certain functions of the Treasury Board, Public Services and Procurement Canada and Employment and Social Development Canada, including the Canadian Digital Service (Prime Minister's Office, 2026). The decision follows from an election commitment by the governing party (the Liberal Party of Canada, 2025) and had been set out in the November 2025 budget (Department of Finance Canada, 2025).

The federal government thereby gives itself a new instrument to modernize its administration, make better use of digital technologies and artificial intelligence, reduce certain overlaps and improve its services to citizens. Its three stated priorities are coherent with one another: deploying shared solutions across government, equipping public servants, and using federal purchasing power strategically.

¹ See, under "Sources and references" at the end of this document, the headings "CIRANO publications" and "CIRANO initiatives under way."

The immediate issue is less the merit of the decision than what is made of it. One choice has now been settled: should the federal government equip itself with a digital transformation capacity? Yes. A new stage now opens. How can that federal capacity become the anchor of an FPT digital architecture, so that Canada can function as a genuinely interoperable economic and administrative space, within the jurisdiction of each government?

From fragmented systems to fragmented authority

One element of the announcement deserves close reading: where the new organization sits institutionally. It reports to the Minister of Government Transformation, Public Works and Procurement. That placement clearly favours a delivery and operational transformation function within the federal apparatus, which is coherent and is not a criticism.

It remains that no sufficiently structured intergovernmental mechanism yet exists to steer and sustain the pooling of relevant public sector data. At the FPT level, several forums for collaboration are working. None of them, however, holds the mandate to carry public sector data interoperability as a shared strategic asset, on a continuing basis.

International comparison locates that gap precisely. In 2025, thirty of the thirty-six OECD member countries for which data are available (more than eight in ten) reported having a whole-of-government data interoperability system. Canada is among the six exceptions, with Costa Rica, Ireland, Mexico, New Zealand and Poland (OECD, 2026). Of the thirty nations that have implemented it, an impressive twenty-three of them report that more than half of their central government bodies use it. However, the adoption rate at the subnational level is even lower.

The details of the digital government index say the same thing another way. Canada is above the OECD average on open by default (0.74 against 0.59) and on being user-driven (0.80 against 0.71). It sits well below on the two dimensions that measure shared foundations: the data-driven public sector (0.59 against 0.74) and government as a platform (0.54 against 0.71), which is its weakest result. The country is strong where it faces citizens and weak where the shared plumbing lies.

It does recognize the “once-only principle” for the transmission of information, without having the system that would allow it to be applied, the OECD noting that mentioning the principle in a strategy document is far from guaranteeing that it is built into service delivery. Our Burgundy Report, for its part, counted fourteen heterogeneous digital infrastructures within the federation (Dudoit, 2025).

That institutional placement reveals, above all, the real nature of the federal problem. It is not only fragmented systems; it is a fragmented authority. The success of Digital Transformation Canada will depend less on its organization chart than on its capacity to exercise real authority, to have common standards adopted, and to change ways of working that have been in place for a long time.

If fragmented authority and governance are already an obstacle within a single government, it is necessarily more complex still between Ottawa, the provinces, the territories, Indigenous governments and municipal administrations. The observation is not new, and it extends well beyond the digital domain.

In an opinion piece published on September 5, 2026, former Quebec premier Jean Charest (2026) observes that the country has earned a reputation for being unable to see large projects through, and that overlapping federal and provincial laws and regulations have made certain obstacles practically insurmountable. Interprovincial trade barriers have become entrenched, he writes, at the expense of growth and of Canadians' capacity to trade with one another. Federalism remains, in his view, a good system of government for Canada, provided that its operating manual is renewed and that the level of intergovernmental collaboration is raised.

That is exactly what is at issue here. Ottawa has just recognized that digital fragmentation is a governance problem. It remains for Team Canada to recognize that the fragmentation of FPT public sector data is a problem of national governance.

2. The real problem: governments whose systems do not talk to each other

The scaling ceiling

A public digital solution that works well does not first run up against technology. In Canada, it quickly meets another reality: jurisdictional boundaries.

