MNP

AI IN ACTION:

Powering Canada's Local Governments

2025 MNP Municipal Report

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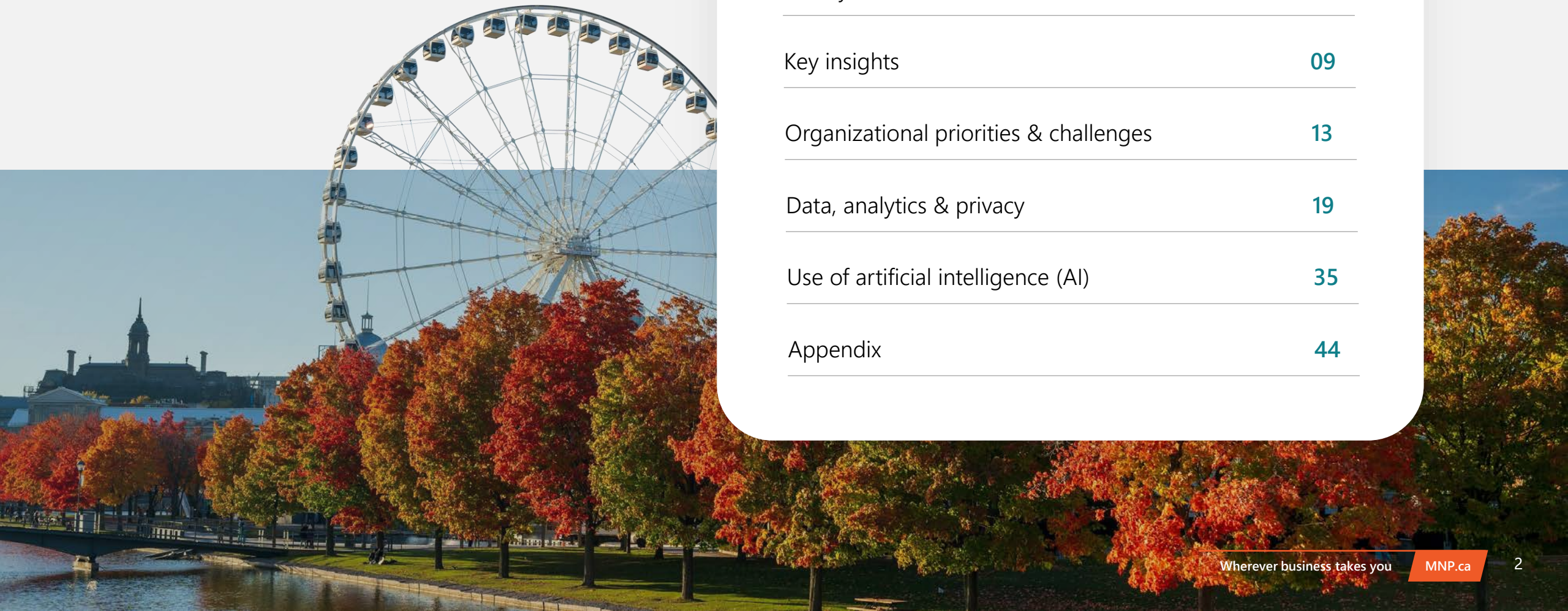


Executive summary

Expectations of municipalities around the world are continuing to evolve. Local governments are operating in a period of continuous transformation, working in partnership with other levels of government and the community to deliver services effectively and efficiently. A key component of this transformation is the strategic use of artificial intelligence (AI).

By modernizing technology and harnessing data and innovation, municipalities can better meet the changing needs and expectations of citizens, businesses, community partners and groups, and employees. AI can streamline operations, improve decision-making, and provide personalized services, fostering a more connected and responsive community.

To gain and share valuable municipal insights, MNP, in partnership with Leger, conducted research on local governments' approach to using data to drive innovation. In total, between February 6 to March 6, 2025, we received 282 completed survey responses from local governments all over the nation.

The survey aimed to understand the top focus areas, barriers, considerations, benefits, and challenges associated with using data and AI. The key survey findings include:

- Municipalities are increasingly focused on automating processes and reducing manual tasks to enhance operational efficiency. This involves leveraging technologies like robotic process automation (RPA) to streamline repetitive tasks such as data entry, permit processing, and public record management. By automating these activities, municipalities can reduce the potential for errors and speed up service delivery.
- Enabling citizen self-service functionality is a key priority for municipalities. This includes developing user-friendly online portals and mobile apps where citizens can apply for permits, pay taxes, report issues, schedule appointments, and access other services. AI-powered chatbots can provide instant responses to common queries, offering 24/7 support and reducing the need for manual intervention. These self-service options empower citizens to engage with their local government more efficiently and conveniently, leading to higher satisfaction and engagement.
- Nearly one-third of respondents indicated that their municipalities do not have policies or guidelines in place for employees regarding the use of AI or generative AI (GenAI). This lack of formal guidance can lead to inconsistent and potentially risky use of AI technologies. Establishing clear policies and guidelines is crucial to ensure responsible and ethical use of AI, mitigate risks, and provide employees with the necessary framework to leverage AI effectively.
- Nearly half of all respondents reported that Microsoft Excel is the primary tool used for data analytics in their local government. While Excel is a versatile and widely used tool, relying solely on it for data analytics can limit the ability to perform more advanced analyses and visualizations. Municipalities can benefit from integrating more sophisticated data analytics platforms which offer enhanced capabilities for data visualization, predictive analytics, and real-time insights.
- Municipalities face several challenges when it comes to using data and AI, including a lack of expertise within the organization, budget constraints, and managing privacy concerns. The shortage of skilled personnel can hinder the effective implementation and utilization of AI technologies. Budget constraints may limit the ability to invest in advanced tools and training. Additionally, managing privacy concerns is critical, as municipalities handle sensitive citizen data. Addressing these challenges requires strategic planning, investment in training and resources, and robust data governance frameworks.

Introduction

Municipalities worldwide are increasingly leveraging data and AI to enhance their service delivery and meet evolving citizen expectations. The strategic use of these technologies is transforming local governance in several ways, including:

Data-driven decision-making: AI can analyze vast amounts of data to uncover patterns, trends, and insights that might not be immediately apparent. This enables municipalities to make more informed decisions, optimize resource allocation, and anticipate future challenges. For example, AI can help identify areas with high traffic congestion and suggest improvements to infrastructure.

Operational efficiency: AI can automate routine tasks, like processing permits, managing public records, and responding to routine citizen inquiries. This not only speeds up service delivery but frees up employees to focus on more strategic activities. For instance, when built effectively, chatbots can handle common queries, allowing employees to tackle more complex questions and issues.

Strategic planning: AI can assist in strategic planning by analyzing complex data sets to inform long-term goals and priorities. This includes identifying trends, assessing risks, and evaluating the impact of various initiatives. AI-powered tools can help municipalities develop more robust and adaptive strategies to navigate future challenges.

Predictive analytics: By leveraging predictive analytics, municipalities can proactively address issues before they become significant problems. For example, AI can predict maintenance needs for public infrastructure, reducing downtime and saving costs. It can also forecast demand for services, helping municipalities to plan and allocate resources more effectively.

Enhanced community engagement: AI-powered tools can analyze feedback from various sources, including social media, surveys, and public forums, to gauge community sentiment and identify areas for improvement. This helps municipalities better understand the needs and preferences of their citizens, allowing services to be tailored accordingly.

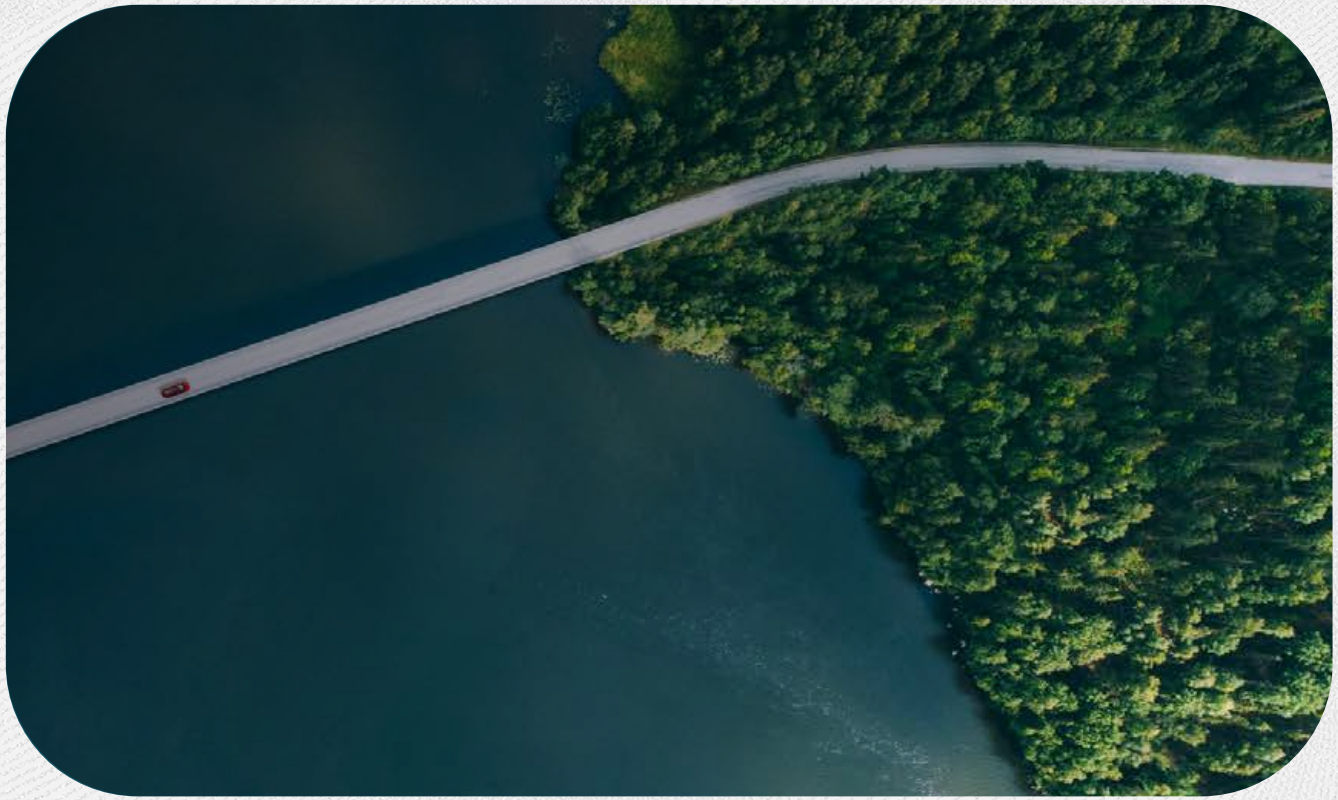
Personalized services: AI can provide personalized experiences for citizens who choose to opt-in by analyzing their interactions and preferences. This can range from customized notifications about local events to tailored recommendations or notifications for public services. This personalization enhances citizen satisfaction and engagement.

For the past three years, MNP, in partnership with Leger, has conducted research on the transformational journeys of local governments across Canada. This year, we brought forward the topic of data and AI in local government and received over 282 survey responses from local and regional governments across Canada.

This survey report explores how municipalities are using data and AI to inform decisions and improve outcomes across all areas of local government. It focuses on:

- The current use and impact of data-informed and AI-driven practices across municipal functions
- Key enablers and barriers, including technology access, support, and data and/or AI literacy
- Strategic priorities and key challenges related to data management, privacy, and cyber security
- The tools, training, and policies in place to support data and AI adoption within local governments

These insights highlight where municipalities could focus their efforts to build capacity, overcome challenges, and maximize the impact of their data and AI use.

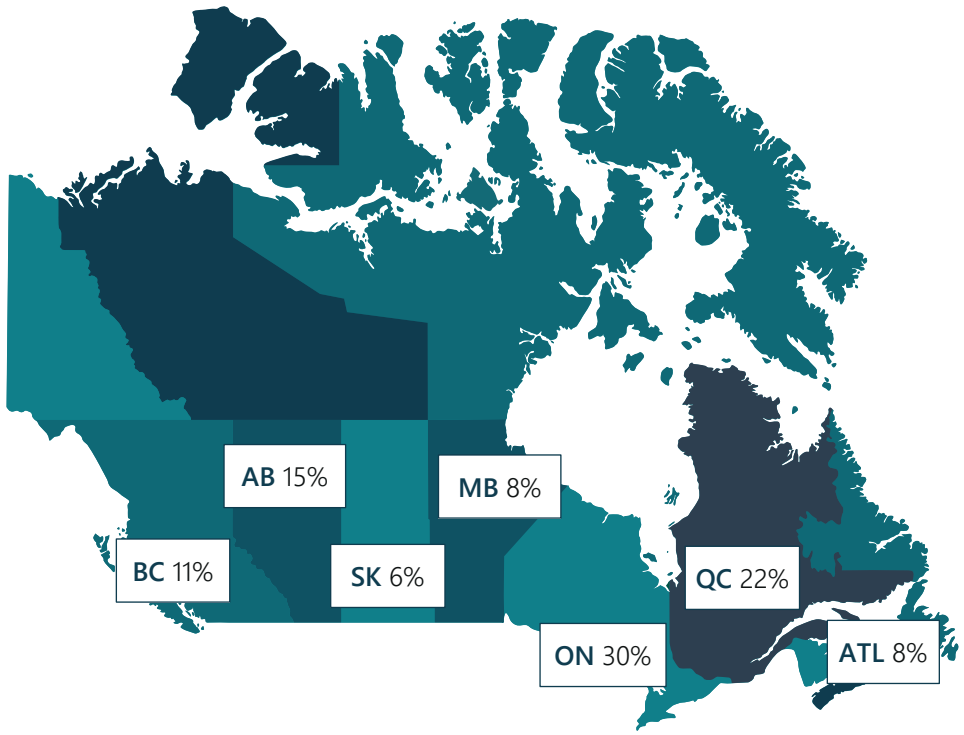


01 Survey overview

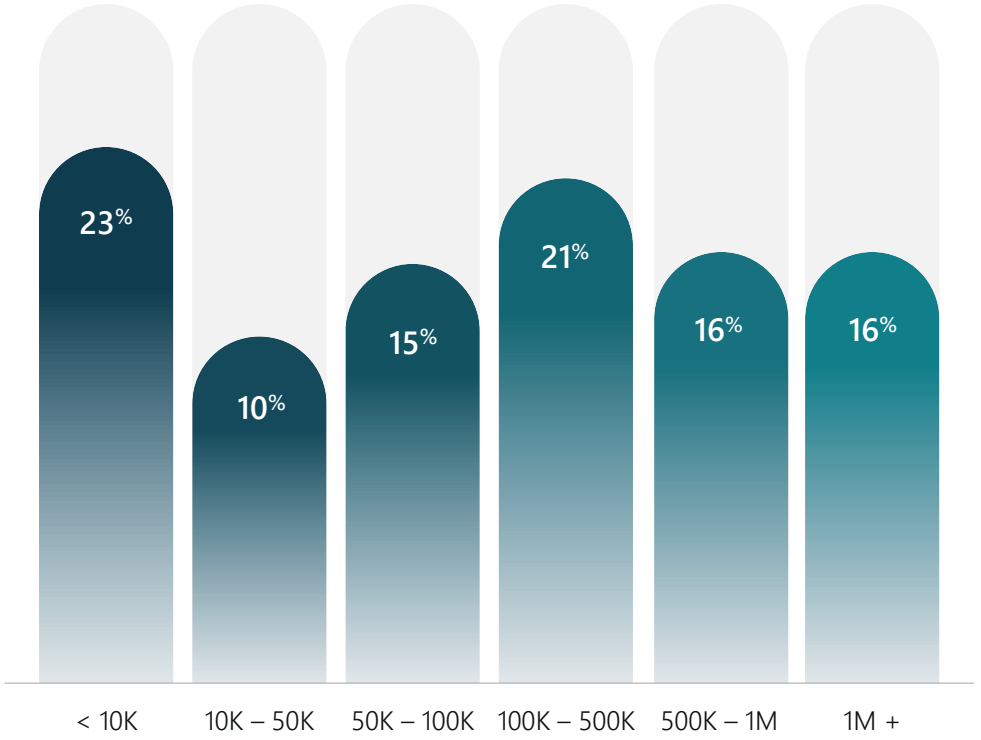
Overview of respondents

This section provides details into the organizations represented by the survey respondents.

