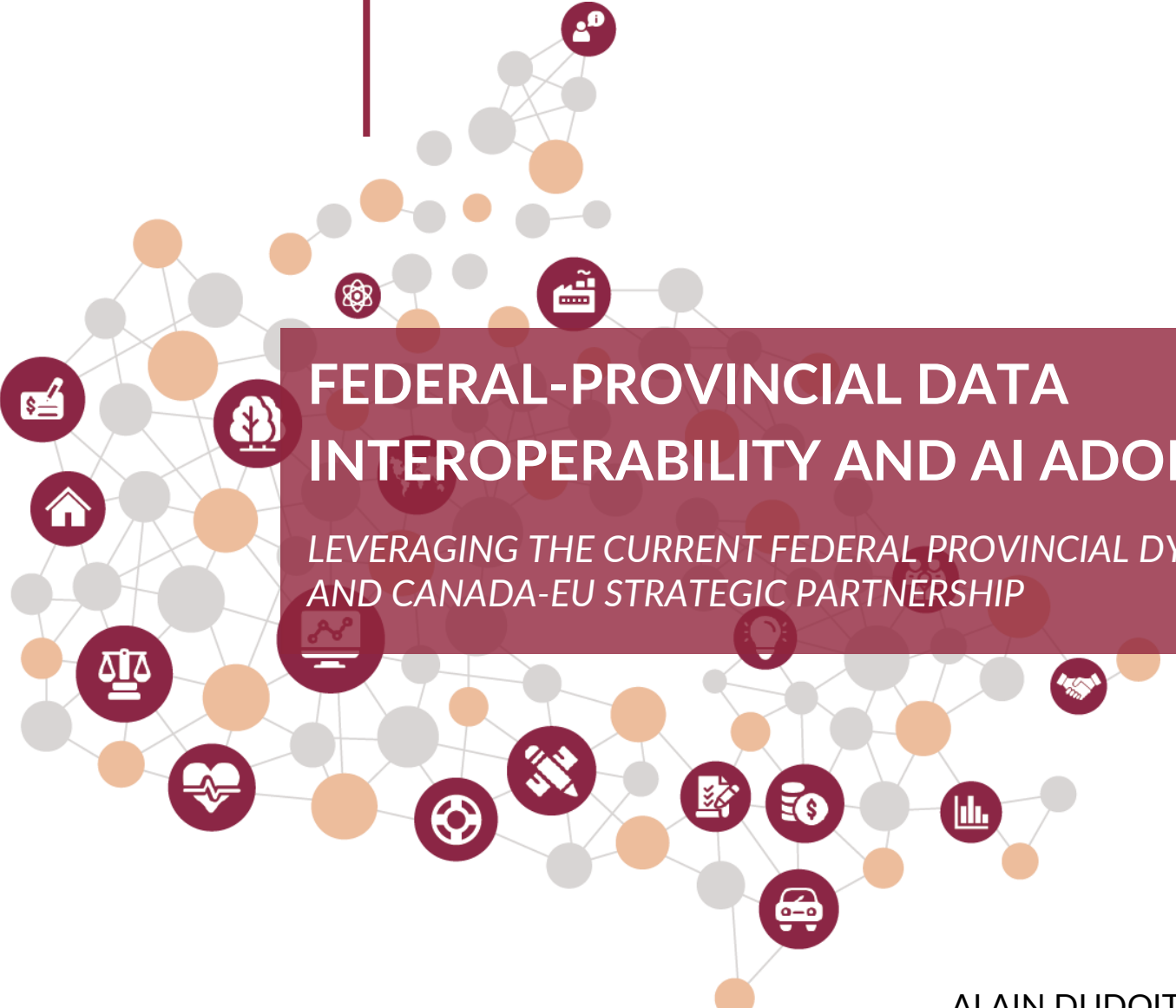




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EXECUTIVE SUMMARY



FEDERAL-PROVINCIAL DATA INTEROPERABILITY AND AI ADOPTION:

LEVERAGING THE CURRENT FEDERAL PROVINCIAL DYNAMIC
AND CANADA-EU STRATEGIC PARTNERSHIP

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EXECUTIVE SUMMARY
BURGUNDY REPORT

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Monday, September 1, 2025

Introduction: why now?

Canada stands at a pivotal juncture. Internally, fragmentation in public service delivery and intergovernmental relations has undermined trust and productivity. Externally, geopolitical instability and an increasingly volatile United States threaten Canada's sovereignty and competitiveness.

The election of a new federal government under Prime Minister Mark Carney marks both a warning and an opportunity. The government's seven national priorities depend on one fundamental capability, the seamless and secure sharing of data across all levels of government:

Alignment with seven national priorities

Public sector data interoperability supports:

1. **Productivity & Growth**—unlocks AI adoption, boosts competitiveness.
2. **Health Care Renewal**—interoperable health data for system performance.
3. **Climate & Energy Transition**—trusted environmental data sharing.
4. **Fiscal Discipline**—prevents costly failures through shared standards.
5. **Trust in Government**—privacy, security, transparency in services.
6. **Digital Transformation**—citizen-centred, AI-enabled delivery.
7. **FPT Collaboration**—shared governance across jurisdictions.