The same business, the same permit, the same professional qualification or the same shipment of goods is often recorded by several administrations at once, in systems and vocabularies that were never designed to talk to each other. A business entered in the federal register and in a provincial register often carries two distinct identifiers, and it is not always possible to automatically establish that they refer to the same business.

The business identification number illustrates both the distance travelled and the ceiling reached. The Canada Revenue Agency assigns a nine-digit number, extended to fifteen characters by a program identifier and an account number. In eight provinces (Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Saskatchewan), registration or incorporation directly assigns that number, which thereby becomes the business's common identifier with both orders of government (Canada Revenue Agency, 2026). In Quebec, Newfoundland and Labrador and the three territories, the business must register separately with the agency. The Registraire des entreprises du Québec, for its part, assigns a ten-digit Quebec enterprise number (Gouvernement du Québec, n.d.). The same business therefore carries two identifiers of different lengths, issued by two administrations, with no automatic correspondence between them.

A solution that is perfectly effective within one administration therefore loses much of its value as soon as it has to cross a provincial or territorial boundary. That is the real scaling ceiling, and it cannot be broken through from inside the federal apparatus alone. The ceiling is all the more costly because governments already hold immense quantities of data. The information exists. The connections do not.

Canada does not need a national database bringing together the information of every government. What is needed is to let distinct systems understand one another, recognize certain information and, where legitimate and necessary, exchange it securely. That is what interoperability is.

A clarification of terminology is needed here. This paper is concerned with public sector data, that is, the data that administrations hold in carrying out their functions. Most of it is neither published nor intended to be, whether it consists of personal information, trade secrets or security-sensitive information.

Interoperability is, therefore, not the same thing as open data. The interoperability of public sector data is not solely an information technology question. It is also an institutional capacity to work together. Common standards, readily accessible data and trusted governance themselves constitute a kind of infrastructure, because they reduce the cost of finding a supplier, hiring an employee, entering another provincial market or growing a business nationally.

The problems themselves are already interconnected

Several priority areas make such pooling urgent: public sector productivity, internal trade, labour mobility, supply chains, infrastructure, energy, housing and immigration. These files are administered by several governments, departments and agencies. For citizens, workers and businesses, they nonetheless amount to a single reality.

A worker does not change provinces by changing information systems. A business does not cease to belong to a supply chain when it crosses a provincial boundary. An infrastructure project does not become less interdependent because its components fall under different governments. And housing, energy, labour and immigration need to move together.

Public sector productivity likewise has an intergovernmental dimension that is too often overlooked. When the same need is addressed separately in several administrations, the opportunities for cooperation, for reusing proven solutions, eliminating costly duplications, and for making systems compatible remain largely untapped.

These issues do not call for fourteen separate digital strategies. They reveal a single need: the capacity of autonomous governments to work better together when the problem extends beyond their boundaries. The problem is, therefore, less the absence of information than our collective inability to connect it at the moment it becomes necessary.

The next source of productivity lies between governments

The next reserve lies in reducing friction between administrations, that is, precisely where no organization today holds the mandate to act. The Canadian internal market, which accounts for thirty to thirty-two per cent of gross domestic product, is the first site of that friction (Dudoit, 2026). The order of magnitude of the gains at stake is debated, and the debate is itself instructive.

Estimates of the effect of removing internal trade barriers range from roughly eight per cent of gross domestic product, close to two hundred billion dollars a year according to Manucha and Tombe (2022), to considerably more modest assessments: Bemrose, Brown and Tweedle (2017) estimate that these barriers are equivalent to a tariff of about seven per cent on goods crossing a provincial border. Teeter and Cotton (2025), who report both sets of work, judge the first estimate overstated and the second more defensible. None of these studies puts a separate figure on the share attributable to administrations' inability to make their data talk to each other. That is precisely the measurement that is missing, and one of the reasons to launch the pilot projects proposed below.