Regional responses



Respondents by population size



Overview of respondents

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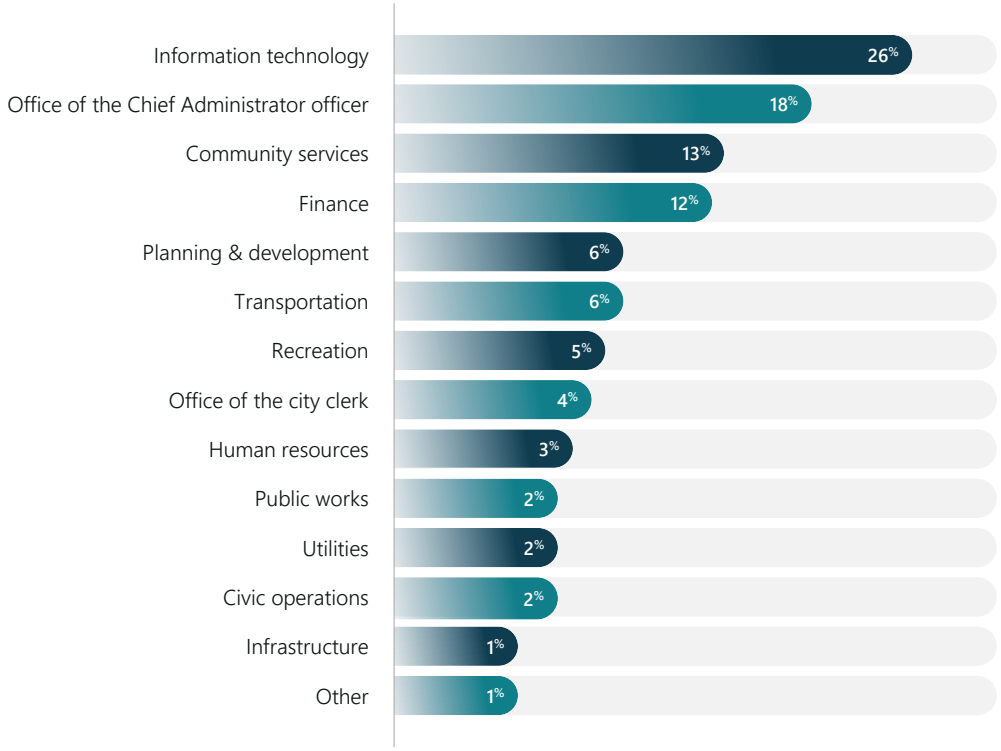
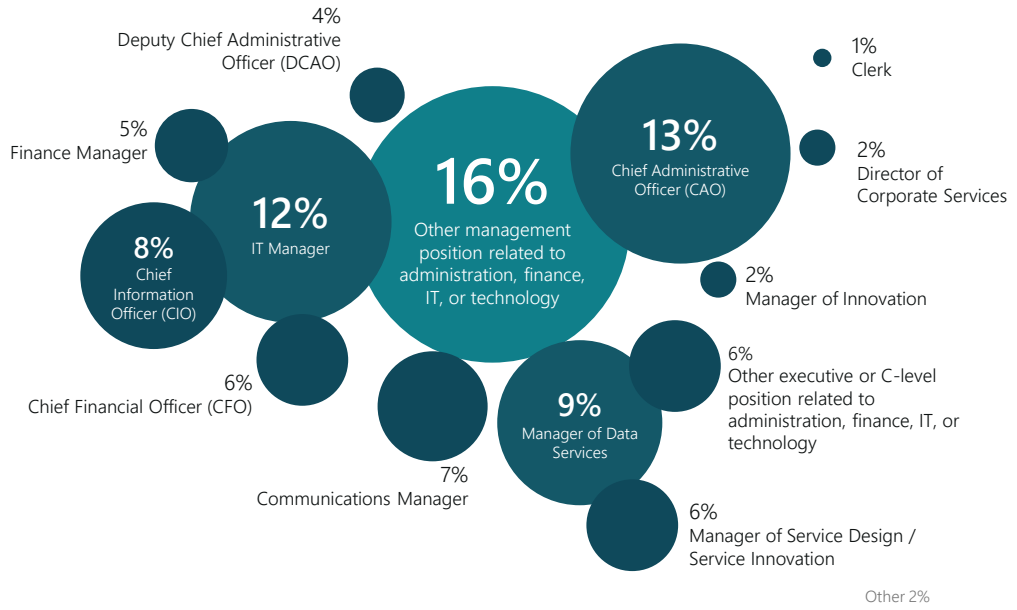
Respondents' department of employment



Respondents' role



Overview of respondents

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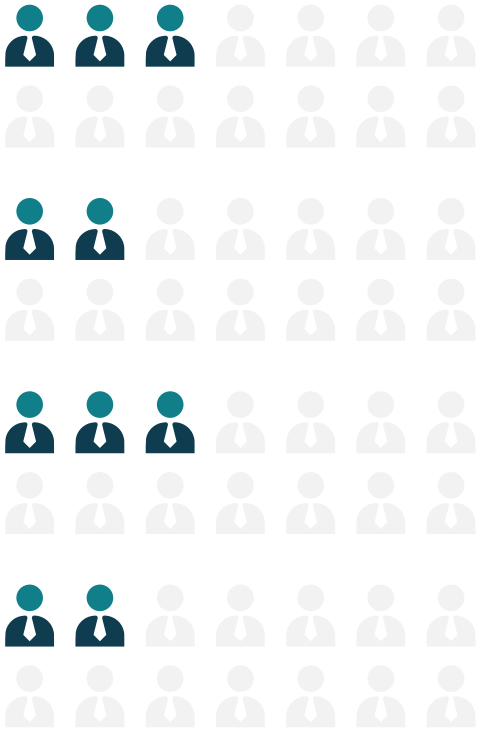
Respondents by full-time employees (FTEs)



29% < 100 FTEs

22% 101-500 FTEs

26% 501-1000 FTEs

23% > 1000 FTEs

Respondents by annual operating budget

21% < $10M

9% $10M to <$25M

7% $25M to <$50M

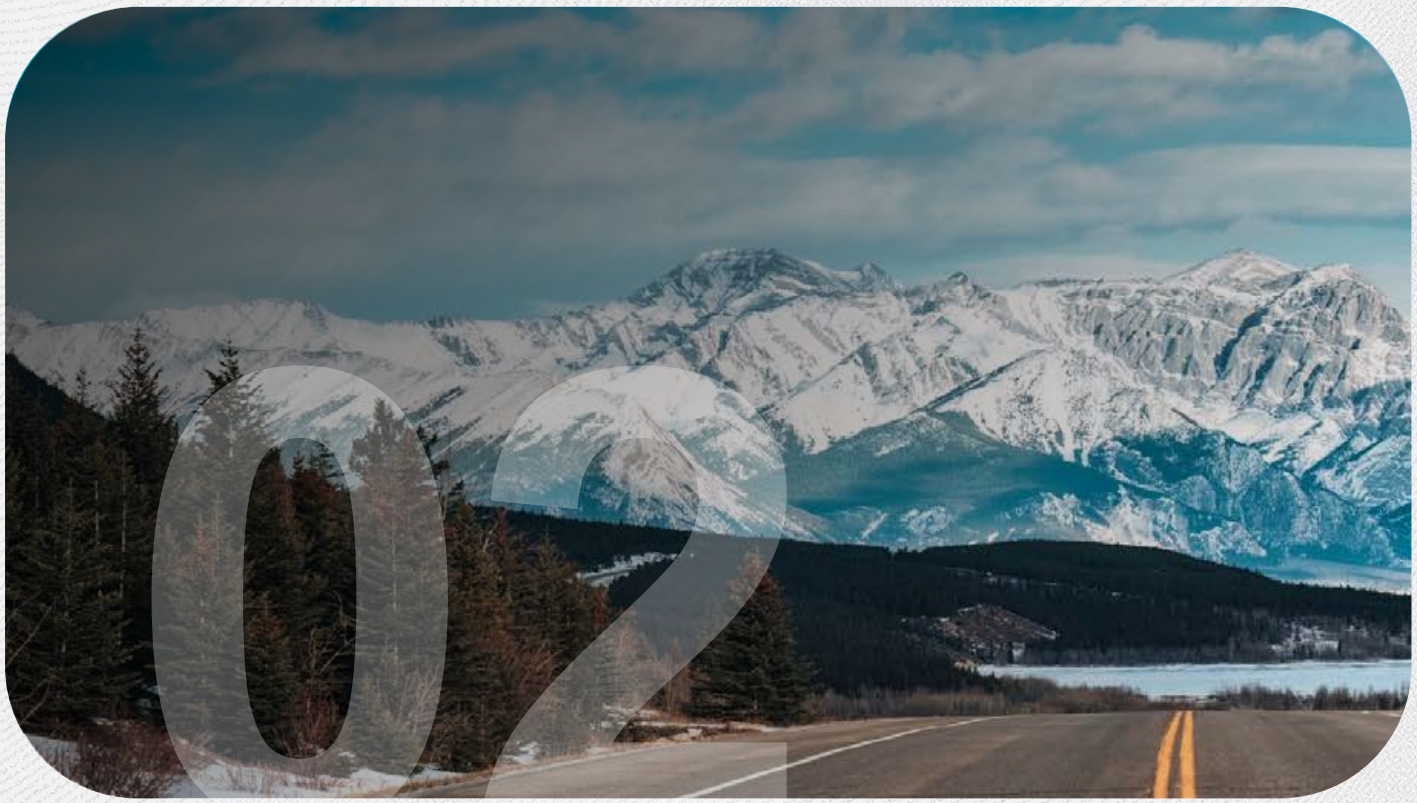
13% $50M to <$100M

16% $100M to <$250M

13% $250M to <$500M

13% $500M to <$1B

7% > $1B



02

Key insights

Key insights

Adopting automation to reduce manual tasks

Municipalities are increasingly focused on automating processes and reducing manual tasks to enhance operational efficiency. This involves leveraging technologies like RPA to streamline repetitive tasks such as data entry, permit processing, and public record management. By automating these activities, municipalities can reduce the potential for errors and speed up service delivery.

Empowering citizens by enabling self-service functionality

Enabling self-service functionality is a key priority for municipalities. This includes developing user-friendly online portals and mobile apps where citizens can apply for permits, pay taxes, report issues, schedule appointments, and access other services. AI-powered chatbots can provide instant responses to common queries, offering 24/7 support and reducing the need for manual intervention. These self-service options empower citizens to engage with their local government more efficiently and conveniently, leading to higher satisfaction and engagement.

Empowering employees with guidelines for use of AI

Nearly one-third of respondents indicated that their municipalities do not have policies or guidelines in place for employees regarding the use of AI or Gen AI. This lack of formal guidance can lead to inconsistent and potentially risky use of AI technologies. Establishing clear policies and guidelines is crucial for responsible and ethical AI use, risk mitigation, and for providing employees with a framework to leverage AI effectively.

Leveraging effective tools for data analytics

Nearly half of all respondents reported that Microsoft Excel is the primary tool used for data analytics in their local government. While Excel is a versatile and widely used tool, relying solely on it for data analytics can limit the ability to perform more advanced analyses and visualizations. Municipalities can benefit from integrating more sophisticated data analytics platforms which offer enhanced capabilities for data visualization, predictive analytics, and real-time insights.

Overcoming challenges to adoption and use

Municipalities face several challenges when using data and AI, including a lack of in-house expertise, budget constraints, and managing privacy concerns. The shortage of skilled personnel can hinder the effective implementation and utilization of AI technologies, while budget constraints may limit investment in advanced tools and training. Additionally, managing privacy concerns is critical, as municipalities handle sensitive citizen data. Addressing these challenges requires strategic planning, investment in training and resources, and robust data governance frameworks.

Use of artificial intelligence (AI)

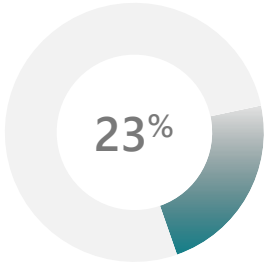
AI adoption and use in local governments

Local governments are at different stages of adopting AI technologies. Currently, 23 percent are using AI, while 31% are actively evaluating, and 21 percent are planning to use it. Another 18 percent show interest but have no plans yet, and 7 percent are not interested at all.

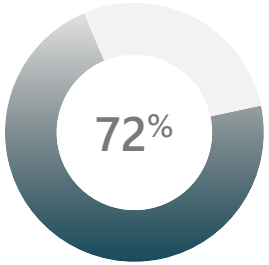
AI is most commonly used externally for:

- Customer service (55%)
- Public safety (49%)
- Environmental monitoring (48%)

Internally, it's most often applied in communications (72%) and HR functions, such as recruitment and scheduling (57%).



of local governments are currently using AI



say they are using AI for internal communications

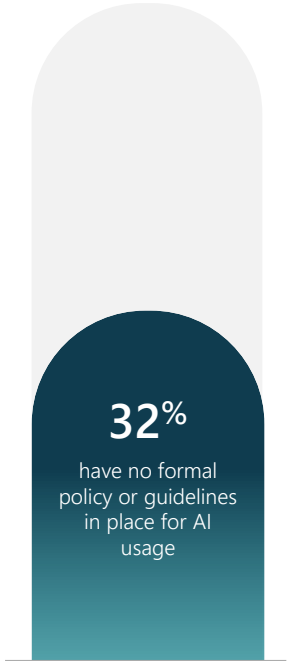
Goals, challenges, and readiness for AI implementation

Local governments are optimistic about AI's potential — but significant barriers are slowing progress. The top hopes local governments have for AI include reducing manual work (61%), optimizing resources (59%), and improving decision-making (51%).

Despite this, many local governments are not yet organizationally ready to implement AI effectively. Thirty-two percent report having no formal policies or guidelines for AI use, raising questions around governance.

The key challenges local governments face when implementing data analytics and AI include:

- Lack of expertise (63%)
- Budget constraints (46%)
- Privacy concerns (46%)



Data, analytics & privacy

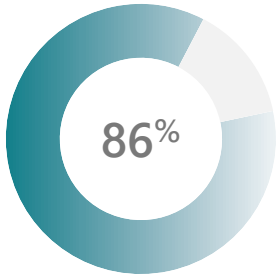
Managing data privacy and security

A strong majority (83%) of local governments believe they are prepared from a cyber security and privacy standpoint, though only about one-third consider themselves very prepared. This highlights a potential gap in perceived versus actual readiness.

Only 41 percent of local governments have formal processes in place to ensure the accuracy and reliability of their data. Most (71%) rely on manual data checks, with about half utilizing automated validation tools or external audits.

The top three measures for ensuring data privacy and security include:

- Employee training (71%)
- Implementing data protection and privacy policies (62%)
- Enforcing access controls (62%)

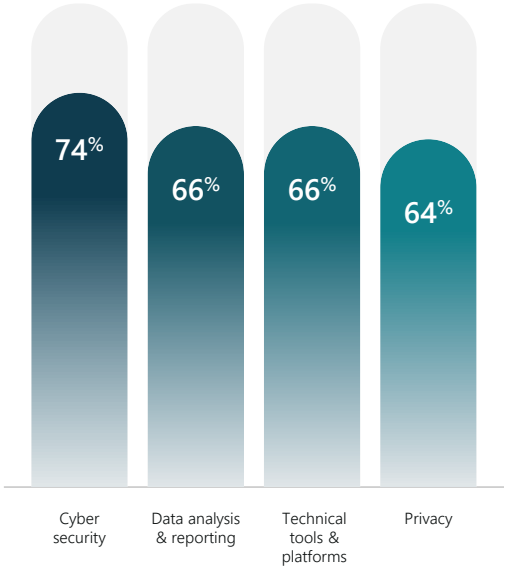


A significant **86%** of local governments utilize data to guide their decisions, highlighting the need for strong data governance and quality.