Interoperability is no longer a peripheral concern. It is central to achieving national resilience, economic productivity, and effective, citizen-centred service delivery. As Canada embarks on its most ambitious economic transformation since the Second World War, public sector data interoperability must be recognized as a strategic necessity.

Context: starting point and time opportunity

The 2025 speech from the throne sets out a bold plan for Canada's renewal. The federal cabinet's collective mandate letter and the Prime Minister's address emphasize productivity, infrastructure development, and AI as foundational tools for transformation. But, as the Prime Minister made clear, no single government can achieve this agenda alone. All seven strategic priorities hinge on collaborative action, real-time data sharing, and digitally enabled governance.

Canada's federal system, with its clear jurisdictional divisions and fiscal autonomy, has historically fostered innovation. Yet, it also results in fragmentation that impedes coordination. The current state of federal—provincial—territorial (FPT) relations, characterized by siloed programs and bilateralism, must evolve into a whole-of-government partnership. This transformation begins with public sector data interoperability.

A stark warning and a historic opportunity

The current moment is both perilous and promising. Years of underinvestment in interoperability and digital infrastructure have led to public service inefficiencies, policy delays, and duplication of effort. Citizens experience disjointed services. Businesses face regulatory barriers. At the same time, international threats, including foreign interference, protectionism, and digital dependency, are accelerating.

The proposed FPT data interoperability and AI adoption framework for the public sector in Canada aligns directly with the national interest designation criteria set out in Part 2 of Bill C-5, the Building Canada Act, as illustrated in the following table.

Bill C-5: Projects of national interest criteria

Bill C-5 National Interest Designation Criteria	FPT Data Interoperability as an Enabler
Strengthen autonomy, resilience, and security	Enhances national cyber resilience Reduces dependence on foreign platforms and ensures data remain under Canadian jurisdiction Improves preparedness for emergencies and cross-jurisdictional coordination
Provide economic or other benefits	Unlocks efficiencies in service delivery Reduces duplication and administrative costs Enables innovation ecosystems, supporting research, business, and AI-driven public services
High likelihood of successful implementation	Builds on existing federal and provincial digital initiatives Supported by intergovernmental collaboration via FPT councils Clear governance under the Office of Digital Transformation (ODT) and Treasury Board Secretariat (TBS)
Promote the Interests of Indigenous peoples	Embeds Indigenous data sovereignty and co-governance principles Provides Indigenous governments and communities with control over data Supports reconciliation and culturally respectful digital governance
Contribute to clean growth and climate objectives	Supports monitoring and reporting on emissions, energy, and environmental indicators AI-enabled insights improve climate adaptation, sustainable infrastructure, and low-carbon growth

The proposed framework strengthens Canada’s autonomy, resilience, and security by supporting the sharing of cyber-resilient infrastructure and the coordination of emergency response capabilities. It also offers clear economic and institutional benefits by improving service delivery, facilitating labour mobility, and fostering conditions conducive to productivity growth through AI.

The framework is fully achievable and ready for implementation, as it builds on existing federal digital policies, provincial initiatives, and emerging common standards. In addition, it advances Indigenous data sovereignty in line with OCAP® principles and promotes digital collaboration among nations. Finally, it supports clean growth by enabling coordinated emissions tracking, climate data sharing, and integrated green infrastructure planning.

Critical importance of the FPT data interoperability framework and governance

Despite existing cooperation in areas such as justice and digital identity, Canada lacks a coherent framework for public sector data interoperability. Citizens are entitled to seamless services yet face redundant processes and inconsistent standards. The absence of coordinated governance leads to fragmented responses to national crises and limits evidence-based policymaking.

Data interoperability requires more than access; it demands a common architecture of trust, standards, and co-governance. By creating a federated model, Canada can enable integration without compromising jurisdictional autonomy. This model will underpin not only service delivery but also AI development, economic integration, and national resilience.

Interoperability and national priorities: a strategic imperative

Achieving the federal government’s strategic priorities requires coherent and collaborative action across all levels of government. Whether advancing internal trade or addressing climate change, success depends on the ability of governments to work together in a timely and coordinated manner. AI cannot be deployed responsibly without access to high-quality, interoperable public data.

Citizen-centric focus

At the centre of public governance is the citizen, simultaneously a taxpayer, consumer, worker, and end user of services. Interoperability directly addresses their frustrations with duplication, delays, and inefficiencies.

Citizens are entitled to services that are complementary, efficient, safe, and reliable, and interoperability is the backbone for delivering on this entitlement. For businesses, harmonized data standards reduce compliance costs and create a level playing field across jurisdictions.