Artificial intelligence makes the issue all the more urgent. The national strategy AI for All makes building the Canadian sovereign AI foundation, one of its pillars (Innovation, Science and Economic Development Canada, 2026). Yet high-performing AI does not correct fragmented public sector information: it amplifies its inconsistencies. Canada will not be able to deploy performing public sector AI adoption on data that remain jurisdictionally siloed.

AI, therefore, does not create only a technological urgency. It introduces a new premium on the quality, comparability and interoperability of public sector data. Anonymized and aggregated FPT public sector data could support applications of immediate interest: productivity, internal trade growth, labour market forecasting, climate adaptation, infrastructure planning. Digital sovereignty therefore does not rest on technological capacity alone. It depends on the collective capacity to mobilize and pool reliable, interoperable public sector data.

3. The risk of a federal “go-it-alone” success

The risk is not failure; it is success

Shared Services Canada was created in August 2011 and constituted as a department the following year, with the mandate to provide the technology infrastructure and common digital services of the Government of Canada (Shared Services Canada, 2026). Fifteen years later, a new organization is being put in place to accelerate the delivery of that same mission. The time that earlier experiment took to implement, and the results it achieved, counsel caution about the timelines of the new model, but that is not the main objection.

The scenario that should command attention is the one in which the exercise works. A successful federal modernization necessarily produces a coherent set of choices: data standards, identifiers, reference architectures and procurement instruments. Settled without the provinces and territories, those choices become de facto standards by sheer relative weight.

Provincial governments are then left with two equally poor options. Complying means accepting a centralization that has never been debated. Diverging means aggravating the fragmentation the exercise claimed to reduce.

The effect is mechanical. It depends on no one's intention and can be corrected only after the fact, at great cost. It can be avoided only upstream, while the new organization's mandate is being written. The real issue is, therefore, not to slow the federal government's determination to modernize its apparatus, but to ensure that this modernization becomes an opportunity for connection within Team Canada rather than a new source of fragmentation.

Should we fear that pooling will slow Ottawa down?

One objection deserves to be stated in its strongest form, because it will be made by people acting in good faith and often well placed to make it. Bringing the provinces, territories, municipalities and Indigenous governments into the federal transformation would be so heavy and so complex that the exercise would be delayed by years. Better to let Ottawa move ahead alone and connect it later.

The objection rests on real experience. Pan-Canadian data initiatives have often advanced more slowly than planned, and intergovernmental negotiation is not known for accelerating anything. It would be imprudent to wave it away.

It nonetheless rests on a confusion between pooling and consent. Nothing in the foregoing requires Ottawa to obtain the agreement of other governments before modernizing its apparatus. What is being asked is that federal choices remain legible and connectable: publishing the data standards adopted, choosing reference identifiers with which a correspondence remains possible, providing for a voluntary opt-in clause in procurement instruments. These are design constraints, not vetoes. They cost little at the design stage, and a great deal when one has to go back.

The European Union has given that distinction legal form. Regulation (EU) 2024/903 on an interoperable Europe, adopted on March 13, 2024, and in force on April 11 of that year, does not require any member state to adopt a common solution. It imposes a procedural obligation: before settling new or substantially modified binding requirements affecting cross-border digital services, the public body concerned must carry out an interoperability assessment, consult the intended recipients and publish its report in a machine-readable format. According to the European Commission's impact assessment, expected annual savings would reach up to five billion euros (European Commission, 2024).

The argument is therefore an argument about speed, not an argument against it. Every month of building in isolation accumulates a conversion debt that will be paid later, at a markedly higher rate.

Three observations complete the case against the objection. First, the actions proposed below suspend nothing. Opening procurement falls to the federal government alone. So does the choice of pilot projects. A framework agreement and a permanent governance mechanism block no delivery while they are being negotiated.

Second, the precedent cuts against the objection. Shared Services Canada was designed and deployed with no obligation of external coordination; in exactly the conditions the objection recommends. Fifteen years later, the government has to consolidate again what had already been consolidated once. Moving alone was, therefore, not enough to move fast.

Third, this is the decisive point: the federal government cannot deliver its own priorities without the other jurisdictions. In each of the files set out in section 2 above, provincial, territorial, municipal or Indigenous data lie on the critical path.