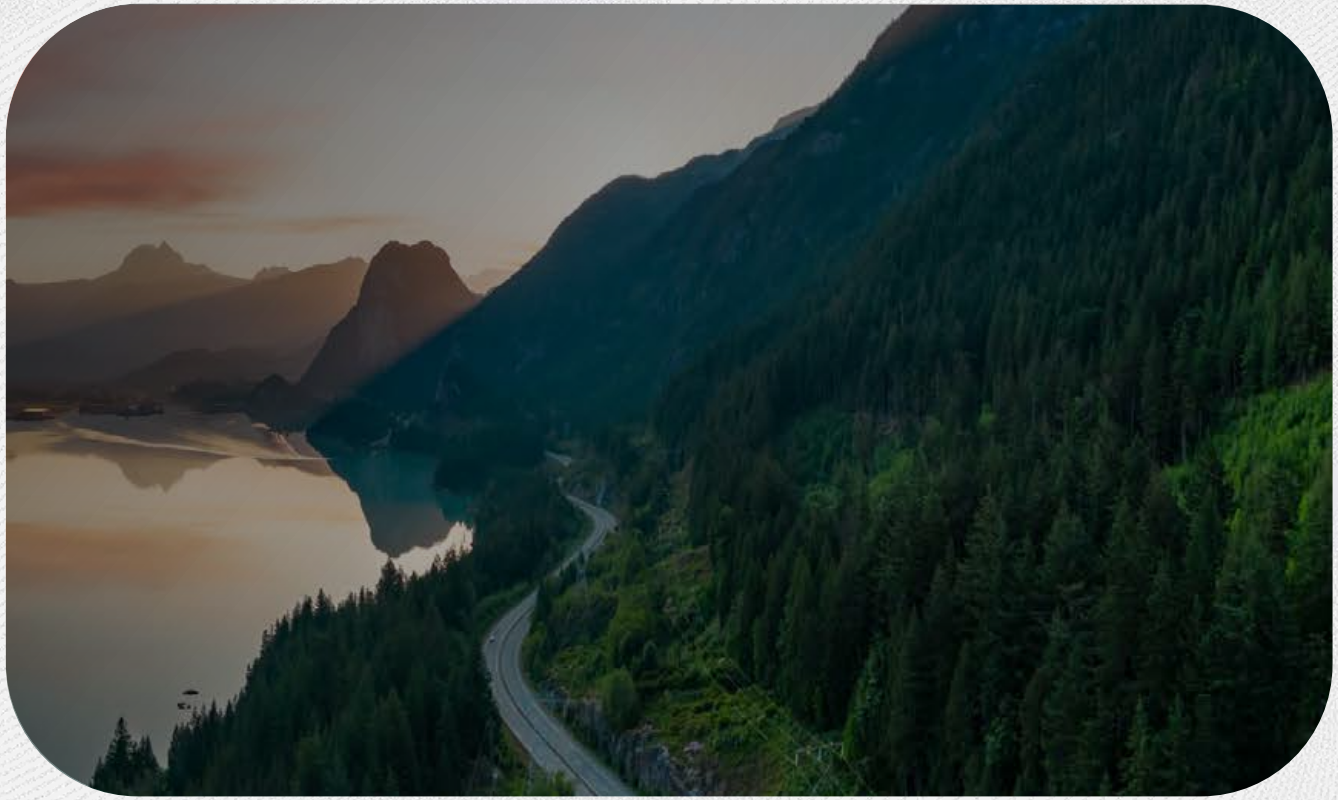
Future focus: Operational efficiency through data

Over the next three to five years, local governments aim to use data to enhance operational efficiency, prioritizing the automation of processes, real-time data access, and data quality management.

The top training needs to improve data and analytics capabilities include:



74% identified cyber security as one of the top five types of training they believe are most needed to improve the use of data and analytics in their local government.



Organizational priorities & challenges

Responding to citizen needs & expectations

Municipalities must prioritize, identify organizational barriers, and prepare for technological opportunities and challenges to meet the changing needs and expectations of diverse citizens and community members. Survey respondents indicated the top strategic priorities within their organization to be:

- Cyber security and privacy
- Citizen experience and customer service
- Technology modernization

The importance of cyber security and privacy has increased by 11 percent since last year, making it the top priority. This increase may be attributed to recent high-profile cyber security incidents affecting public sector organizations, including Canadian municipalities.

Municipalities face several cyber security threats that can severely impact their operations. Ransomware attacks involve cyber criminals encrypting government data and demanding a ransom to restore access, often paralyzing city services. Phishing and social engineering attacks trick employees into revealing login credentials or clicking on malicious links, usually through deceptive emails. Supply chain exploits target vulnerabilities in third-party software used by municipalities, providing attackers a way into their systems. Limited budgets, outdated infrastructure, and insufficient training and awareness tend to make municipalities targets for cyber criminals. Addressing these vulnerabilities is critical to protect essential operations and sensitive information.

Other notable growth areas include leveraging AI for greater efficiency and effectiveness in daily operations, the need for current and accurate business intelligence and analytics to support informed decision-making, and smart city initiatives that reflect an increased interest and investment in innovative infrastructure.

Municipalities face a range of challenges when achieving their strategic priorities. Survey respondents identified the top organizational barriers as the following:

- Insufficient resources
- Existing policies and procedures
- Legacy technology systems and applications

While a lack of resources remains the most significant barrier — particularly in terms of subject matter expertise — challenges related to policies and procedures have grown in prominence.

To overcome these barriers, municipalities are turning toward digital solutions. However, while technology offers ways to address both strategic and operational needs, its implementation and use also introduces new complexities, like concerns around cyber security, privacy, and data protection. This is especially true within organization that operate under high standards of public accountability.

Customer service transformation, when supported by the strategic use of digital technology and communications, presents a significant opportunity for municipalities to better respond to and serve evolving citizen expectations and a modern landscape. Achieving this transformation, however, requires thoughtful planning and an understanding of both organizational and technology-specific challenges.

Evolving priorities & persistent challenges

Shifts in priorities

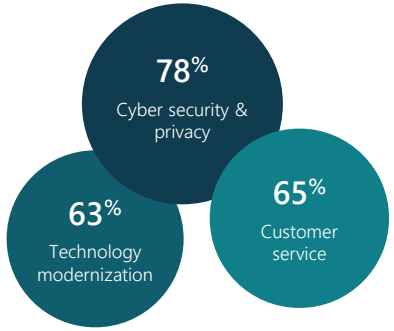
MNP asked municipalities to evaluate focus areas in alignment with their organizational goals and priorities.

The top three priorities in 2025 include:

- Cyber security and privacy (78%)
- Citizen experience and customer service (65%)
- Technology modernization (63%)

While the top priorities remain largely consistent with last year, there are three notable areas of growth:

- Artificial intelligence surged from 22 percent to 48 percent year-over-year, reflecting a rapid shift in awareness and need to respond to new technology use in day-to-day business
- Business intelligence (BI) and analytics which increased to 50 percent, signaling a stronger focus on data-driven decision-making and reporting
- Smart city initiatives rose to 47 percent, demonstrating the momentum and increased interest behind innovation and smart infrastructure

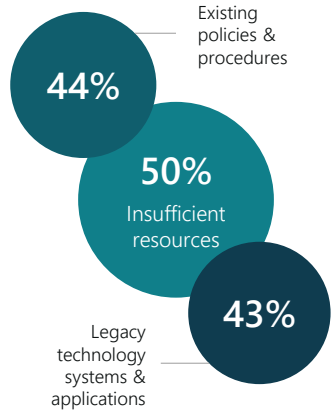


Persistent challenges

Municipalities were asked to rate the impact of common organizational barriers. And while the leading challenges remain consistent, the nature of those challenges is shifting.

- Insufficient resources (50%) remains the top barrier, though it has steadily declined from 62 percent in 2023. This may indicate some progress in addressing staffing or funding gaps.
- Existing policies and procedures saw an increase (from 21% in 2023 to 44% in 2025), highlighting growing frustration with internal bureaucracy and/or an increase of risk aversion within the organization.
- Legacy technology systems and applications remain a constant operational hurdle, increasing to 43 percent in 2025. This issue is compounded by the increased prioritization of business intelligence and analytics, where current technology systems are unable or limited in collecting, managing, and/or reporting on data.

Despite resource gaps, governance issues, outdated systems, and expertise limitations are increasingly becoming more acute barriers to innovation and efficiency.



Rising concerns in 2025 include a lack of subject matter expertise, which increased from 27% in 2024 to 36%, indicating growing talent shortages.

Strategic priorities: Evolving landscape over 3 years

Q: Please rate the following focus areas based on priority and alignment to your organization's goals for the next three to five years.

Security & service top the list — but tech is catching up.

- Cyber security: Remains high, temporary dip in 2024 now rebounded (78%)
- Customer service: Peaked in 2024, slight drop in 2025
- Tech modernization: Gradual rise shows growing urgency

Emerging priorities are gaining ground.

- AI / GenAI: More than doubled since last year to nearly 50 percent
- Smart cities: From 12 percent in 2023 to 47 percent and analytics: Continues to build momentum

A shift toward future-ready tools and analytics while traditional priorities stabilize.

	2023	2024	2025
Cyber security and privacy	76%	67%	78% ^
Citizen experience & customer service	60%	72% ^	65%
Technology modernization	53%	53%	63% ^
Cost management	-	64%	62%
Continuous improvement and innovation	61%	54%	58%
Strategy and business planning	62%	53%	57%
Capital asset portfolio management	-	52%	56%
Employee engagement and culture	50%	58%	53%
Business process optimization	38%	49%	52%
Business intelligence and analytics	28%	37%	50% ^
Digital service delivery	41%	50%	50%
Enterprise risk management	38%	43%	49%
Recruitment and retention	55%	51%	49%
AI / GenAI	-	22%	48% ^
Organizational design and development	33%	41%	48%
Smart city initiatives	12%	34% ^	47% ^
Service level design, management & measurement	-	46%	46%
Engagement & collaboration with indigenous communities	-	40%	41%

^ / v represents a significant increase/decrease from previous year

NOTE: % represents extremely + high scores for impact level

Organizational barriers: What's gaining & losing impact

Q: Please rate the impact the following barriers have on your organization's success.

Declining but persistent resource gaps

- Insufficient resources: Down 12 points since 2023 (though, still top issue)

Growing systemic challenges

- Red tape: More than doubled since 2023 (21% → 44%)
- Regulatory requirements: Gradual increase since 2023 (28% → 38%)

Emerging barriers

- Subject matter expertise: Jumped 9 points in one year (2024 → 2025)

Improving internal factors

- Organizational silos: First notable decline in 2025 (to 29%)

Internal collaboration may be improving, but skills, policies, and governance are rising challenges.

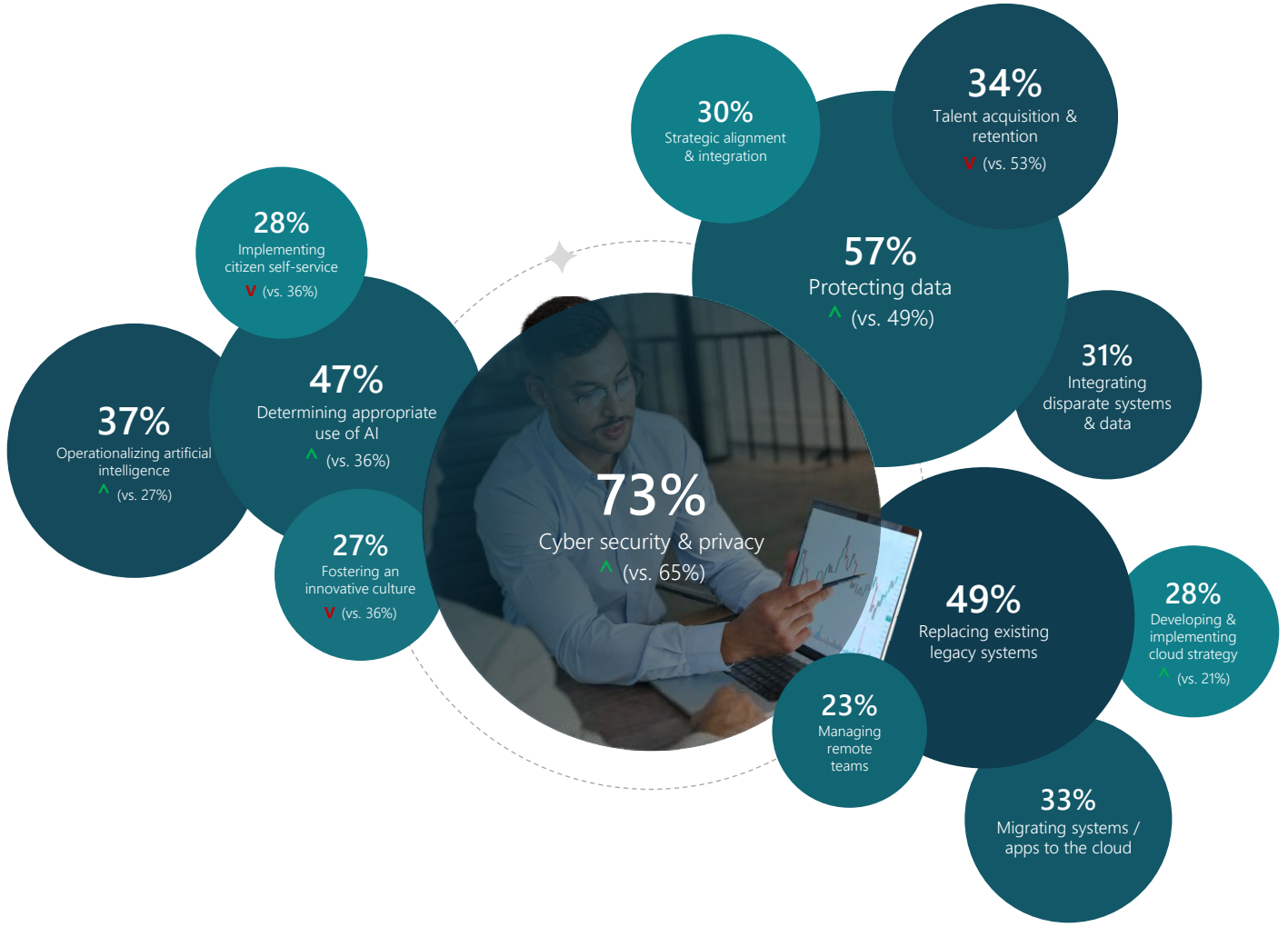
	2023	2024	2025
Insufficient resources	62%	56%	50%
Existing policies and procedures (red tape)	21%	45% ^	44%
Legacy technology systems and applications	35%	43%	43%
Challenges with regulatory requirements	28%	41% ^	38%
Limited change management skills and resources	30%	36%	37%
Lack of subject matter expertise	26%	27%	36% ^
Lack of standard project management practices	30%	30%	34%
Organizational structure challenges	26%	38% ^	32%
Council / leadership misalignment	20%	35% ^	32%
Lack of strategic direction	33%	29%	31%
Organizational siloes	32%	40%	29% v
Lack of employee engagement strategy	32%	30%	28%

^/ v represents a significant increase/decrease from previous year

NOTE: % represents extremely + high scores for impact level

Anticipated technology challenges

Q: What do you anticipate will be your organization's top 5 technology-related challenges over the next 5 years?



04

Data, analytics & privacy

Understanding the importance of cyber security & privacy preparedness

Municipalities handle a vast amount of sensitive information, including personal data of citizens, financial records, and critical infrastructure details. Ensuring robust cyber security measures helps protect this data from unauthorized access, breaches, and cyber attacks. Effective cyber security and privacy practices foster public trust and confidence in local government — citizens are more likely to engage with digital services and share their data if they believe their information is secure. This trust is vital for the successful implementation of AI-driven initiatives and the overall digital transformation of municipalities.

As municipalities adopt AI and data-driven technologies, they must comply with various privacy laws and regulations. These regulations mandate stringent data protection practices and require municipalities to implement measures that safeguard citizen data. Non-compliance can result in severe penalties and legal repercussions.

AI systems can introduce new vulnerabilities, such as biased algorithms and data exposure risks. Cyber security measures are necessary to mitigate these risks and ensure AI systems are used responsibly.

Cyber attacks can disrupt municipal services, leading to significant operational downtime and affecting the community's daily life. By prioritizing cyber security, municipalities can ensure the continuity of essential services — like emergency response, public transportation, and utilities — even in the face of cyber threats. Cyber security preparedness allows municipalities to proactively identify and address potential threats, ensuring a resilient infrastructure. Additionally, a robust cyber security framework helps municipalities navigate the complexities of digital transformation while minimizing risks.