Dual functionality of citizen-centric FPT data interoperability and its mission

Safeguarding Democracy Transparency & accountability: open, evidence-backed decision-making Equity & inclusion: detecting disparities, ensuring fairness Resilience to disinformation: authoritative, timely communications Legitimacy of policy: citizen trust in public institutions	
Front users (ministers, deputies, senior officials)	End users (citizens, businesses, taxpayers)
Evidence-based decisions—consistent, comparable data across FPT Foresight & risk management—AI-driven analytics, scenario modelling Crisis response—faster, coordinated action across jurisdictions Strategic capacity—clearer long-term planning anchored in robust evidence	Seamless services—complementary, jurisdiction-agnostic interactions Efficiency—reduced duplication and faster processing Personalization—AI anticipates needs, tailors services Economic value—harmonized compliance lowers costs for business

Part 1. The future is now.

1.1 The future of the public service is one of the key policy issues of our time

AI and big data are redefining public administration. Canada must transition from legacy systems and headcount debates toward mission-driven governance. The Prime Minister's commitment to a "productivity revolution" demands public service reform rooted in artificial intelligence (AI) adoption and effective data infrastructure.

The appointment of Michael Sabia as Clerk of the Privy Council, combined with his mandate to review government operations, signals a shift toward technology-enabled efficiency and strategic renewal. This development offers significant potential to rebalance institutional roles, not only within the federal administration, but also across federal, provincial, and territorial governments, by fostering more coherent, collaborative approaches to digital transformation.

It thus supports a broader agenda of public sector modernization grounded in interoperability, shared standards, and citizen-centred service delivery. With deep experience in both the public and private sectors, Sabia is well positioned to strengthen the policy and performance functions of the PCO, particularly in addressing longstanding challenges in federal—provincial—territorial (FPT) relations.

At a time when the need for seamless digital collaboration and responsible innovation is more urgent than ever, the PCO under Sabia's leadership can play a transformative role in fostering a more collaborative and outcomes-focused approach to FPT engagement, especially in the domains of data interoperability and the ethical adoption of artificial intelligence across jurisdictions. A revitalized PCO can serve as an enabler of strategic coherence, ensuring that digital transformation efforts respect jurisdictional boundaries while promoting national alignment and efficiency. The new Office of Digital Transformation will be critical to delivering AI-supported services, reducing duplication, and maximizing public value.

1.2 High-quality data are central to Canada's economic success and well-being

Canada's vast public data assets are underused. Governments collect comprehensive data on health, education, labour, and the environment, but these assets remain trapped in silos. Unlocking their value requires shared governance, secure sharing protocols, and citizen trust.

Interoperability ensures that data flow securely between jurisdictions, enabling coordinated policy responses and reducing administrative burdens. High-quality data are the fuel for AI, but also the foundation for smarter regulation, efficient public services, and economic development.

1.3 Data are the jet fuel of AI: implications for FPT data interoperability and public sector AI adoption

AI systems require large-scale, interoperable data that reflect the diversity of the population and the realities of different jurisdictions and communities. When datasets are fragmented or incomplete, they risk embedding bias, limiting impact, and undermining public confidence. Interoperability allows for pan-Canadian datasets that reflect the full diversity of Canadian society.

Examples include AI-driven eligibility systems for benefits using shared income data or predictive analytics in health care. But these require standardization, ethical guidelines, and federated governance. Without interoperability, AI adoption will remain fragmented and inequitable.

AI amplifies the value of interoperable data. Integrated systems allow for faster policy responses, collaborative innovation, and improved auditability. By enabling trusted data flows across FPT jurisdictions, Canada can reduce duplication, enhance service delivery, and create equitable AI solutions.

FPT interoperability facilitates the development of federated AI systems and solutions that respect jurisdictional autonomy while enabling collaboration. Canada has the potential to lead in this space, provided the right legal, technical, and governance frameworks are put in place.

Part 2. Problem statement: dysfunction, fragmentation, lost opportunities, and growing risks.

2.1 Dysfunctional management of federal—provincial—territorial (FPT) relations

FPT relations in Canada are characterized by outdated structures and a lack of shared strategic focus. Despite representing over 40% of GDP in consolidated government spending, jurisdictions continue to operate in silos with little coordination on cross-cutting issues like artificial intelligence (AI) and data sharing. Existing FPT sectoral tables reproduce internal silos, and none explicitly focus on interoperability or responsible AI.

This misalignment hampers national resilience. The Canadian single market remains fragmented due to regulatory divergence, hindering internal trade, slowing infrastructure development, and diminishing the potential of joint economic initiatives.

The willingness and ability of FPT governments to co-manage, share, and use evidence across jurisdictions is increasingly critical to national sovereignty, policy coherence, and public trust.

2.2 Public sector data silos and fragmentation

Across all jurisdictions, public sector data systems remain siloed. Legacy technologies, inconsistent standards, and decentralized governance create barriers to seamless data exchange. In critical areas such as crisis management, health care, transportation, and education, fragmentation prevents integrated policymaking and service delivery.

The cost is immense: inefficiencies, delayed decisions, limited AI applications, and frustrated citizens and businesses. Despite digital aspirations, many public systems still rely on outdated platforms, compounding risks, and undercutting Canada's competitive edge.