Shielding the federal transformation from intergovernmental complexity would amount to shielding a transformation incapable of achieving the objectives that justify it. One final remark is in order. An administration that does not bear the cost of collaboration does not eliminate it: it displaces it. It is then other governments, businesses and citizens who do the work of translating between systems that do not understand one another.

4. A concrete case: major projects in the national interest

An enabling infrastructure for projects in the national interest

This demonstration is not theoretical. It is already at work in the government's principal economic undertaking. On June 24, 2026, the government launched the process for listing the first projects under the Building Canada Act (One Canadian Economy, 2026). Each of these projects requires assembling geological, environmental, demographic, logistical, security and treaty-derived information held by federal departments, a province or territory, Indigenous governments and a private proponent. The process requires, among other things, consultations with Indigenous peoples, the provinces and the territories before any listing decision.

The Major Projects Office, established in August 2025 as a special operating agency supported by the Privy Council Office, must today orchestrate that assembly of information project by project, and do it again for each referral (Privy Council Office, 2026). Its responsible minister also holds Intergovernmental Affairs, Internal Trade and the Canadian Economy Unit (Intergovernmental Affairs, 2025). FPT interoperability is not a project to be added to the list of projects in the national interest. It is the enabling infrastructure without which those projects cannot reach their full return.

5. The solution: autonomous but connected governments

A federated architecture, not centralization

Canada cannot operate like a corporation. It has to operate as an interoperable federation. No government alone holds all the necessary data, and none can give up its constitutional jurisdiction either. A third way is therefore needed: governments that are autonomous but interoperable.

The solution has to be federated from the outset. Each government keeps its responsibilities, its data and its administrative choices. The objective is not to make every government work the same way, but to let them work together where doing so creates collective value. That requires common standards, compatible identifiers, security and privacy rules, and agreements setting out the conditions for using and exchanging information.

Trust has to be treated as a component of the infrastructure itself, and not as a precaution added afterward. Interoperable data create value only if citizens, governments and partners know who may use them, for what purposes, under what rules and with what safeguards. This architecture will also have to take in municipal and Indigenous realities. These administrations also produce and hold data that are essential to many national issues, and their participation cannot be reduced to carrying out decisions taken elsewhere.

The concept of digital public infrastructure (DPI), recognized in international forums (G20, World Bank, OECD, UNDP), offers a useful analytical frame for approaching interoperability at the federative scale. In a federation such as Canada, DPI can be neither centralized nor merely juxtaposed across jurisdictions. It is better understood as an enabling digital infrastructure, in that it organizes the technical and normative conditions of joint public action, respects the jurisdiction of each order of government, allows data and services to move securely across institutional boundaries and supports the effective exercise of digital sovereignty. It thereby becomes a shared language of governance, one that makes it possible to move beyond silos without denying that they exist.

Two European examples show what DPI yields in practice. In Italy, the national digital data platform applies the “once-only” principle by connecting more than nine thousand entities: central government bodies, subnational administrations, universities and private actors. Institutions publish application programming interfaces on a common catalogue, use of which is authorized by tokens, which leaves a verifiable record of every exchange (OECD, 2026).

In Belgium, the Only Once law, or single data collection act, requires federal public services to reuse information already recorded in authoritative registers, including the National Register and the Crossroads Bank for Enterprises, rather than asking for it again (Federal Public Service Policy and Support, 2024; OECD, 2026). Neither arrangement centralizes the data: they organize how it circulates.

The governance of this architecture should rest on three principles:

- Reciprocity, so that the value of cooperation flows both ways.
- Subsidiarity, so that decisions remain in the most appropriate order of government.
- Priorities agreed among first ministers, so that interoperability addresses problems recognized collectively.

These principles extend the federated logic that the study published by CIRANO in 2025 (Dudoit, 2025) had already proposed, in the form of an FPT agreement on data interoperability accompanied by an ongoing mechanism for data and AI governance.