By prioritizing cyber security and privacy, municipalities can leverage data and AI to improve service delivery, enhance community engagement, and drive innovation. All while ensuring the safety and trust of their citizens.

Municipalities who participated in this survey indicated their top measures cyber security and privacy which include:

- Employee training and awareness
- Data protection and privacy policies
- Access controls
- Continuous monitoring and updates
- Secure payment processing

Building a data analytics program within a local government

Local governments in Canada are undertaking several important data and analytics initiatives to enhance service delivery, improve decision-making, and address community needs.

To understand the potential of data within the municipality, the first step is to make data more accessible and actionable. Municipalities are adopting data visualization tools to present complex data in an easily understandable format, enabling better insights, historical comparisons, and trend analysis.

Predictive analytics is being used to anticipate future needs and challenges. This includes forecasting demand for services, predicting maintenance needs for infrastructure, and identifying trends in community well-being. By leveraging predictive models, municipalities can proactively address issues and allocate resources more effectively.

Many Canadian municipalities are embracing smart cities initiatives, which use data and technology to enhance urban living. This includes deploying sensors and Internet of Things (IoT) devices to monitor traffic, air quality, and energy usage. The data collected from these devices is analyzed to optimize city operations and improve sustainability.

Local governments are increasingly collaborating to share data and solve common problems. Collaborative frameworks enable municipalities to tackle issues like housing issues, public safety, and diversity and inclusion.

Investing in training and capacity building is essential to equip municipal staff with the skills needed to leverage data and analytics. This includes providing education on data management, analytics tools, and AI technologies. Building internal expertise helps municipalities maximize the benefits of data-driven decision-making.

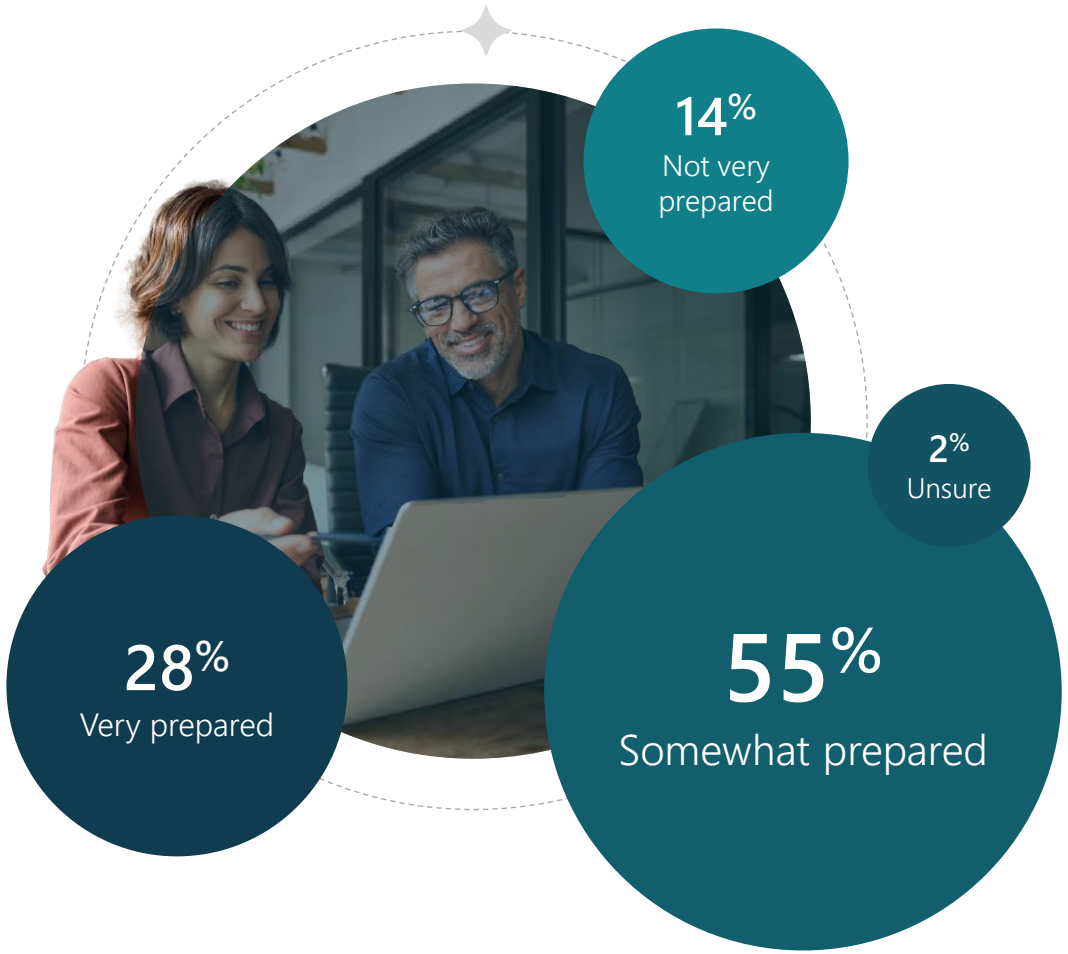
These types of data initiatives are helping local governments in Canada become more responsive, efficient, and attuned to the needs of their communities. By strategically using data and analytics, municipalities can drive innovation and improve the quality of life for their citizens.

Top data and analytics initiatives across municipal survey respondents include:

- Data management policies and procedures
- Open data portal
- Data standards
- Annual performance benchmarks, measurement, and reporting
- Corporate key performance indicators (KPIs)

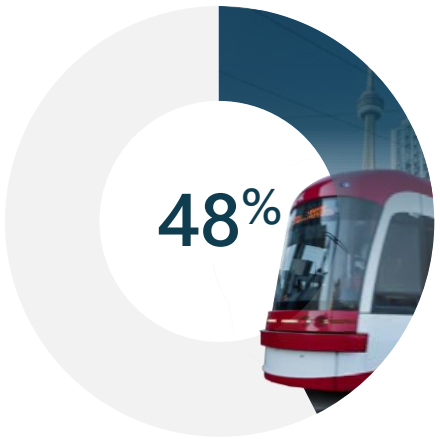
Privacy preparedness

Q: As your organization's use of data evolves, how prepared is your local government from a privacy standpoint?

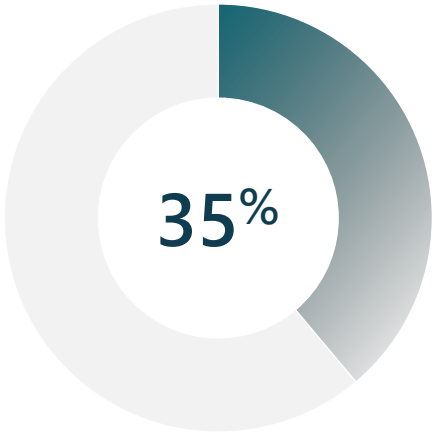


Cyber security preparedness

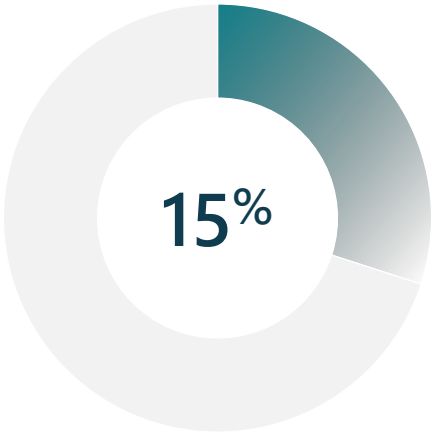
Q: As your organization's use of data evolves, how prepared is your local government from a cyber security standpoint?



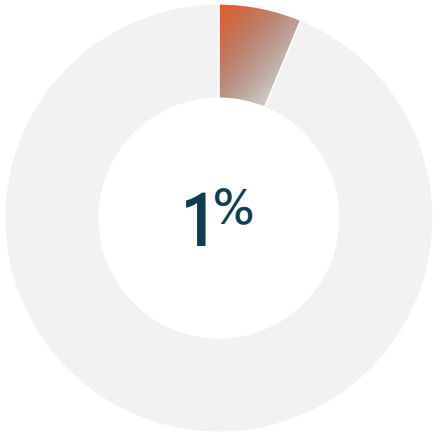
Somewhat prepared



Very prepared



Not very prepared



Not at all prepared

Data privacy & cyber security measures

Q: How does your organization ensure data privacy and cyber security when using data to enhance operations and service delivery? Please select all that apply.