2.3 Barriers to data sharing

Even when technical standards exist, data often remain inaccessible due to legal uncertainty, legacy systems, and the absence of integration layers. Many systems are not designed for sharing, forcing manual workarounds that are insecure and inefficient.

The lack of “interoperability by design” in public policy and IT procurement further limits scalability. In the absence of national alignment, well-intentioned pilot projects often remain isolated, preventing the transition to sustained, system-wide implementation and slowing broader institutional AI adoption.

2.4 Risks of using large integrated data sets for AI in governments

Interoperability and AI introduce real risks: privacy breaches, algorithmic bias, cybersecurity threats, and the erosion of public confidence. These are not hypothetical; they have been observed globally.

Canada has developed risk mitigation strategies, including privacy impact assessments, algorithmic auditing, and inclusive data principles. However, implementation varies widely across departments and jurisdictions. A federated framework is required to scale best practice and embed responsible AI across all governments.

2.5 Growing risks to Canada’s digital sovereignty

The geopolitical climate is eroding Canada’s digital autonomy. Over 60% of Canadian internet traffic is routed through U.S. infrastructure. The growing concentration of digital infrastructure, cloud services, and AI innovation in the United States has exposed Canada to foreign interference and surveillance.

The United States increasingly views technology as a tool of economic dominance (*Winning the AI Race: America’s AI Action Plan*, released July 2025¹). For Canada, our sovereignty requires a secure and autonomous digital infrastructure.

Public sector data interoperability, underpinned by Canadian-hosted infrastructure and privacy protections, is central to safeguarding democratic institutions and national interests.

Part 3. Conditions of success and international initiatives

3.1 Trust: the cornerstone of public sector data interoperability

Interoperability is fundamentally about trust. Technical capacity alone cannot ensure data sharing without mutual confidence in governance, legality, and ethical use. A successful interoperability framework must embed trust across five dimensions: institutions, data quality, technology, workforce, and governance.

Trust must be earned through codeveloped safeguards, transparent governance, federated custodial models, and clear legal agreements. Citizens must be empowered with clarity, control, and confidence that their data are being used ethically and securely.

3.2 Data standards and interoperability

Technical and semantic interoperability depends on standardized data formats, metadata protocols, and shared definitions. Without common ontologies, data cannot be easily merged or interpreted. Yet, across Canada, data classification systems vary, leading to duplication, misinterpretation, and waste.

¹ <https://www.whitehouse.gov/wp-content/uploads/2025/07/Americas-AI-Action-Plan.pdf>

Interoperability is relational, not intrinsic. It requires alignment on legal, organizational, semantic, and technical layers. The European Interoperability Framework offers a mature model Canada can adapt to build a federated and modular interoperability foundation.

3.3 International initiatives: lessons from the EU, UK, G7, and California

Across jurisdictions, leading governments are aligning artificial intelligence (AI) adoption with strong data governance and interoperability frameworks. Despite different legal and institutional settings, a shared consensus is emerging **interoperability is a strategic enabler** of digital transformation in the public sector.

3.3.1 The European Union

The European Union has developed a federated approach to public sector data interoperability through the *European Data Strategy*² and the *Interoperable Europe Act*³. These initiatives promote secure and rules-based data flows across borders while preserving national sovereignty.

The *European Interoperability Framework*⁴ offers Canada a model for integrating legal, organizational, semantic, and technical dimensions of interoperability adapted to federal realities.

3.3.2 The United Kingdom

The United Kingdom has embedded AI adoption into its public sector reform agenda through the *AI Opportunities Action Plan*⁵. A notable emphasis is placed on improving the measurement of public service productivity, a challenge Canada also faces. The UK's efforts demonstrate the importance of linking AI strategies to core public management metrics and operational reforms.

3.3.3 The G7

The G7, under Canada's 2025 presidency, adopted a *Toolkit for Artificial Intelligence in the Public Sector*, reinforcing principles of transparency, accountability, and federated data sharing. Commitments to infrastructure investment, secure interoperability tools, and collaborative innovation platforms like the *G7 GovAI Grand Challenge*⁶ reflect the growing urgency of shared governance models. For Canada, translating these multilateral commitments into domestic, intergovernmental coordination is now essential.

² https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-data-strategy_en

³ <https://interoperable-europe.ec.europa.eu/interoperable-europe/interoperable-europe-act>

⁴ https://ec.europa.eu/isa2/sites/default/files/eif_brochure_final.pdf

⁵ <https://www.gov.uk/government/publications/ai-opportunities-action-plan/ai-opportunities-action-plan>

⁶ <https://g7.canada.ca/en/news-and-media/news/g7-leaders-statement-on-ai-for-prosperity/>

3.3.4. California: safeguards and innovation at the frontier of AI vs. Washington: AI as a tool for domination

As a global AI hub, California is pioneering frontier AI governance while deploying AI tools to improve public service delivery. Its recent *Report on Frontier AI Policy*⁷, authored by leading experts, underscores the importance of evidence-based regulation, ethical safeguards, and practical guardrails for generative AI. California's example shows how innovation and public interest oversight can coexist: a balance Canada must strike as AI scales across jurisdictions.