Canada is not starting from zero

The proposed solution does not require building an entirely new capacity. Statistics Canada already has proven expertise in data standards, reference data, administrative data, record linkage, quality, confidentiality and statistical integration. Its role coordinating the national statistical system brings it to work with the provinces, the territories and local administrations. The problem described here calls for precisely these skills.

The agency is not meant to become the central repository of provincial data, which would reproduce exactly the failing this paper warns against. It could, on the other hand, play a leading role in developing and maintaining the common standards, metadata, reference identifiers, quality frameworks and governance practices that would allow data to remain distributed while becoming interoperable.

Other capacities exist as well. Digital Transformation Canada brings federal operational and technological expertise. The provinces, territories, municipalities and Indigenous governments hold an essential share of the data and of on-the-ground expertise. The private sector and universities can contribute innovation and analytical capacity. The challenge is, therefore, not to create a new institution that would do everything. It is to connect better those that already exist.

Team Canada as the political engine

That leaves the question of who carries this forward. This is where Team Canada must take on a new dimension. Team Canada is most often a mobilization of circumstances: international trade, a crisis, a strategic investment. Yet the federal, provincial and territorial first ministers have a far more durable lever. They can provide the political impetus that allows administrations to pool the capacities needed to implement shared priorities.

Team Canada's role would be to set a small number of national outcomes for which interoperability creates measurable value, and then to give existing institutions the means to achieve them.

Hence the distinction that should organize what follows. Digital Transformation Canada can be the operational engine of the transformation of the federal apparatus. Team Canada can be the political engine of the digital transformation of the federation's public sector.

These two functions are complementary. They are not interchangeable. Within a broader undertaking, the new organization's role would be that of a federal partner, inside a governance arrangement agreed collectively.

Start from outcomes, not from technology

It would be counterproductive to open this undertaking with a sweeping technological reform. One has to start from the problems. Take the internal market. When a business has to replace a supplier quickly, the relevant information already exists, distributed across several administrations and several businesses: production capacity, transportation, available workers, support programs. The question is not first how to build a new system. It is to determine what information is needed, where it is, who should be able to access it and under what rules.

The same method applies to the recognition of professional qualifications, to labour mobility and to infrastructure planning. This incremental approach lets each government take part according to its priorities and its capacities, with no architecture imposed from above.

6. Four immediate actions

The first three fall to Team Canada. The fourth falls to the federal government alone. These four actions are parallel rather than sequential: none is a precondition for the others, and none suspends the modernization work already under way in Ottawa.

Conclude an FPT framework agreement

A federal, provincial and territorial agreement would set out common principles, mutual commitments and clear governance mechanisms in three areas: public sector data interoperability, the responsible and secure adoption of artificial intelligence, and digital public sector infrastructure.

Establish durable FPT governance

The annual FPT symposium on digital trust and cybersecurity could be made sustainable as a council bringing together the governments' digital transformation and data leaders, together with the heads of the statistical agencies. Its mandate would include three essential functions: agreeing on common priorities, establishing the standards and rules needed to implement them, and tracking the results of the projects selected. Skills, training, partnerships and public oversight mechanisms could be developed incrementally, as needs arise.

Choose a few pilot projects

These projects would address areas where several governments already have a common interest, so as to demonstrate the method rather than describe it. For each use case, the sequence would be the same: start from the intended outcome, identify the data needed and who holds it, agree on access and protection rules, establish the common standards required, and then measure the gains obtained. The connections built in this way would then be reusable elsewhere.

Open federal procurement

Digital Transformation Canada's third priority is to use federal purchasing power strategically. Consolidated but closed purchasing power reproduces fragmentation at the scale of the internal market: ten provinces and three territories go on buying comparable solutions separately, while a unified federal buyer negotiates on its own. Opening certain standing offers and supply arrangements, along with certain solutions, to the provinces and territories that wish to take part, on a voluntary basis and with no transfer of jurisdiction, would give them an immediate economic reason to adopt common standards. This incentive requires no constitutional agreement, no unanimity and no new money. The point is not to create a new order of government. It is to create the governance that is missing so that existing governments can act better together.