71% Employee training & awareness

62% Data protection & privacy policies

62% Access controls

58% Continuous monitoring & updates

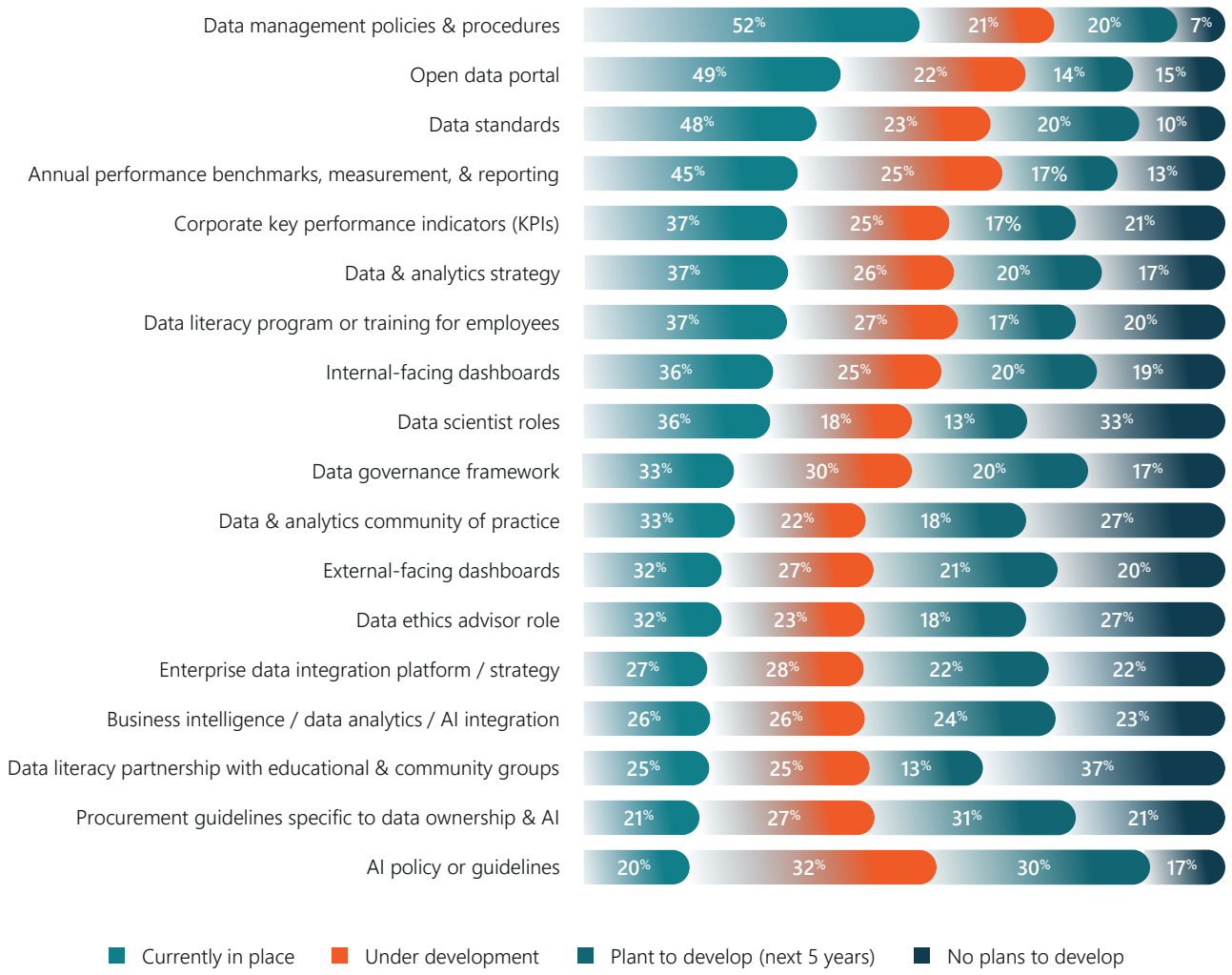
56% Secure payment processing

51% Customer authentication

46% Regular security audits & assessments

44% Advanced security technologies

29% Vendor security assessment

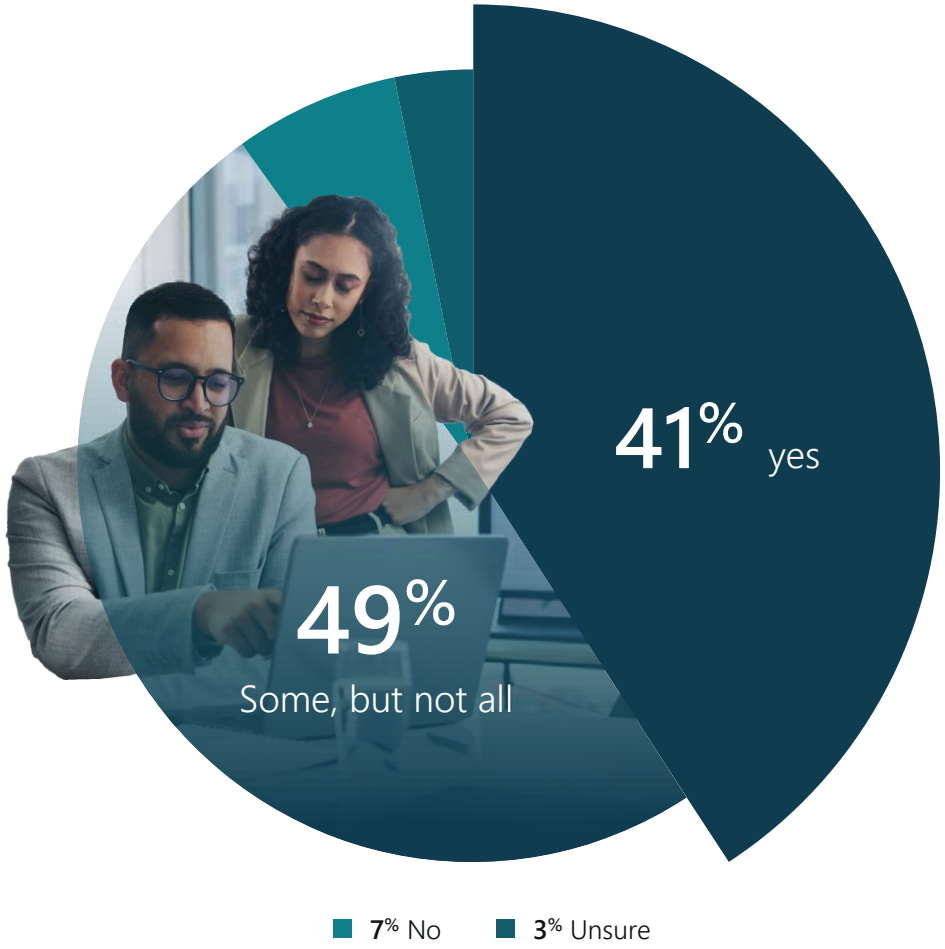


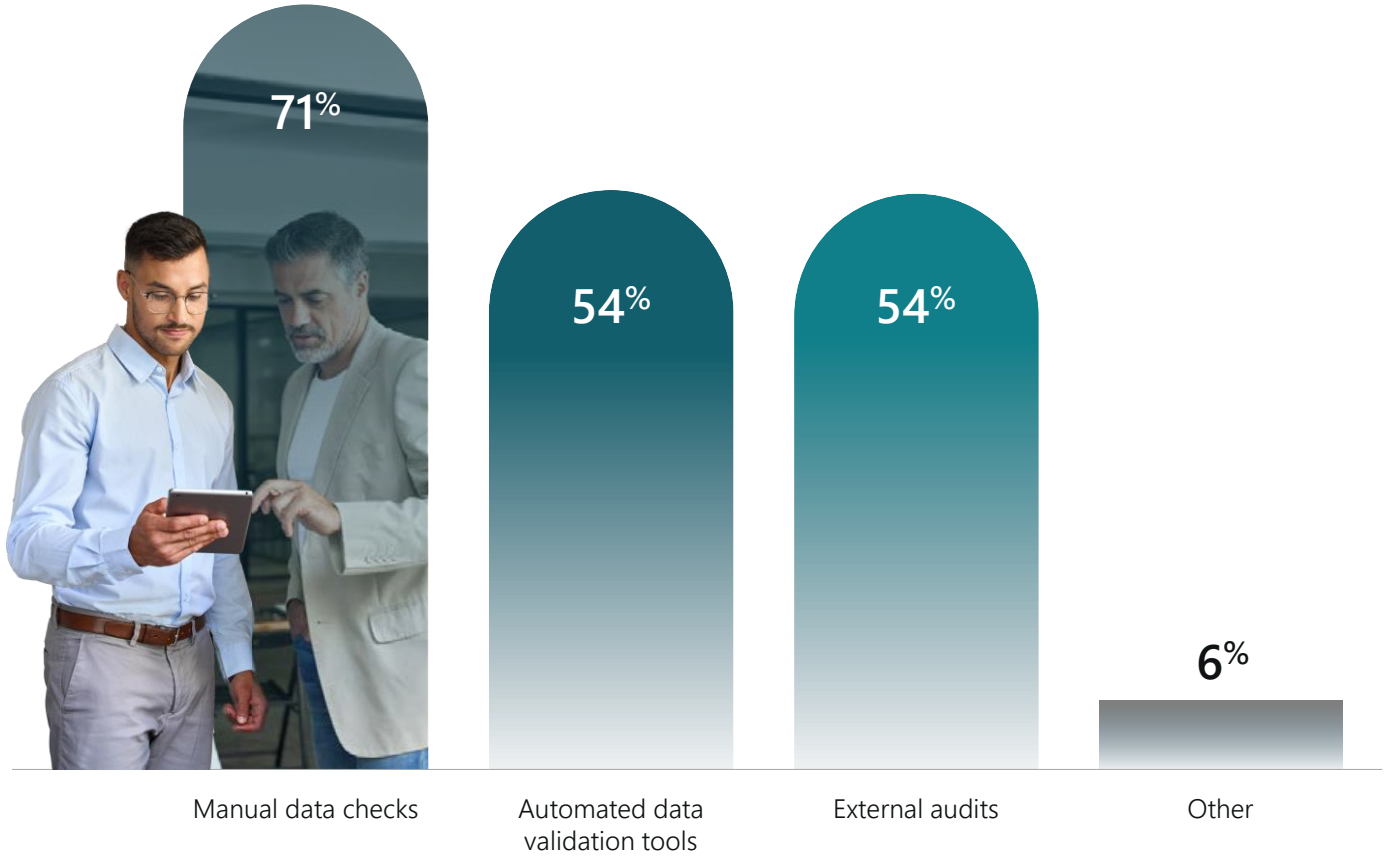
Data & analytics initiatives assessment

Q: For each of the following data and use initiatives outlined below, please indicate if it is currently a part of your local government operations or if you are planning to implement in the future.

Data quality processes

Q: Do you have processes in place to ensure the accuracy, consistency, and reliability of your data?



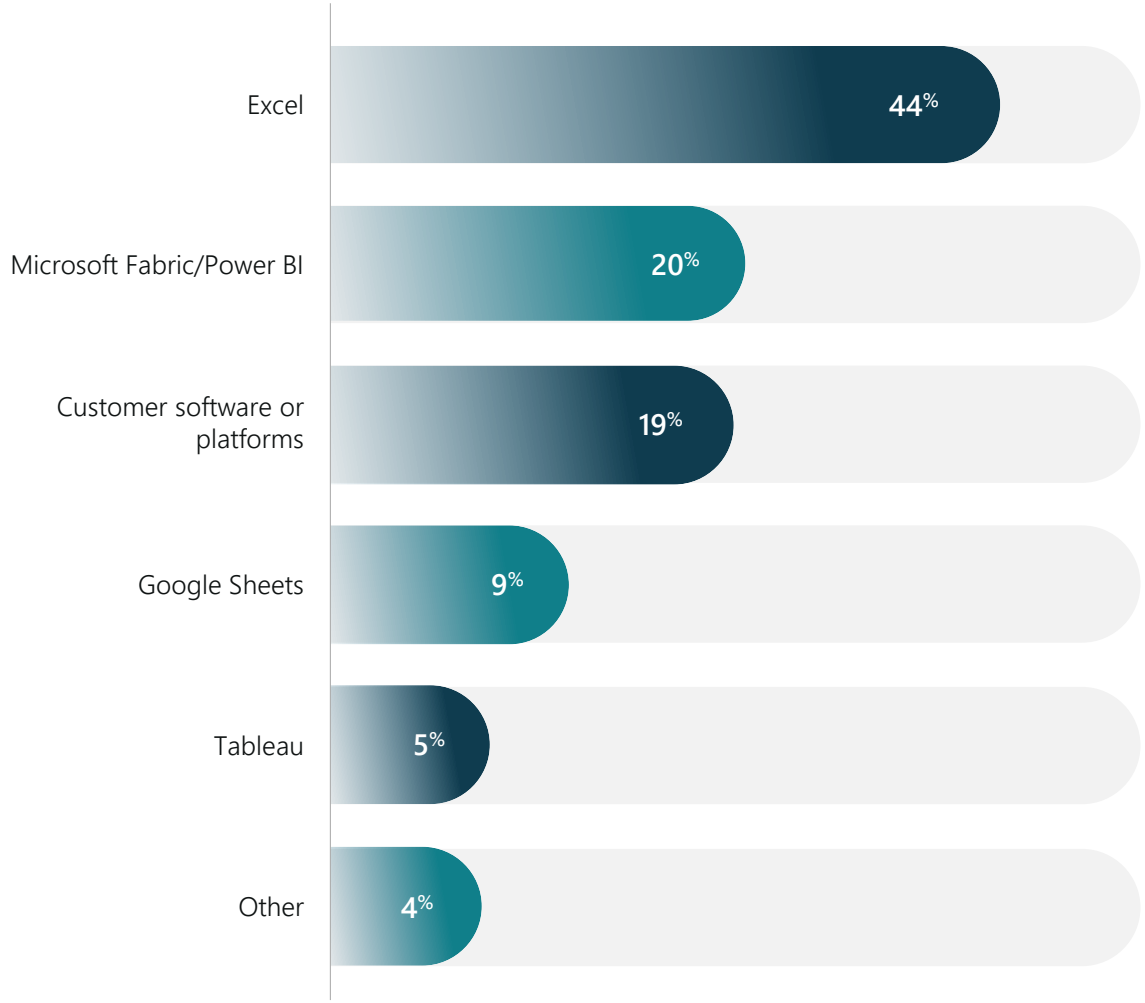


Data cleaning & validation

Q: What methods are used to clean and validate data? Select all that apply.

Reliance on data for decisions

Q: To what extent does your local government rely on data to inform decision-making?

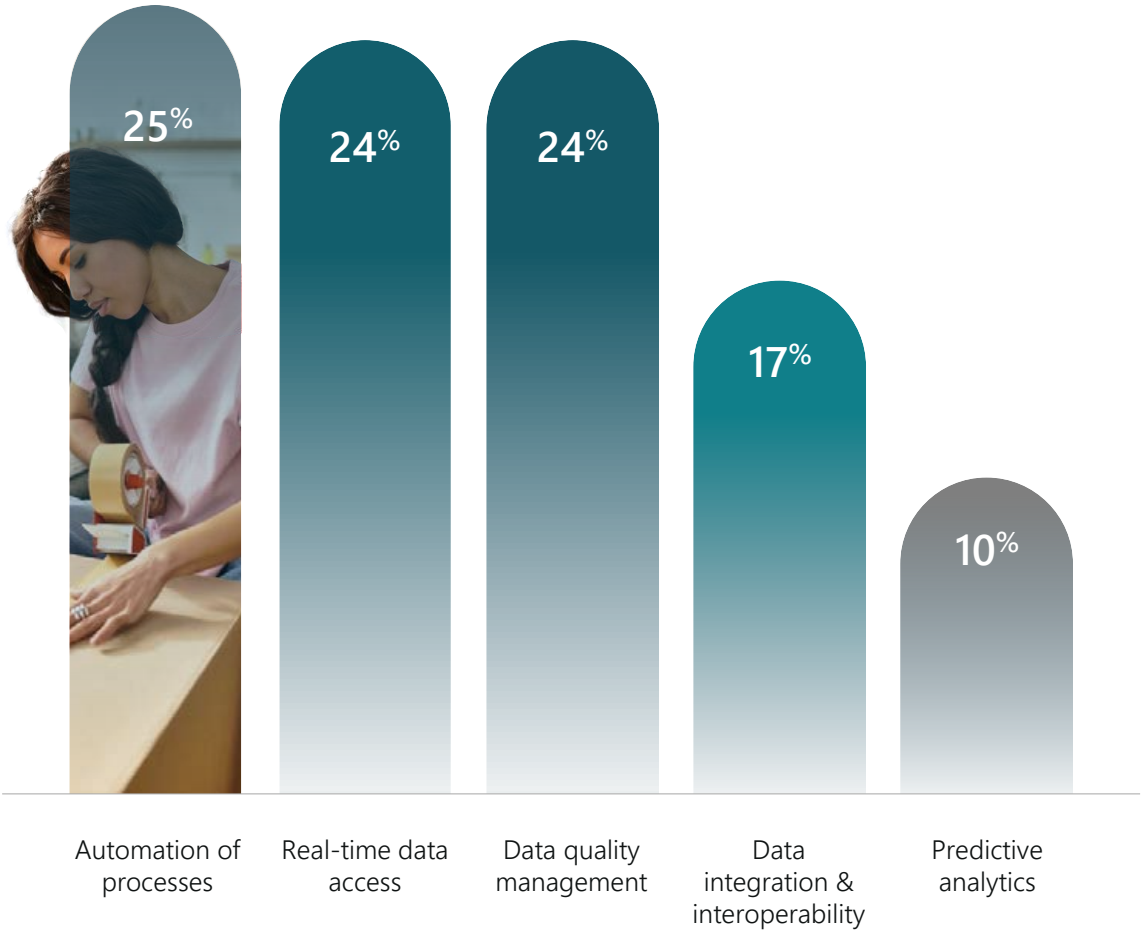


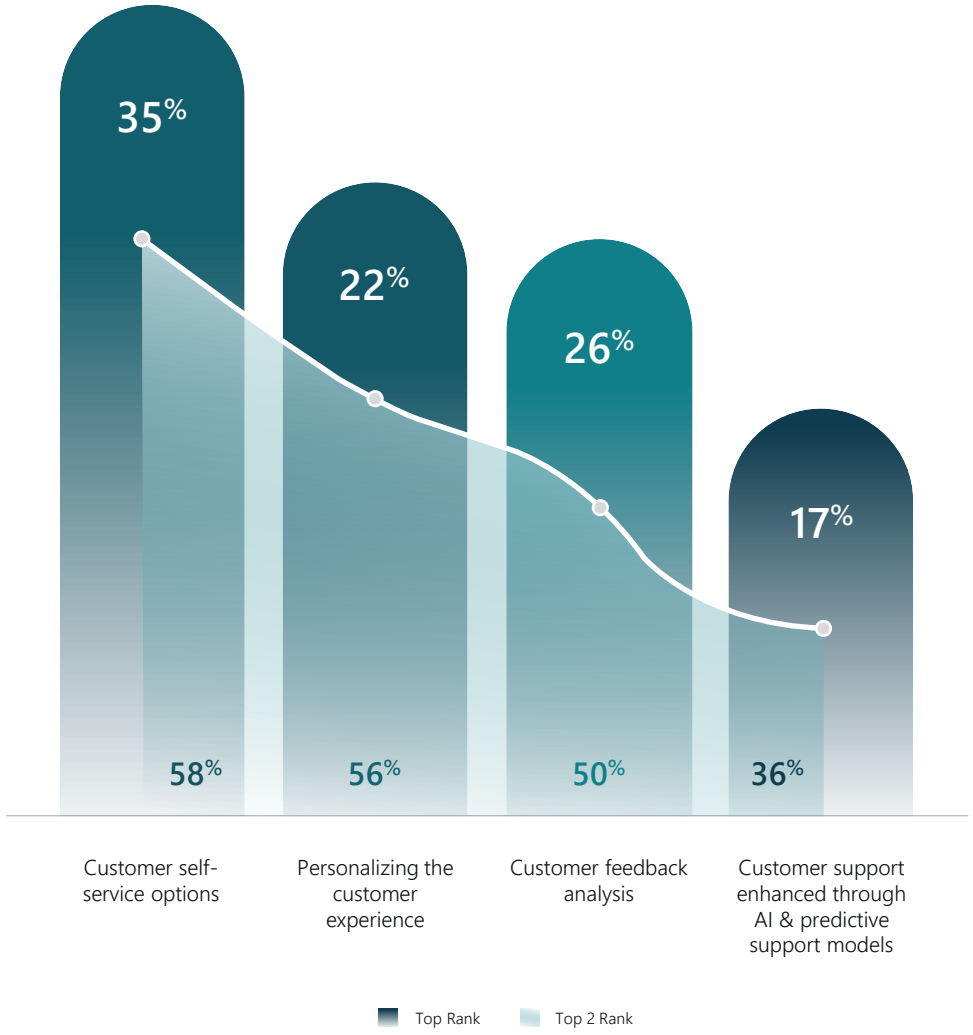
Data analysis tools

Q: What tools or software does your local government currently use to analyze data?

Priorities for data-driven efficiency

Q: Please rank the following priorities for the organization's use of data to enhance operational efficiency over the next 3-5 years, with 1 being the highest priority and 5 being the lowest priority.