The US landscape of AI governance reveals two opposing paradigms. On the one hand, the national security-focused model, embodied by the US Federal Plan on AI (July 2025)⁸, emphasizes strategic advantage, innovation, and minimal regulation. On the other, a rights-based and precautionary model, illustrated by the California roadmap, the *European AI Act*⁹, and emerging frameworks in Canada, prioritize transparency, risk management, and the public interest.

3.4 Canada: policies and initiatives

Canada has strong AI research, high public confidence in its statistical institutions, and several promising interoperability pilots, yet federal efforts have focused on internal reforms, excluding provinces, territories, and municipalities. Statistics Canada and the Treasury Board Secretariat have identified the value of integrated data ecosystems, but implementation remains piecemeal.

The proposed FPT framework builds on existing momentum, aligning domestic capabilities with international best practices. Rather than centralizing data, it establishes common protocols and shared tools, offering provinces and territories flexibility and support to participate at their own pace.

⁷ <https://www.gov.ca.gov/wp-content/uploads/2025/06/June-17-2025-%E2%80%93-The-California-Report-on-Frontier-AI-Policy.pdf>

⁸ <https://www.whitehouse.gov/wp-content/uploads/2025/07/Americas-AI-Action-Plan.pdf>

⁹ <https://artificialintelligenceact.eu/>

Part 4. Immediate actions and strategic proposals

To operationalize a future-ready, interoperable, and AI-enabled Canadian public sector, the brief identifies five immediate and mutually reinforcing actions.

BUILDING A FUTURE-READY, INTEROPERABLE & AI-ENABLED PUBLIC SECTOR IN CANADA

Together, these actions will enable a coherent FPT interoperability framework, accelerate responsible AI adoption, strengthen trust and innovation, and position Canada as a global digital leader.

Action 1	Comprehensive mapping of FPT high-value datasets •Identify high-value datasets in priority sectors •Assess governance & gaps •Build sector-specific roadmaps
Action 2	FPT data interoperability agreement •Flexible, opt-in model •Defines roles, standards, governance •High-value datasets prioritized •Supports modernization & collaboration
Action 3	Permanent FPT AI & data interoperability board •Evolves from current informal annual symposium •Mandate: strategy, oversight, dispute resolution •Aligns with Office of Digital Transformation •Promotes open, practical solutions
Action 4	Economic incentives for participation •Federal co-investments in cloud, cybersecurity, AI hubs •Encourages trust, participation, and capacity building
Action 5	Deepening Canada–EU digital partnership •Builds on Canada–EU Digital & Strategic Partnership •Leverages EU experience (<i>Interoperable Europe Act</i>) •Priorities: AI, digital identity, privacy, interoperability •Enhances sovereignty & resilience

4.1 Conduct a comprehensive mapping of FPT datasets in key public policy sectors

The first step toward building a coherent FPT interoperability framework is diagnostic. Canada must undertake a targeted mapping of datasets that exist across federal, provincial, and territorial jurisdictions in priority public policy sectors of common interest, such as crisis management, health, internal trade, skills development, climate action, and labour mobility.

This means identifying

- What datasets are currently held by public sector organizations in each sector of common interest.
- Where those datasets reside across levels of government and agencies.
- How they are governed, including legal, technical, and privacy frameworks.
- Where there are key gaps, duplications, or interoperability barriers that hinder coordination and service delivery.

This focused ecosystem mapping will provide the necessary foundation to identify high-impact opportunities for collaboration, streamline data sharing efforts, and develop sector-specific interoperability roadmaps that respect jurisdictional responsibilities while enabling shared outcomes.

4.2 Conclude a federal–provincial–territorial data interoperability agreement

The heart of the reform is a new FPT umbrella agreement. This would not mandate blanket data sharing, but rather enable flexible, opt-in models governed by shared standards and purpose-specific access protocols. Provinces would retain control while participating in harmonized, secure, and trust-based data exchanges.

This agreement would define roles, standards, dispute mechanisms, and joint governance models. Inspired by the EU's *Interoperable Europe Act*¹⁰, it would create the legal infrastructure needed to support real time, cross-jurisdictional policy and service delivery.

4.2.1 Sharing all the data?

Rather than attempting to share “all data,” the agreement would prioritize high-value datasets, beginning with sectors that are already partially aligned. The focus is on structured, secure exchanges that serve the public interest. A tiered approach to data categories and use cases ensures privacy, clarity, and scalability.

4.2.2 Intra- vs. Inter-jurisdictional interoperability

Intra-jurisdiction digital readiness is essential, but not sufficient. A major barrier to FPT interoperability is indeed the reluctance of some jurisdictions to collaborate, **often due to political, institutional, or sovereignty-related concerns**.

The proposed FPT data interoperability framework is not only a tool for cross-jurisdiction collaboration, but it also accelerates internal digital modernization. By improving internal data management, reducing duplication, and creating a foundation for responsible AI, interoperability serves as a practical enabler of digital maturity within each government.

