

Intergovernmental Fiscal Relations Commission

Guiding Principles

The Intergovernmental Fiscal Relations Commission's Steering Committee has developed the following principles to help guide the work of the Commission in providing evidence-based research, analysis, and advice in strengthening and modernizing Canada's intergovernmental fiscal relations.

1. Reform intergovernmental fiscal relations within Canada's constitutional framework. Reforming tax powers, expenditure responsibilities, and intergovernmental transfers can be done within the existing constitutional framework, which has proven to be remarkably flexible in accommodating the evolution of the federation. We are not recommending changes to the Canadian Constitution but recognize the need to involve municipalities in future fiscal discussions.
2. Retain Canada's fiscally decentralized federation. Canada's decentralized federation has served the country well by fostering greater innovation to reflect regional differences while providing the benefits of a centralized federal government and pan-Canadian coordination of efforts. Provinces and municipalities should have substantial tax revenues and expenditure responsibilities to deliver critical public services.
3. Promote fiscal transparency and accountability. Clear and transparent connections between revenue and spending can enhance accountability and hold each order of government responsible for outcomes. Disentangling overlapping tax and expenditure powers will improve transparency and accountability.
4. Create an efficient, sustainable and fair fiscal federation. Increasing the efficiency and effectiveness of the federation improves productivity and fosters greater economic growth and prosperity. Growth supports the financing of public services and policies to address income disparities and promote social cohesion. An efficient and fair federation requires a sustainable approach to addressing vertical and horizontal fiscal imbalances.