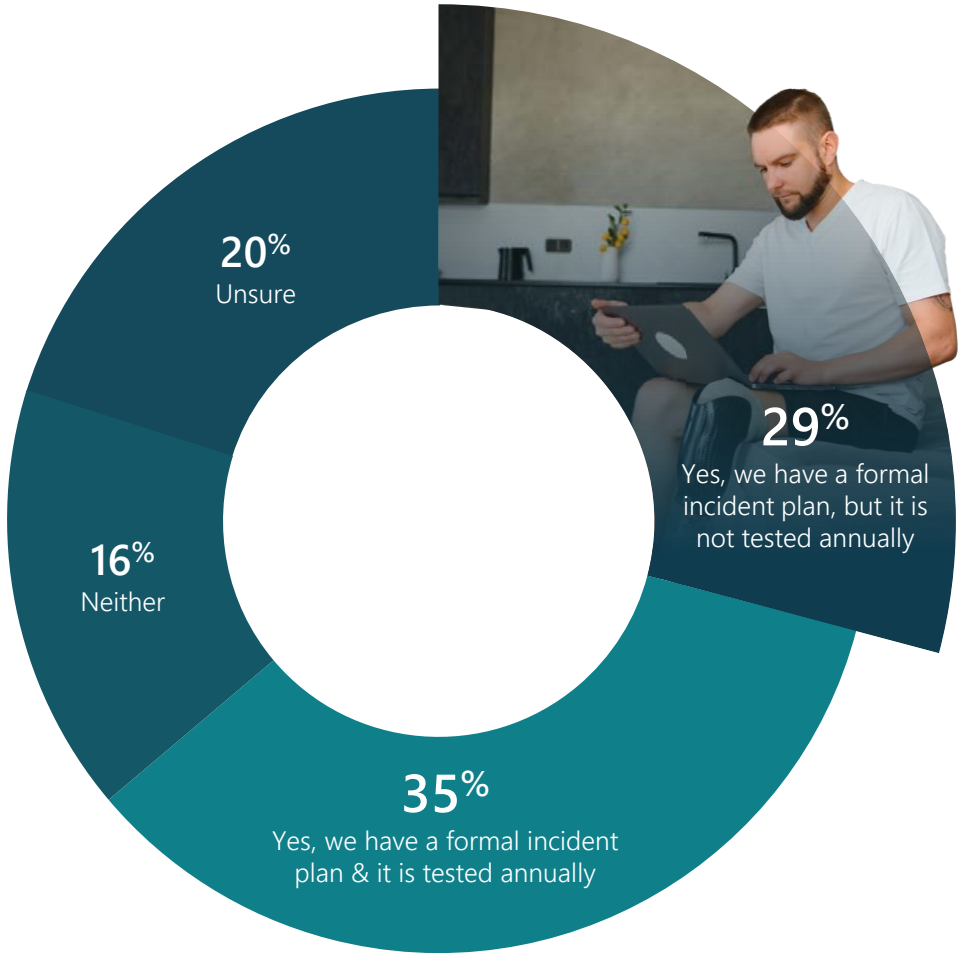


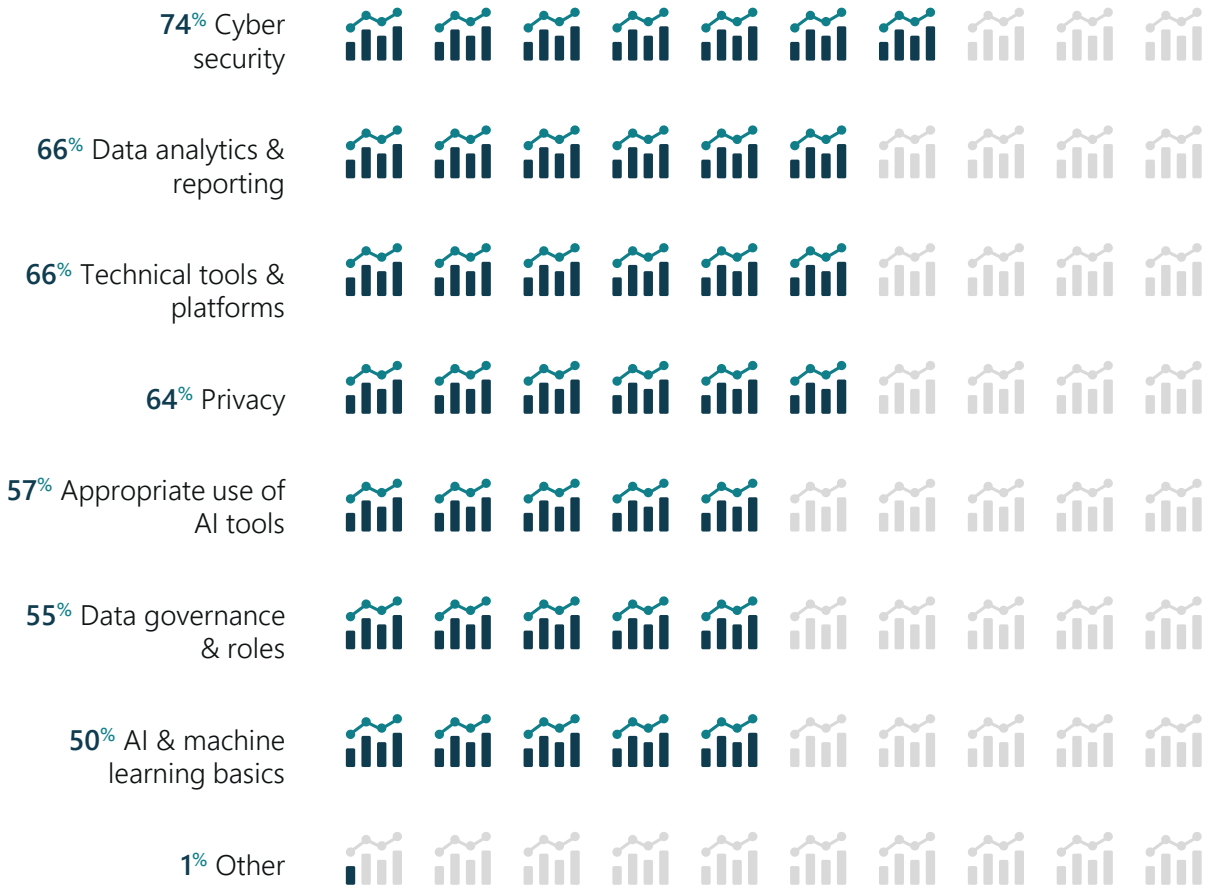
Priorities for data-driven customer service

Q: Please rank the following priorities for the organization's use of data to enhance customer services over the next 3-5 years, with 1 being the highest priority and 4 being the lowest priority.

Formal incident response plan & testing

Q: Do you have a formal incident response plan documented and is that plan tested at least annually?



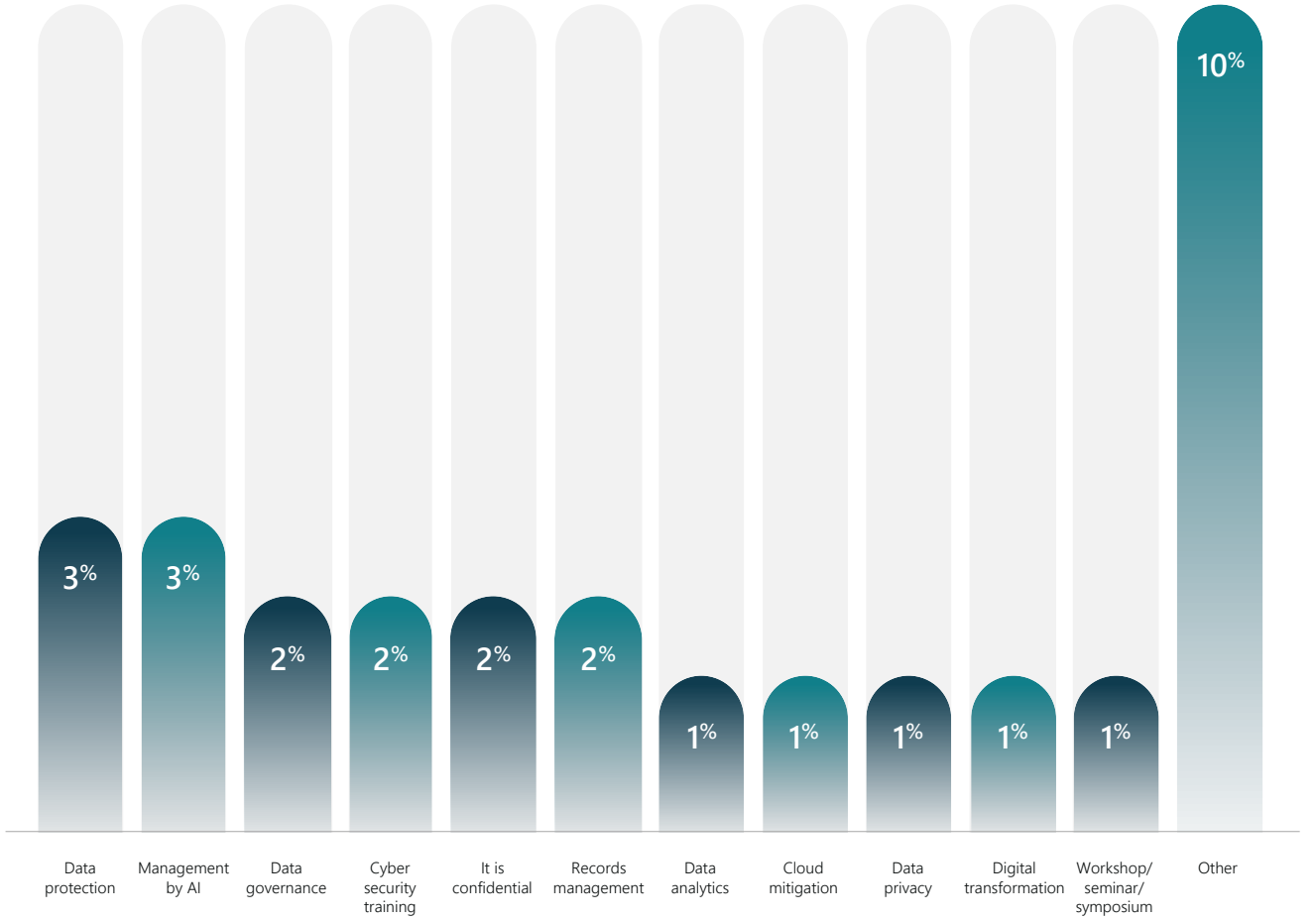


Top training needs for data & analytics

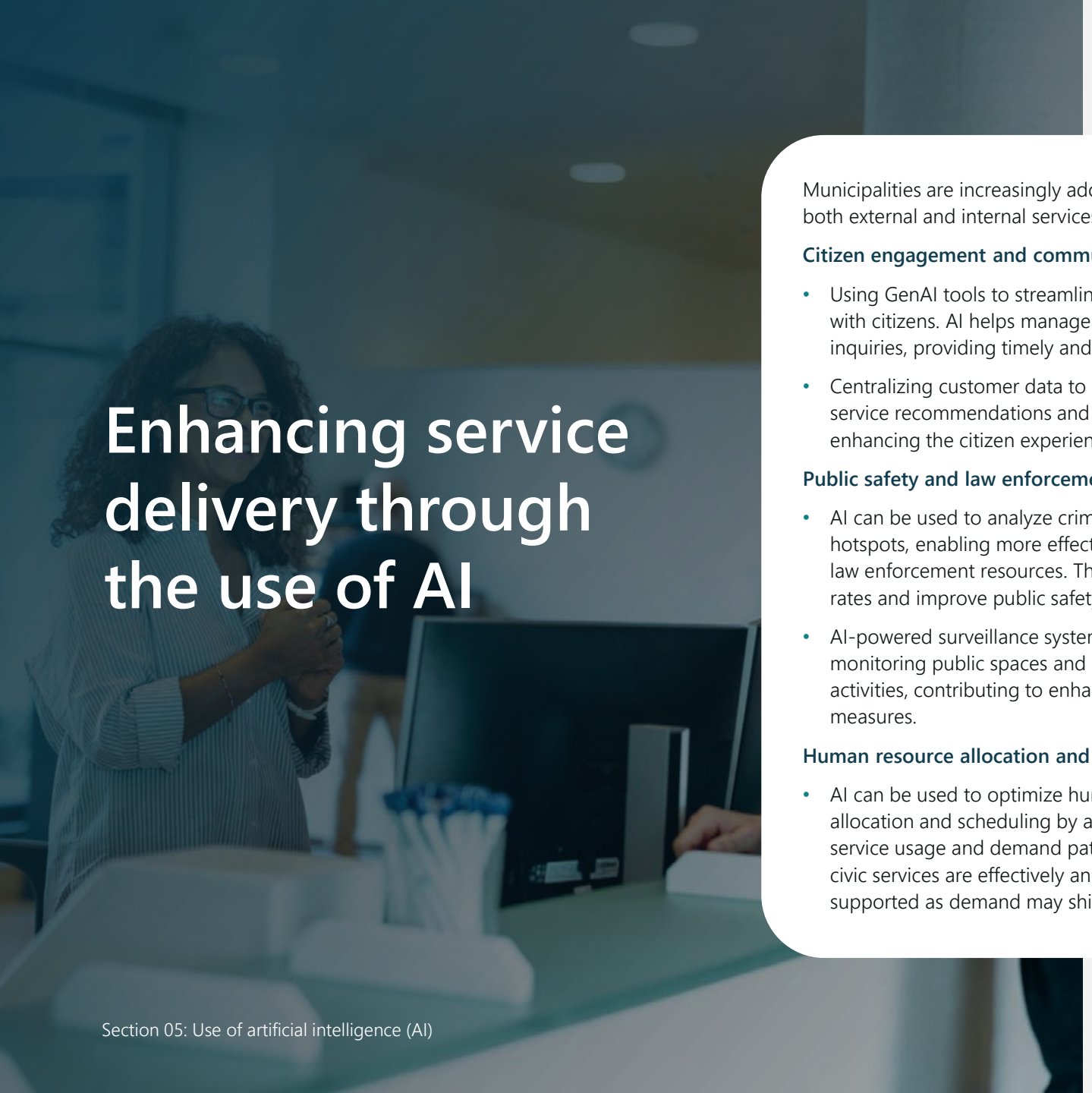
Q: From the following list, please select the top 5 types of training you believe are most needed to improve the use of data and analytics in your local government.

Upcoming data management initiatives

Q: Are there any other upcoming projects or initiatives related to data management in your municipality?



Use of artificial intelligence (AI)



Enhancing service delivery through the use of AI

Municipalities are increasingly adopting AI to enhance both external and internal services.

Citizen engagement and communication

- Using GenAI tools to streamline communications with citizens. AI helps manage and respond to inquiries, providing timely and accurate information.
- Centralizing customer data to allow for personalized service recommendations and communications, enhancing the citizen experience.

Public safety and law enforcement

- AI can be used to analyze crime data and predict hotspots, enabling more effective deployment of law enforcement resources. This helps reduce crime rates and improve public safety.
- AI-powered surveillance systems assist in monitoring public spaces and identifying suspicious activities, contributing to enhanced security measures.

Human resource allocation and management

- AI can be used to optimize human resource allocation and scheduling by analyzing data on service usage and demand patterns. This ensures civic services are effectively and efficiently supported as demand may shift.
- AI can be leveraged to streamline HR processes, including recruitment, performance evaluation, and employee training. This enhances efficiency and helps in managing the workforce more effectively.

Operational efficiency

- AI can be used to automate routine tasks such as processing permits and managing public records. This reduces manual workload and speeds up service delivery.
- Common queries from citizens can be handled by AI chatbots, allowing municipal staff to focus on more complex issues.

Data analytics and decision-making

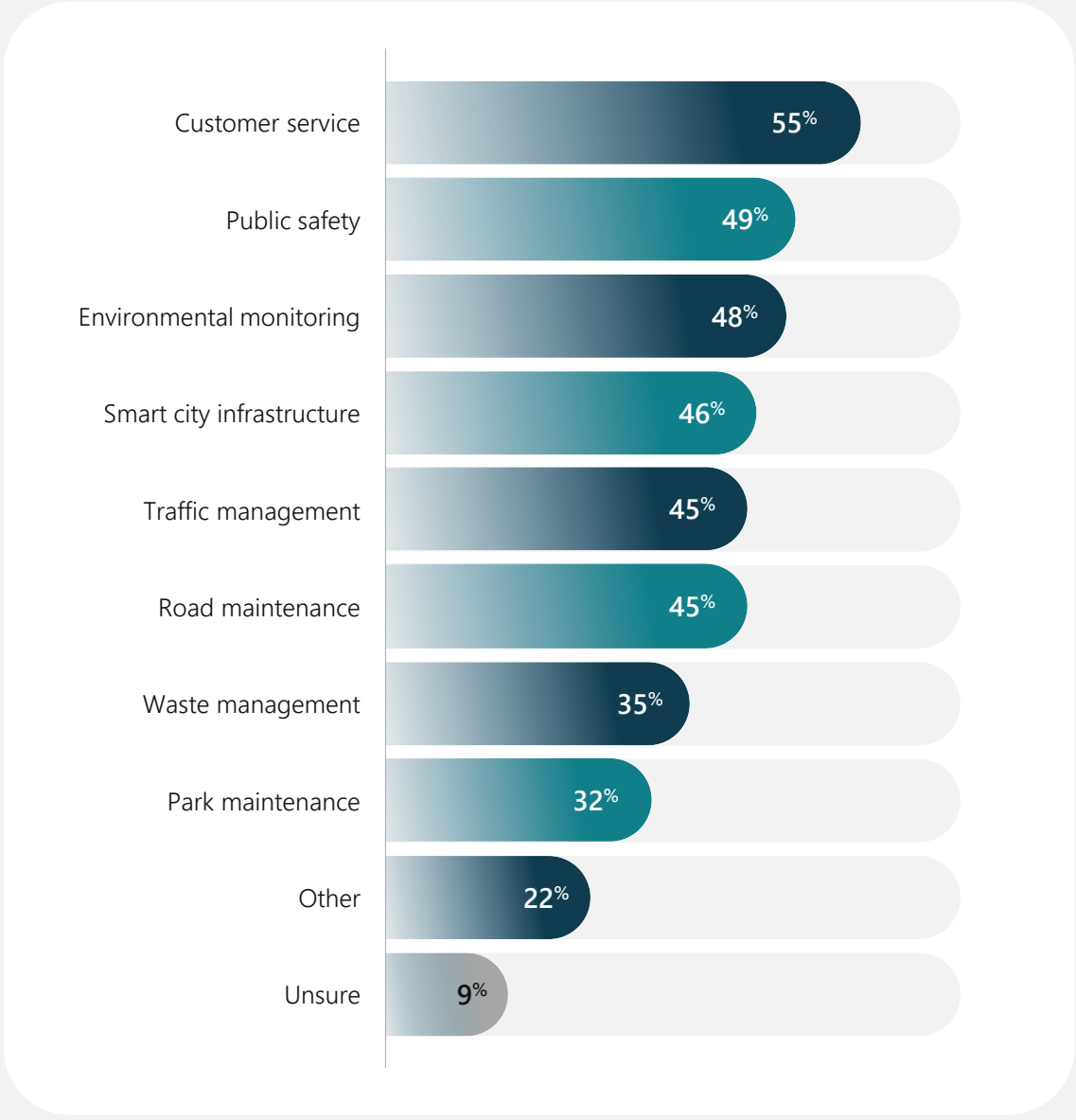
- AI-driven data analytics tools help analyze various data sets to inform policy decisions and optimize resource allocation. This leads to more effective governance and strategic planning.
- Predictive analytics are used to forecast maintenance needs for public infrastructure, reducing downtime and saving costs.