The proposed FPT interoperability agreement encourages internal modernization within individual jurisdictions, recognizing that strong internal data integration (within a department or a jurisdiction) is a prerequisite for external data sharing. However, experience shows that progress is often limited, not by technical barriers, but by reluctance to collaborate, rooted in concerns over control, accountability, or institutional capacity.

A well-designed FPT data interoperability framework is, in addition to being a tool for cross-jurisdictional collaboration, a powerful catalyst for digital transformation within individual governments. By aligning with shared national standards and infrastructure, such as common identifiers, metadata protocols, and open APIs, provinces, territories, and federal departments can modernize legacy systems with long-term interoperability in mind. This alignment reduces duplication, streamlines procurement, and allows jurisdictions to benefit from reusable, evaluated digital components.

Interoperability also drives improvements in data quality and integration. The very process of adopting common frameworks demands greater clarity around data ownership, governance, and structure, prompting jurisdictions to map existing datasets, standardize formats, and consolidate siloed systems. These practices are essential building blocks of internal data maturity.

¹⁰ <https://interoperable-europe.ec.europa.eu/interoperable-europe/interoperable-europe-act>

Moreover, the proposed framework lays the groundwork for the responsible and scalable adoption of artificial intelligence. AI systems require clean, structured, and accessible data, and interoperability protocols enable data to flow securely across systems and sectors.

By embedding consistent privacy, ethical, and security standards, the framework fosters the trust necessary for deploying automated tools in sensitive public contexts.

Participation in FPT pilots and collaborative governance structures also supports institutional learning. It strengthens local technical capacity, policy alignment, and skills development, all while allowing jurisdictions to learn from one another's innovations and challenges.

Crucially, this approach respects jurisdictional autonomy. Interoperability is not about central control, but about establishing a trusted, rules-based environment that enables innovation at the local level while ensuring systems can connect when shared outcomes require it. In this way, FPT data interoperability becomes a strategic enabler of both internal modernization and collective impact.

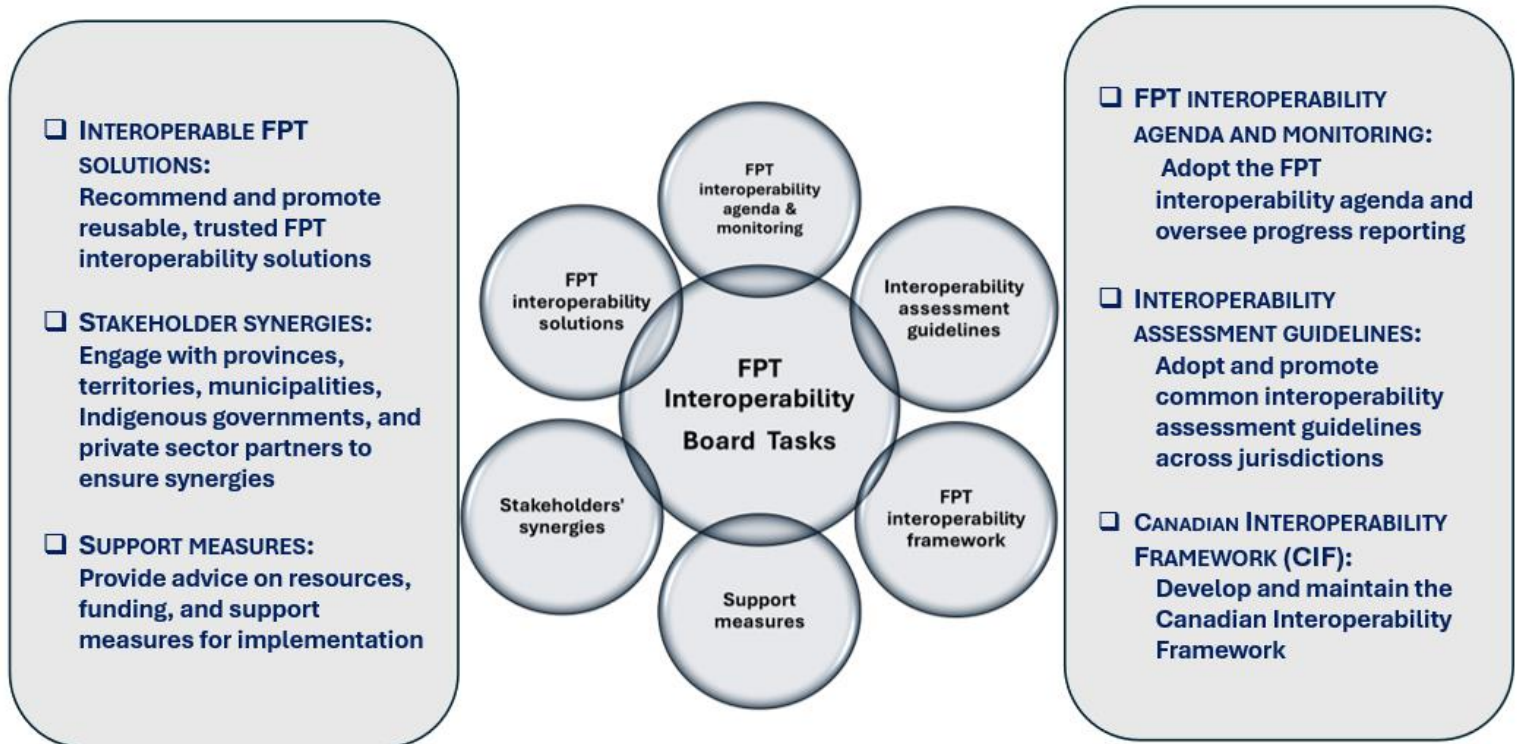
To address this, the proposed agreement emphasizes voluntary alignment around shared goals, supported by clear governance safeguards, respect for jurisdictional autonomy, and flexible implementation pathways. Sector-specific pilot projects will serve as testbeds, helping to build trust, demonstrate value, and generate scalable models that jurisdictions can adopt at their own pace.