Conclusion: the moment to act

International economic interdependence is now used as an instrument of coercive power and as a source of conflict. An integrated Canadian economy requires more than removing barriers between provinces. It requires that the governments of the federation finally be able to see the same economic reality, and to act on it.

A new organization's mandate, such Digital Transformation Canada, sets in its first six to twelve months. The national artificial intelligence strategy is entering implementation. Trade tensions keep supply chains at the centre of the agenda. The fall budget is approaching. These windows are closing together.

Canada does not need fewer governments. It needs better connections between them. Digital Transformation Canada can help Ottawa work better. Statistics Canada can help give data a common language. Team Canada can supply the priorities and the political authorization needed to build the connections.

The question is, therefore, no longer whether Canada's public sector will transform digitally. It will. The question is whether that transformation will bring Canadian governments closer together or produce new silos faster, more powerful and more watertight. The moment to choose is now.

Sources and references

CIRANO publications

- Dudoit, A. (2025). *Interopérabilité fédérale-provinciale des données et adoption de l'IA : tirer parti de la dynamique fédérale-provinciale actuelle et du partenariat stratégique Canada-UE* [Federal-provincial data interoperability and AI adoption: Leveraging current federal-provincial dynamics and the Canada-EU strategic partnership] (Burgundy Report No. 2025RB-02). CIRANO. <https://doi.org/10.54932/AXET1370>
- Dudoit, A., & Labillois, T. (2025). *Souveraineté numérique et fédéralisme : architecture d'interopérabilité et gouvernance de l'IA au Canada* [Digital sovereignty and federalism: Interoperability architecture and AI governance in Canada] (Pour réflexion No. 2025PR-11). CIRANO. <https://doi.org/10.54932/TDBZ9121>
- Dudoit, A., Labillois, T., & Oliveira, C. (2026). *Interopérabilité des données du secteur public au Canada et adoption responsable de l'IA : synthèse stratégique et appel à l'action* [Public sector data interoperability in Canada and responsible AI adoption: Strategic synthesis and call to action] (Pour réflexion No. 2026PR-01). CIRANO. <https://doi.org/10.54932/VOKC1489>
- Dudoit, A. (2026). *Souveraineté numérique et intelligence artificielle au Canada : de la fragmentation des systèmes à la capacité stratégique intégrée du secteur public* [Digital sovereignty and artificial intelligence in Canada: From fragmented systems to integrated strategic public sector capacity] (Pour réflexion No. 2026PR-04). CIRANO. <https://doi.org/10.54932/AFQN6960>
- Dudoit, A., Hubert, A.-M., & Labillois, T. (2026). *Citizen-centric public sector data interoperability in Canada: Enabling a mutualized sovereign capacity* (Pour réflexion No. 2026PR-07). CIRANO. <https://doi.org/10.54932/LQEY7039>
- Dudoit, A., & Labillois, T. (2026). *Transformer le gouvernement fédéral ne suffit pas pour bâtir un Canada numérique interopérable* [Transforming the federal government is not enough to build an interoperable digital Canada] (Pour réflexion No. 2026PR-13). CIRANO. <https://doi.org/10.54932/GXDE2738>

CIRANO initiatives under way

- Dudoit, A. (in preparation). *Les infrastructures immatérielles de compétitivité : vers une nouvelle génération de politiques industrielles canadiennes* [The intangible infrastructures of competitiveness: Toward a new generation of Canadian industrial policy]. CIRANO.

Government and legislative sources

- Building Canada Act, enacted by the One Canadian Economy Act, S.C. 2025, c. 2 (assented to June 26, 2025).