These examples illustrate how municipalities are leveraging AI to improve both external and internal services, ultimately fostering more efficient, responsive, and connected communities.

Use of AI technologies

Q: Please select which describes how your organization is exploring or leveraging AI technologies to enhance operations and service delivery.

> "Our organization leverages advanced AI technologies to enhance user interactions, streamline workflows, and provide personalized assistance, leading to improved efficiency and user satisfaction."



AI use in external services

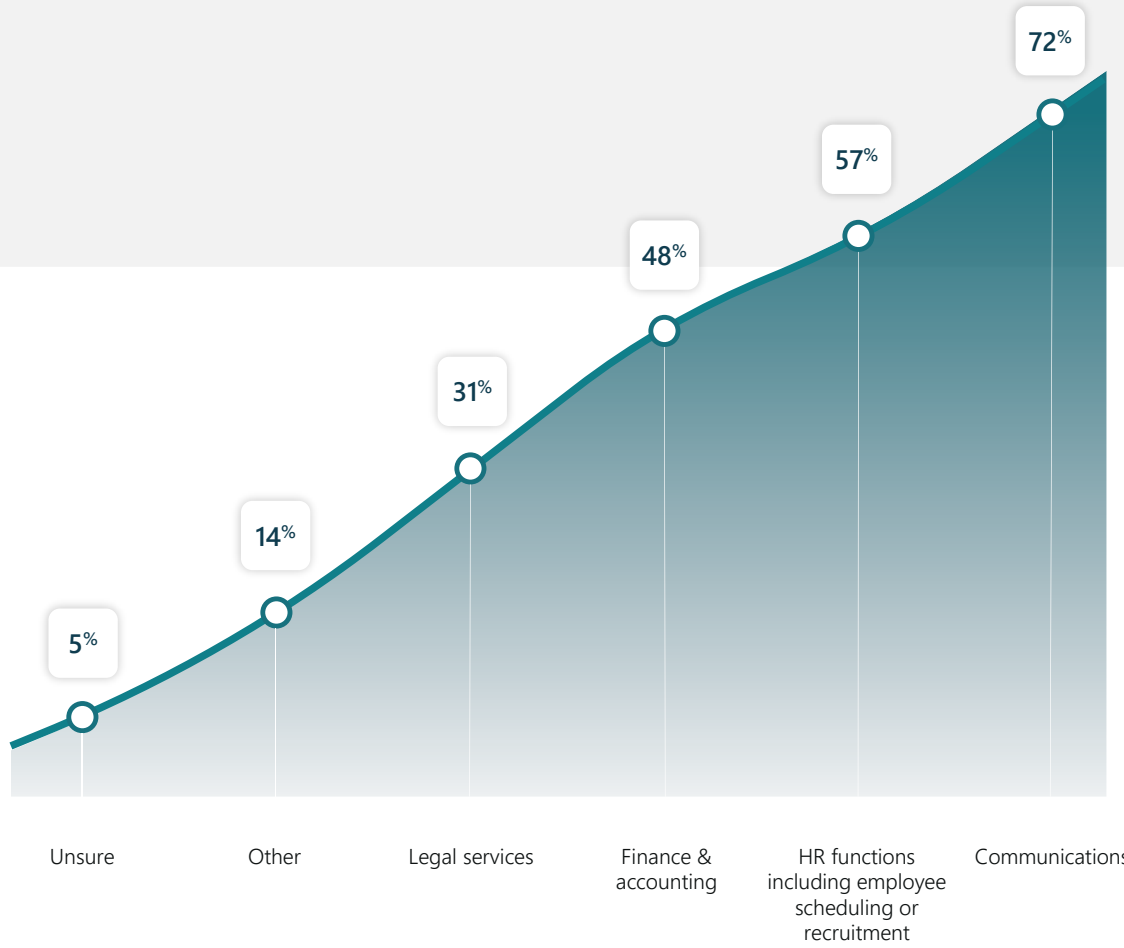
Q: Which of the following external service areas are using AI to enhance operations and service delivery?

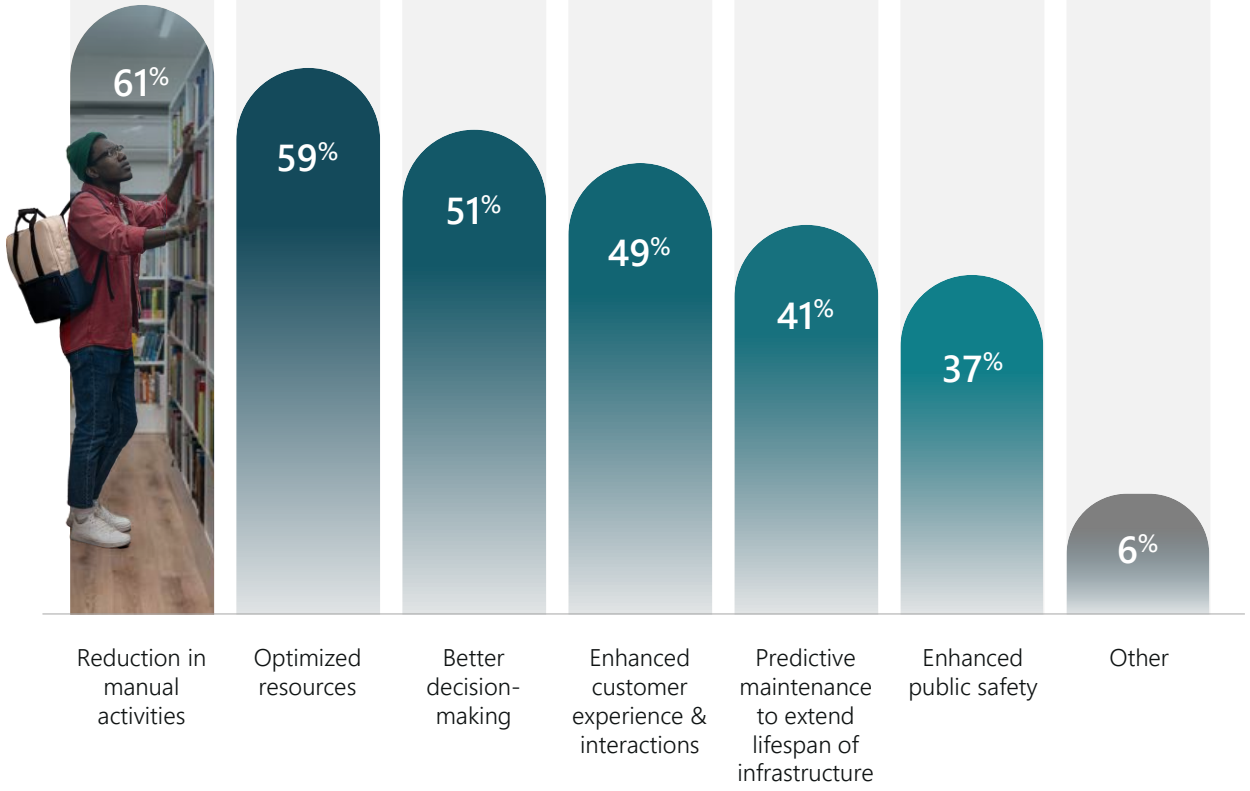
> "We are still exploring AI technology initiatives such as the permit process in planning and development."

AI use in internal services

Q: Which of the following internal service areas are using AI to enhance operations and service delivery?

> "We have started using predictive and generative AI in many of our daily tasks to prepare briefing, notes and memorandum of understanding."



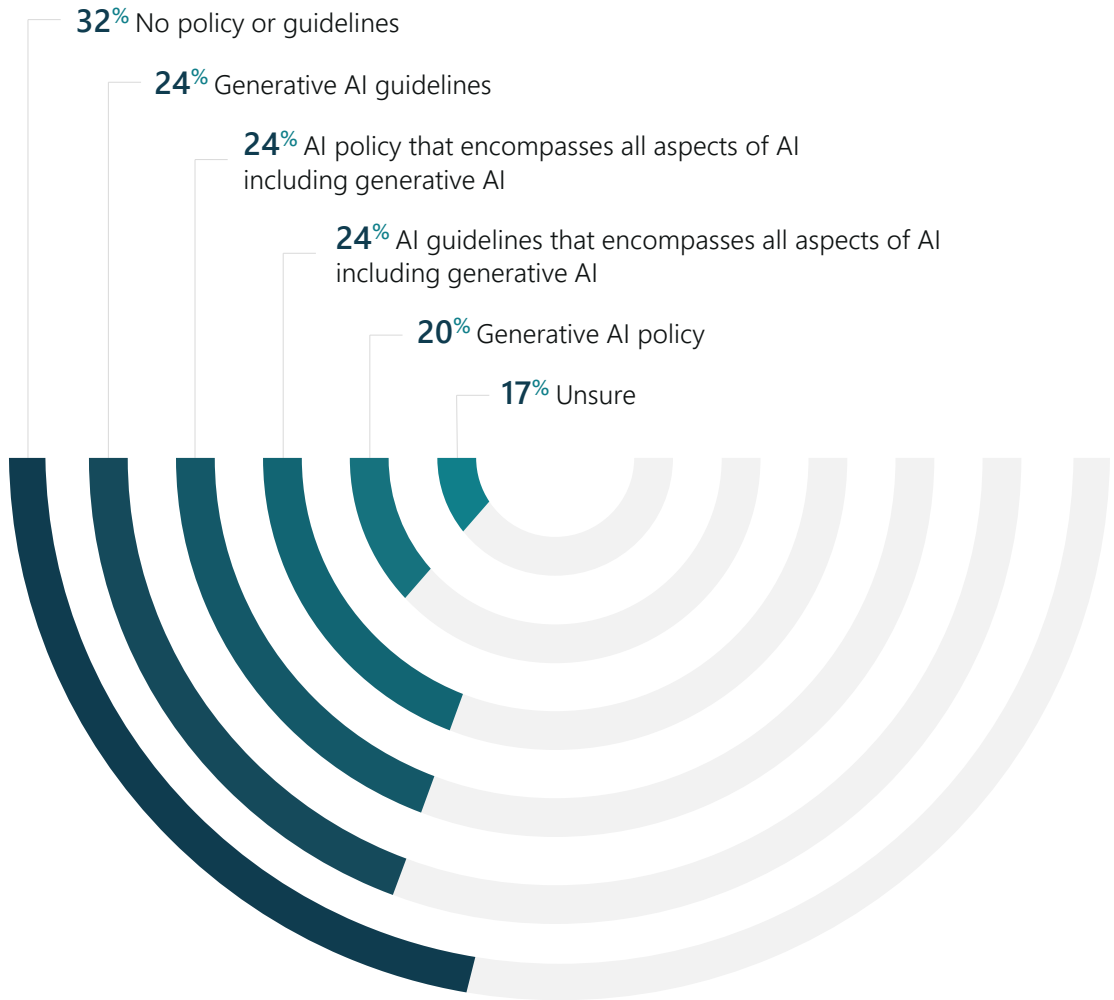


Third-party AI support & partnerships

Q: In pursuing or planning for AI initiatives, what benefits is your local government hoping to gain? Select all that apply.

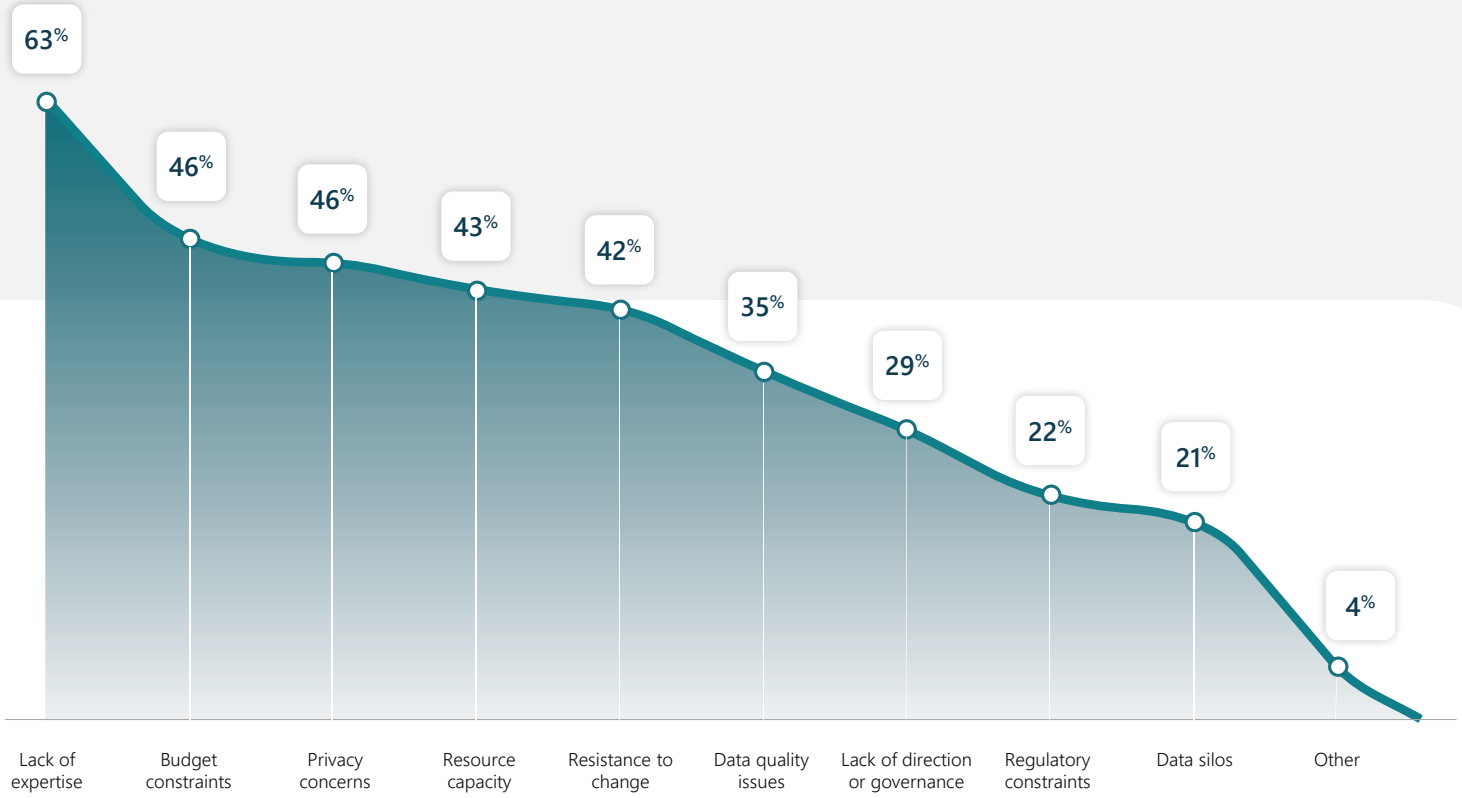
AI policies & guidelines in local government

Q: Do you have any policies or guidelines developed related to the use of AI or generative AI in your local government? Select all that apply.



Challenges in implementing data analytics & AI

Q: What challenges has your local government faced in implementing enhanced use of data analytics, including AI initiatives? Select all that apply.



"We often receive mixed feedback [from the public]. Many citizens appreciate faster response times and 24/7 availability, but some express frustration with limited problem-solving capabilities and lack of human interaction. Continuous improvements based on feedback help enhance AI accuracy and user satisfaction."