By framing interoperability as a tool for better service delivery and shared outcomes, rather than as a centralization threat, the agreement creates conditions for constructive engagement, even in a diverse federation.

Only an ambitious transformation of intergovernmental relations, based on enforceable agreements, shared infrastructure, and common data governance, will enable the government's ambitions to be realized. This requires a cultural shift, but also a strengthened capacity for collaboration, accountability, and joint action.

4.3 Establish an FPT AI and data interoperability board

The current annual FPT symposium on digital trust and cybersecurity should be upgraded into a permanent governance body: the FPT AI and Data Interoperability Board. It would guide strategic planning, resolve disputes, oversee implementation, and coordinate with the proposed Office of Digital Transformation at the federal level.



4.3.1 Optimal interaction with the emerging digital transformation office

The Office of Digital Transformation (ODT) will play a significant role in scaling AI and digital services across federal agencies. Its alignment with the FPT Board will ensure a coherent policy, reduce duplication, and facilitate shared investments and innovation.

4.3.2 Practicality and software implementation

Technical solutions must be practical and open. Systems like X-Road¹¹, an open-source data exchange layer used in several federations, offer a promising path. These solutions enable secure, real time, auditable data exchange without creating centralized repositories. Adoption would be modular, with provinces able to onboard gradually. Key to success is pairing technology with legal harmonization and governance clarity.

¹¹ <https://x-road.global/>

4.4 Provide economic incentives for provincial and territorial participation

To build momentum and trust, the federal government should offer co-investment in cloud infrastructure, cybersecurity upgrades, and AI innovation hubs. These financial incentives would enable participation without undermining autonomy. The agreement would not impose but invite, backed by real value.

4.5 Deepen Canada—EU digital strategic partnership

4.5.1 Canada—EU Digital Collaboration: A Strategic Opportunity to Advance FPT Interoperability

Canada's deepening digital partnership with the European Union offers both a model and a platform for accelerating national data interoperability efforts. Through the Canada—EU Digital Partnership¹² and the broader Strategic Partnership Agreement¹³, the two parties have committed to enhanced collaboration in areas such as artificial intelligence, cybersecurity, digital identity, and cross-border data governance. These efforts are reinforced by a shared commitment to democratic values, digital rights, and the responsible regulation of emerging technologies.

The alignment between Canadian and EU approaches to data governance—including common ground on AI regulation, digital public infrastructure, and privacy standards—makes the EU a natural partner in advancing Canada's digital transformation.

The recent *EU—Canada Strategic Partnership of the Future*¹⁴, launched in June 2025, reaffirms this alignment and commits both sides to establishing **interoperable digital identities, trusted AI systems, and harmonized regulatory frameworks**. These priorities echo the core principles of the proposed federal—provincial—territorial (FPT) data interoperability agreement.

Notably, the **European Interoperability Framework**¹⁵ and the recently enacted ***Interoperable Europe Act***¹⁶ offer tested governance and technical models that Canada can adapt to its federal context. These frameworks provide guidance on aligning legal, organizational, semantic, and technical dimensions of interoperability—all highly relevant to Canada's efforts to improve coordination and digital service delivery across jurisdictions.

Deepening Canada—EU cooperation through joint research initiatives, expert exchanges, and alignment with European interoperability standards would not only strengthen the domestic implementation of a pan-Canadian data sharing framework but also reinforce Canada's digital sovereignty and resilience. In doing so, it would help reduce overdependence on U.S.-centric digital infrastructure and governance models.

¹² <https://ised-isde.canada.ca/site/ised/en/canada-european-union-digital-partnership>

¹³ https://www.international.gc.ca/world-monde/international_relations-relations_internationales/spa-aps.aspx?lang=eng

¹⁴ <https://www.pm.gc.ca/en/news/news-releases/2025/06/23/canada-announces-new-strengthened-partnership-european>

¹⁵ https://ec.europa.eu/isa2/sites/default/files/eif_brochure_final.pdf

¹⁶ <https://interoperable-europe.ec.europa.eu/interoperable-europe/interoperable-europe-act>

However, to seize this opportunity, Canada's intergovernmental institutions—particularly at the federal—provincial—territorial level—must be fully engaged. The success of this international partnership depends on our ability to operationalize it at home through a shared framework that reflects Canada's constitutional architecture while advancing the interoperability and innovation required to remain globally competitive.