- Canada Revenue Agency. (2026). *When you need a BN*. Government of Canada. <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/business-registration/business-number-program-account/need-bn.html>
- Department of Finance Canada. (2025). *Our plan: Building Canada strong (Budget 2025)*. Government of Canada. <https://budget.canada.ca/2025/report-rapport/intro-en.html>
- Gouvernement du Québec. (n.d.). *Numéro d'entreprise du Québec* [Quebec enterprise number]. <https://www.quebec.ca/entreprises-et-travailleurs-autonomes/obtenir-renseignements-entreprise/numero-entreprise-quebec>
- Innovation, Science and Economic Development Canada. (2026). *Canada's National Artificial Intelligence Strategy: AI for All*. Government of Canada. <https://ised-isde.canada.ca/site/ised/en/canadas-national-artificial-intelligence-strategy-ai-all>
- Intergovernmental Affairs. (2025). *Intergovernmental Affairs*. Government of Canada. <https://www.canada.ca/en/intergovernmental-affairs.html>
- Liberal Party of Canada. (2025). *Build. Canada Strong: 2025 election platform*. <https://liberal.ca/platform/build/>
- One Canadian Economy. (2026, June 24). *Canada initiates process to list major projects under the Building Canada Act* [News release]. Government of Canada. <https://www.canada.ca/en/one-canadian-economy/news/2026/06/canada-initiates-process-to-list-major-projects-under-the-building-canada-act.html>
- Prime Minister's Office. (2026, September 3). *Prime Minister Carney launches Digital Transformation Canada to deliver better, faster, more reliable government services to Canadians* [News release]. <https://www.pm.gc.ca/en/news/news-releases/2026/09/03/prime-minister-carney-launches-digital-transformation-canada-deliver>
- Privy Council Office. (2026). *About us: Major Projects Office*. Government of Canada. <https://www.canada.ca/en/privy-council/major-projects-office/about-us.html>
- Regulation (EU) 2024/903 of the European Parliament and of the Council of 13 March 2024 laying down measures for a high level of public sector interoperability across the Union (Interoperable Europe Act), OJ L, 22 March 2024. <https://eur-lex.europa.eu/eli/reg/2024/903/oj>
- Shared Services Canada. (2026). *2026-27 Departmental Plan*. Government of Canada. <https://www.canada.ca/en/shared-services/corporate/about-us/transparency/departmental-plan/2026-27/shared-services-canada-2026-27-departmental-plan.html>

International organizations and research

- Bemrose, R. K., Brown, W. M., & Tweedle, J. (2017). *Going the distance: Estimating the effect of provincial borders on trade when geography matters* (Analytical Studies Branch Research

Paper Series, No. 11F0019M, No. 394). Statistics Canada.
<https://www150.statcan.gc.ca/n1/pub/11f0019m/11f0019m2017394-eng.htm>

European Commission. (2024, April 11). *Interoperable Europe Act enters into force today* [Press release]. https://commission.europa.eu/news-and-media/news/interoperable-europe-act-enters-force-today-2024-04-11_en

Federal Public Service Policy and Support. (2024). *Only Once: la collecte unique des données* [Only Once: Single collection of data]. Government of Belgium.
<https://bosa.belgium.be/fr/themes/administration-numerique/simplification-administrative/only-once-la-collecte-unique-des>

Government of Italy. (n.d.). *Explore the Public Administration API*. Department for Digital Transformation. <https://api.gov.it/en/>

Manucha, R., & Tombe, T. (2022, September 20). *Liberalizing internal trade through mutual recognition: A legal and economic analysis*. Macdonald-Laurier Institute.
<https://macdonaldlaurier.ca/liberalizing-internal-trade-through-mutual-recognition-a-legal-and-economic-analysis/>

OECD. OECD (2026), *Digital Government Outlook 2026: From Foundations to Transformational Impact*, OECD Publishing, Paris, <https://doi.org/10.1787/0496b2bc-en>.

Teeter, D., & Cotton, C. (2025, October 22). *Reforms that stick: A roadmap for strengthening Canada's internal market*. Institute for Research on Public Policy, Centre of Excellence on the Canadian Federation. <https://centre.irpp.org/research-studies/strengthening-canada-internal-market/>

Press

Charest, J. (2026, September 5). *Le Canada remerciera un jour Donald Trump* [Canada will one day thank Donald Trump]. La Presse. <https://www.lapresse.ca/dialogue/opinions/2026-09-05/le-canada-remerciera-un-jour-donald-trump.php>