Make your next steps count

Every community has its own unique strengths and challenges. Local governments require solutions that adapt to their local context, while at the same time leveraging industry-wide trends and leading practices.

The rapid growth of urban populations has significantly increased the complexity faced by local and regional government organizations. As community expectations evolve, municipalities must learn to leverage data, analytics, and AI to drive operational efficiencies and enhance the citizen experience. Data and analytics enable municipalities to gain deeper insights into community needs and preferences, allowing for more informed decision-making and resource allocation. AI can automate routine tasks, predict future trends, and personalize interactions, enhancing the overall citizen experience. These advancements are crucial for building meaningful, resilient relationships between municipalities and the communities they serve.

At MNP, we're embedded in communities from coast to coast, so we understand the importance of local perspectives. We appreciate the differences from one town to the next, and we know the questions to ask so you get solutions that work. Our local offices are backed by a nationwide team, allowing you to access a network of expertise through advisors who really understand your situation and can help build the best solution for you. We are well-equipped to support you on your transformation — no matter where you are in the journey. By leveraging leading practices, modern technology, data, and innovation, we can help you enhance the way you deliver programs and services to your community.

We encourage you to connect with our team regarding any questions you may have about the results of this survey or what you might be looking for to advance your organization's data and AI transformation.

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Appendix

Strategic priorities

Q: Please rate the following focus areas based on the priority and alignment to your organization's goals for the next three to five years.

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Cyber Security and Privacy	78%	81%	74%	75%	75%	80%	**73%**	**83%**
Citizen Experience & Customer Service	65%	67%	67%	60%	**60%**	**71%**	66%	64%
Technology Modernization	63%	65%	68%	**56%**	**56%**	**71%**	**54%**	**73%**
Cost Management	62%	63%	63%	58%	60%	64%	**57%**	**68%**
Continuous Improvement and Innovation	58%	59%	62%	53%	**50%**	**66%**	**50%**	**66%**
Strategy and Business Planning	57%	56%	58%	54%	55%	58%	54%	59%
Capital Asset Portfolio Management	56%	63%	48%	55%	53%	58%	52%	60%
Employee Engagement and Culture	53%	58%	44%	52%	52%	55%	53%	54%
Business Process Optimization	52%	56%	48%	47%	**46%**	**58%**	**45%**	**61%**
Business Intelligence and Analytics	50%	55%	52%	44%	**35%**	**64%**	**38%**	**63%**
Digital Service Delivery	50%	53%	47%	43%	**40%**	**60%**	**43%**	**57%**
Enterprise Risk Management	49%	48%	44%	51%	**39%**	**60%**	**38%**	**62%**
Recruitment and Retention	49%	46%	45%	52%	52%	45%	48%	50%
AI / Gen AI	48%	52%	47%	43%	**33%**	**62%**	**33%**	**63%**
Organizational Design and Development	48%	51%	47%	46%	**41%**	**55%**	**38%**	**60%**
Smart City Initiatives	47%	**55%**	44%	41%	**34%**	**58%**	**35%**	**58%**
Service Level Design, Management & Measurement	46%	52%	48%	**38%**	**40%**	**52%**	42%	50%
Engagement & Collaboration with Indigenous Communities	41%	**49%**	34%	36%	**30%**	**51%**	**33%**	**50%**

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Organizational barriers

Q: Please rate the impact the following barriers have on your organization's success.

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Insufficient Resources	50%	**38%**	44%	**58%**	**58%**	**42%**	**57%**	**43%**
Existing Policies and Procedures (Red Tape)	44%	38%	**65%**	**37%**	**39%**	**50%**	**37%**	**51%**
Legacy Technology Systems and Applications	43%	45%	48%	**36%**	41%	44%	38%	47%
Challenges with Regulatory Requirements	38%	38%	42%	37%	37%	39%	41%	35%
Limited Change Management Skills and Resources	37%	34%	**49%**	35%	38%	37%	37%	37%
Lack of Subject Matter Expertise	36%	31%	40%	33%	34%	37%	36%	35%
Lack of Standard Project Management Practices	34%	34%	35%	33%	**28%**	**39%**	31%	37%
Organizational Structure Challenges	32%	30%	39%	29%	27%	37%	29%	36%
Council / Leadership Misalignment	32%	28%	32%	33%	32%	31%	31%	32%
Lack of Strategic Direction	31%	27%	28%	35%	32%	30%	31%	31%
Organizational Siloes	29%	28%	36%	26%	29%	29%	27%	32%
Lack of Employee Engagement Strategy / Issues with Organizational Culture	28%	29%	32%	23%	26%	29%	27%	29%

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Anticipated technology challenges

Q: What do you anticipate will be your organization's top five technology-related challenges over the next five years?

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Cyber security & privacy	73%	74%	78%	69%	75%	71%	73%	73%
Protecting data	57%	52%	59%	59%	58%	57%	55%	60%
Replacing existing legacy systems	49%	54%	43%	46%	48%	49%	50%	47%
Determining appropriate use of artificial intelligence	47%	44%	49%	45%	48%	46%	50%	43%
Operationalizing artificial intelligence	37%	38%	43%	32%	**27%**	**46%**	33%	41%
Talent acquisition and retention	34%	31%	30%	**42%**	39%	30%	37%	31%
Migrating systems / applications to the Cloud	33%	33%	27%	36%	29%	37%	32%	35%
Integrating disparate systems and data	31%	30%	32%	30%	30%	32%	29%	32%
Strategic alignment and integration	30%	31%	35%	30%	**36%**	**26%**	32%	29%
Implementing citizen self-service	28%	25%	32%	28%	**35%**	**22%**	**34%**	**22%**
Developing and implementing a Cloud strategy	28%	33%	**16%**	30%	**21%**	**35%**	24%	32%
Fostering an innovative culture	27%	21%	24%	32%	28%	25%	27%	26%
Managing remote teams	23%	29%	**33%**	**15%**	22%	23%	**18%**	**27%**

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Use of AI technologies

Q: Please select which describes how your organization is exploring or leveraging AI or generative AI technologies in customer service?

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Evaluating AI technologies	31%	29%	40%	27%	28%	33%	28%	34%
Currently using AI technologies	23%	25%	19%	20%	16%	30%	14%	32%
Planning to use AI technologies	21%	23%	24%	19%	16%	26%	18%	24%
Interested but no plans yet	18%	14%	16%	22%	27%	9%	26%	9%
Not interested in AI technologies	7%	8%	2%	10%	12%	2%	13%	1%
Other	1%	1%	--	1%	1%	--	1%	--

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Privacy preparedness

Q: As your organization's use of data evolves, how prepared is your local government from a privacy standpoint?

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Very prepared	28%	31%	**14%**	27%	**19%**	**37%**	**18%**	**39%**
Somewhat prepared	55%	54%	59%	58%	60%	51%	59%	52%
Not very prepared	14%	15%	**22%**	12%	17%	12%	**19%**	**9%**
Not at all prepared	0%	--	--	1%	1%	--	1%	--
Unsure	2%	--	**5%**	2%	3%	1%	**3%**	--

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Cyber security preparedness

Q: As your organization's use of data evolves, how prepared is your local government from a cyber security standpoint?

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Very prepared	35%	36%	**24%**	35%	**27%**	**44%**	**26%**	**45%**
Somewhat prepared	48%	46%	48%	52%	**56%**	**40%**	52%	43%
Not very prepared	15%	14%	**25%**	11%	15%	14%	**20%**	**9%**
Not at all prepared	1%	**4%**	--	1%	1%	1%	1%	1%
Unsure	1%	--	**3%**	1%	1%	1%	1%	1%

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Data privacy & cyber security measures

Q: How does your organization ensure data privacy and cyber security in customer service operations? Please select all that apply.

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Employee training and awareness	71%	65%	68%	76%	74%	69%	73%	70%
Data protection and privacy policies	62%	65%	60%	63%	**57%**	**67%**	58%	67%
Access controls	62%	58%	67%	60%	**69%**	**56%**	62%	63%
Continuous monitoring and updates	58%	54%	57%	63%	56%	59%	56%	60%
Secure payment processing	56%	54%	60%	57%	57%	55%	55%	58%
Customer authentication	51%	49%	54%	48%	**39%**	**61%**	**38%**	**63%**
Regular security audits and assessments	46%	51%	**30%**	50%	42%	50%	**40%**	**53%**
Advanced security technologies	44%	43%	37%	50%	42%	46%	40%	49%
Vendor security assessment	29%	36%	**17%**	28%	**23%**	**35%**	25%	33%

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Data quality processes

Q: Do you have processes in place to ensure the accuracy, consistency, and reliability of your data?

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Yes	41%	45%	**27%**	40%	**31%**	**50%**	**26%**	**56%**
Some, but not all	49%	48%	57%	50%	53%	46%	**57%**	**41%**
No	7%	4%	10%	9%	**10%**	**4%**	**11%**	**2%**
Unsure	3%	4%	6%	2%	**7%**	--	**6%**	**1%**

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Data cleaning & validation

Q: What methods are used to clean and validate data? Select all that apply.

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Manual data checks	71%	71%	**62%**	74%	68%	74%	**65%**	**78%**
Automated data validation tools	54%	57%	59%	**43%**	**36%**	**71%**	**36%**	**72%**
External audits	54%	57%	**40%**	53%	50%	56%	50%	57%
Other	6%	4%	5%	7%	**3%**	**10%**	**3%**	**9%**

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Reliance on data for decisions

Q: To what extent does your local government rely on data to inform decision-making?

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Strongly relies	43%	42%	**33%**	44%	**34%**	**52%**	**36%**	**51%**
Somewhat relies	43%	38%	**60%**	41%	47%	40%	43%	44%
Relies a little bit	11%	**17%**	**5%**	13%	**16%**	**7%**	**17%**	**5%**
Rarely relies	2%	4%	2%	2%	**4%**	**1%**	**4%**	--
Does not rely at all	--	--	--	--	--	--	--	--

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Data analysis tools

Q: What tools or software does your local government currently use to analyze data?

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Excel	44%	43%	43%	46%	**59%**	**30%**	**59%**	**27%**
Microsoft Fabric/Power BI	20%	20%	16%	21%	**9%**	**31%**	**8%**	**33%**
Custom Software or Platforms	19%	19%	24%	17%	22%	16%	19%	19%
Google Sheets	9%	12%	6%	6%	**4%**	**13%**	8%	9%
Tableau	5%	2%	**10%**	4%	3%	6%	**2%**	**7%**
Other	4%	4%	2%	5%	4%	4%	4%	4%

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Priorities for data-driven efficiency

Q: Please rank the following priorities for the organization's use of data to enhance operational efficiency over the next 3-5 years, with 1 being the highest priority and 5 being the lowest priority.

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Automation of processes	25%	24%	22%	27%	27%	22%	22%	28%
Real-time data access	24%	20%	25%	27%	**19%**	**30%**	27%	22%
Data quality management	24%	26%	25%	23%	**28%**	**20%**	27%	21%
Data integration and interoperability	17%	19%	16%	13%	16%	18%	17%	16%
Predictive analytics	10%	11%	11%	10%	10%	10%	8%	13%

NOTE: % represents extremely + high scores for priority level | Data in red / green indicate a significantly lower / higher proportion than that of other participants.

Formal incident response plan & testing

Q: Do you have a formal incident response plan documented and is that plan tested at least annually?

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Yes, we have a formal incident plan, and it is tested annually	35%	**46%**	30%	29%	**24%**	**45%**	**25%**	**45%**
Yes, we have a formal incident plan, but it is not tested annually	29%	24%	**43%**	26%	31%	27%	29%	29%
Neither	16%	**8%**	13%	**25%**	**29%**	**4%**	**28%**	**4%**
Unsure	20%	21%	14%	20%	16%	24%	18%	22%

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Top training needs for data & analytics

Q: From the following list, please select the top 5 types of training you believe are most needed to improve the use of data and analytics in your local government. – SELECT UP TO 5 RESPONSES.

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Cyber security	74%	70%	**84%**	73%	74%	73%	73%	75%
Data analysis and reporting	66%	63%	**56%**	**73%**	68%	65%	68%	65%
Technical tools and platforms	66%	69%	**49%**	**72%**	67%	64%	66%	65%
Privacy	64%	67%	71%	58%	63%	65%	64%	64%
Appropriate use of artificial intelligence tools	57%	56%	62%	**50%**	56%	57%	53%	60%
Data governance and roles	55%	52%	**44%**	**62%**	54%	55%	**60%**	**49%**
AI and machine learning basics	50%	50%	**62%**	47%	47%	54%	48%	53%
Other	1%	--	--	**3%**	**2%**	--	1%	1%

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Upcoming data management initiatives

Q: Are there any other upcoming projects or initiatives related to data management in your municipality? Please explain. [Open-ended]

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Data protection	3%	4%	6%	--	4%	1%	1%	4%
Management by AI	3%	2%	5%	2%	3%	3%	2%	4%
Data governance	2%	2%	3%	2%	3%	1%	1%	3%
Cyber security training	2%	--	5%	2%	2%	2%	2%	2%
It's confidential	2%	--	8%	1%	1%	3%	1%	3%
Records management	2%	1%	--	1%	3%	1%	1%	2%
Data analytics	1%	1%	3%	1%	1%	2%	1%	1%
Cloud migration	1%	--	2%	3%	2%	1%	2%	1%
Data privacy	1%	2%	--	1%	1%	1%	1%	1%
Digital transformation	1%	1%	--	2%	1%	1%	1%	1%
Workshop / Seminar / Symposium	1%	1%	2%	1%	1%	1%	1%	1%
Other	10%	13%	2%	12%	10%	10%	13%	7%

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Third-party AI support & partnerships

Q: In pursuing or planning for AI initiatives, what benefits is your local government hoping to gain? Select all that apply.

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Reduction in manual activities	61%	56%	65%	58%	58%	64%	**55%**	**67%**
Optimized resources	59%	57%	62%	53%	58%	59%	57%	60%
Better decision-making	51%	48%	48%	51%	**44%**	**57%**	**43%**	**58%**
Enhanced customer experience and interactions	49%	54%	**40%**	49%	**40%**	**58%**	**40%**	**59%**
Predictive maintenance to extend lifespan of infrastructure	41%	45%	**29%**	40%	**35%**	**47%**	**31%**	**52%**
Enhanced public safety	37%	40%	37%	**31%**	34%	39%	**32%**	**42%**
Other	6%	8%	3%	8%	**10%**	**3%**	**10%**	**3%**

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AI policies & guidelines in local government

Q: Do you have any policies or guidelines developed related to the use of AI or generative AI in your local government? Select all that apply.

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
No policy or guidelines	32%	30%	27%	41%	49%	17%	48%	17%
Generative AI guidelines	24%	29%	32%	14%	18%	31%	18%	31%
AI policy that encompasses all aspects of AI including generative AI	24%	31%	24%	18%	16%	32%	15%	34%
AI guidelines that encompass all aspects of AI including generative AI	24%	29%	21%	19%	16%	32%	15%	34%
Generative AI policy	20%	26%	25%	12%	13%	27%	14%	27%
Unsure	17%	11%	13%	20%	13%	20%	14%	19%

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Challenges in implementing data analytics & AI

Q: What challenges has your local government faced in implementing enhanced use of data analytics, including AI initiatives? Select all that apply.

	TOTAL	REGION			REGION POPULATION		# OF EMPLOYEES	
		ON	QC	WEST	<100K	100K+	<500	500+
Lack of expertise	63%	62%	56%	66%	64%	62%	61%	65%
Budget constraints	46%	39%	56%	44%	48%	45%	48%	45%
Privacy concerns	46%	44%	43%	47%	**40%**	**52%**	**38%**	**55%**
Resource capacity	43%	45%	**32%**	44%	43%	44%	41%	46%
Resistance to change	42%	43%	37%	40%	39%	45%	**37%**	**47%**
Data quality issues	35%	42%	33%	32%	**30%**	**40%**	**25%**	**45%**
Lack of direction or governance	29%	32%	32%	27%	31%	28%	29%	29%
Regulatory constraints	22%	**29%**	27%	**15%**	19%	25%	19%	25%
Data silos	21%	26%	21%	19%	19%	22%	19%	23%
Other	4%	4%	3%	6%	**7%**	**2%**	**8%**	**1%**

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