The new EU—Canada Strategic Partnership¹⁷, launched in Brussels on 23 June 2025 (Joint Declaration: Enduring Partnership, Ambitious Agenda¹⁸), marks an important step forward. It is based on shared values and a common commitment to a rules-based international order.

Part 5. Governance architecture

Interoperability is not only about infrastructure, but also fundamentally about governance. The framework must clarify roles, rights, and responsibilities with transparent enforcement mechanisms.

5.1 Principles for effective governance

Guiding principles include subsidiarity, accountability, interoperability by design, transparency, privacy protection, and results orientation. These principles anchor trust and coordination.

5.2 Managing the agreement and delivery framework

The proposed governance regime would create a joint delivery framework, accountable to ministers and senior officials across jurisdictions. It must be capable of measuring performance, adapting to change, and resolving disputes transparently.

5.3 Standards and norms

Common standards for data classification, quality, access, and consent are critical. These should build on existing federal and provincial frameworks and international norms. Consistent metadata and APIs are essential for technical scalability.

5.4 Dispute resolution and compliance mechanisms

To ensure credibility, the agreement should include mechanisms for peer review, performance auditing, and resolution of legal or operational conflicts. Compliance should be cooperative and capacity building, not punitive.

¹⁷ <https://www.pm.gc.ca/en/news/news-releases/2025/06/23/canada-announces-new-strengthened-partnership-european#> :

¹⁸ <https://www.pm.gc.ca/en/news/statements/2025/06/23/joint-statement-enduring-partnership>

Part 6. Implementation timeline

The brief recommends a phased rollout:

6.1 Immediate actions (First 100 days after the tabling of the federal budget)

- Establish the FPT Board.
- Begin data ecosystem mapping.
- Launch pilots in health, transportation, or labour mobility.

6.2 Medium-term actions (6–12 months)

- Finalize the umbrella agreement.
- Align standards and governance models.
- Scale use-case-specific interoperable solutions.

6.3 Longer-term actions (12–24 months)

- Roll out modular infrastructure.
- Expand digital credentials, consent management, and metadata registries.
- Evaluate progress and adjust frameworks accordingly.

Part 7. Expected impacts: economic, administrative, and strategic benefits.

7.1 Success factors

- Strong political leadership.
- Trusted legal frameworks.
- Transparent communication.
- Inclusive co-design with provinces, territories, municipalities, and Indigenous partners.

7.2 Economic benefits

Interoperability will reduce regulatory friction, improve productivity, and unlock the value of data for public and private innovation. Internal trade and credential recognition will accelerate.

7.3 Administrative efficiency gains

Governments will reduce duplication, automate processes, and improve responsiveness. Interoperable systems lower operational costs and increase agility.

7.4 Societal impact

Services will become more equitable and accessible. Digital inclusion and citizen trust will rise as governments show their ability to deliver in real time.

7.5 International leadership and alignment

Canada can lead in federated AI governance and democratic digital transformation, influencing G7 and OECD partners, for example.

7.6 Financial Considerations

Upfront investments in governance and infrastructure will yield long-term savings, higher returns on data use, and lower service delivery costs.

Conclusion: seize the moment for Canada's future

Canadian federalism has historically been based on partnerships. After 1945, governments collaborated to create major social programs in a spirit of cooperative federalism. In the 1960s, provinces, notably Quebec, demanded greater autonomy, marking the emergence of executive federalism centred on negotiations between prime ministers.

However, the 1980s and 1990s revealed the limits of this model. The failure of constitutional reforms increased mistrust, and the decline of formal forums weakened intergovernmental dialogue. Some provinces, particularly those rich in resources, expressed frustration with federal intervention, particularly on the environment and equalization.

These tensions persist. Alberta is considering a referendum on separation in 2026, and the Parti Québécois is reviving the idea of independence by 2030. According to recent polls, a majority of Canadians consider federal—provincial collaboration to be dysfunctional.

Two models can guide this evolution: solidarity-based federalism, which strengthens capabilities in an equitable manner, and transformative federalism, which focuses on modernization and agile, citizen-centred governance. A hybrid approach, solidarity-based in its intent and transformative in its execution, seems most promising.

The case for public sector data interoperability is compelling and urgent. Without it, Canada cannot deliver on its national priorities, whether housing, health, AI, or economic competitiveness. With it, Canada can build a modern, cohesive, and sovereign federation capable of meeting the challenges of the 21st century.

Canada's prosperity in the 21st century will not come from incremental reforms, but from transformative investments in how we mobilize knowledge, data, and collective intelligence. This is a historic moment. Inaction would be an existential risk we can no longer afford.

Let us act—together, boldly, and without delay.