

BUDGET 1999



*Building today for
a better tomorrow*

Federal Financial Support for the Provinces and Territories

February 1999



Department of Finance
Canada

Ministère des Finances
Canada

© Her Majesty the Queen in Right of Canada (1999)
All rights reserved

All requests for permission to reproduce these documents
or any part thereof shall be addressed to Public Works
and Government Services Canada.

Available from the
Finance Canada Distribution Centre
300 Laurier Avenue West, Ottawa K1A 0G5
Tel: (613) 995-2855
Fax: (613) 996-0518

and from participating bookstores.

Also on the Internet at:
<http://www.fin.gc.ca/>

Cette publication est également disponible en français.

Cat No.: F1-23/1999-6E
ISBN 0-662-27569-1



“We must set aside any notion that acting in isolation is a sign of strength. It is not. In today’s world, power lies in partnership. Canadians have a right to expect that their governments will work together.”

Finance Minister Paul Martin
1999 budget speech

Highlights

The federal government proposes to significantly increase funding to the provinces and territories to strengthen Canada's publicly-funded health care system.

All major transfers to provinces and territories will for the first time be placed on common five-year tracks, thus providing provinces and territories with greatly improved predictability.

The Canada Health and Social Transfer (CHST)

- The federal government will invest in medicare by increasing CHST payments to provinces and territories. Over the next five years, provinces and territories will receive an additional \$11.5 billion specifically for health care. This represents the largest single new investment this government has ever made.
- Of this amount, \$8 billion will be provided through future-year increases in the CHST, and \$3.5 billion as an immediate one-time supplement to the CHST from funds available this fiscal year.
- Allowing for a gradual and orderly drawdown in the supplement over the next three years by the provinces and territories means that total support for health care would increase by \$2 billion in 1999-2000 and in 2000-01, and by \$2.5 billion in each of the following three years of the five-year commitment. However, individual provinces and territories could draw down the supplement over the next three years in a pattern which best meets the needs of their health care systems.
- The \$2.5 billion increases CHST cash from \$12.5 billion to \$15 billion, and takes what is regarded as the health component of the CHST as high as it was before the period of expenditure restraint of the mid-1990s.

Highlights (*cont'd*)

- Together with the growing value of CHST tax transfers, federal support is expected to reach a new high by 2001-02, surpassing where transfers stood prior to restraint.
- The disparities in the way the CHST is allocated across provinces would, under current legislation, have been reduced by half over the next four years. This budget completely eliminates these disparities over the next three years. All provinces will then receive identical per capita CHST entitlements, providing equal support for health and other social services to all Canadians.

Equalization

- Significant increases in Equalization will also make more resources available to most of the less prosperous provinces for public services, including health care.
- Equalization was one of the few federal programs exempted from federal restraint measures over the past five years, in recognition of its importance to less prosperous provinces.
- Legislation is now before Parliament to renew the program for a five-year period, from 1999-2000 to 2003-04, and make technical improvements to the way the program operates. This reflects this country's commitment to the residents of less prosperous provinces.
- Over the next five-year arrangement, Equalization will provide a projected \$50 billion to provinces, \$5 billion more than they received under the previous five-year arrangement.

Highlights (*cont'd*)

- Payments under Equalization will be significantly higher this year than projected – provinces will receive \$10.7 billion, up \$2.2 billion from the 1998 budget estimate. Of this amount, provinces have already received \$600 million, with the remaining \$1.6 billion to be paid in March.

Territorial Formula Financing (TFF)

- Financing arrangements for Canada's territories are being renewed for a five-year period.
 - TFF funds are expected to increase by close to \$300 million over the next five years, from \$1.3 billion in 1999-2000 to \$1.6 billion in 2003-04.
 - Over the next five years, TFF transfers are projected to total \$6.9 billion.
-

Introduction

Every year the federal government transfers significant revenues to the provinces and territories. In 1998-99 alone, federal transfers to provincial and territorial governments total \$37.5 billion. The federal government provides most of these transfers through three major programs:

- The Canada Health and Social Transfer (CHST), which supports provincial health care, post-secondary education, and social assistance and social services;
- Equalization transfers, which provide less prosperous provinces with federal money to assist them in offering programs and services to their residents; and
- Territorial Formula Financing (TFF), a transfer to the territorial governments which recognizes the higher costs of providing public services in the north.

Over the next five years federal financial support to the provinces and territories will grow substantially. Funding arrangements with provincial and territorial governments will be stable and predictable, as all major transfers are put on a common five-year track, covering 1999-2000 to 2003-04. The renewal of the Equalization program will provide increased support to the less prosperous provinces. And all provinces and territories will receive equitable support under the CHST as disparities in the per capita distribution of this transfer are eliminated.

Background

Federal transfer payments to the provinces and territories play a vital role in the lives of Canadians.

Canada's provinces are not equally prosperous. Therefore, not all parts of the country can generate the same revenue from which provincial and territorial governments can finance public services. Equalization transfers and TFF help ensure that all Canadians can receive comparable levels of public services, wherever they live.

Transfers also provide specific support to all provinces and territories for health care, post-secondary education, and social assistance and social services. While provinces raise significant revenues on their own – indeed, provinces and local governments together raise more revenues than the federal government – federal transfers help ensure these important programs are adequately funded. This is the role of the CHST.

The CHST supports values important to all Canadians. It upholds the five medicare principles of the Canada Health Act – universality, comprehensiveness, accessibility, portability and public administration. In addition, it ensures that there is no minimum period of residency required to receive social assistance.

Federal transfers to provinces and territories have played an important nation-building role. In past decades they were instrumental in helping to establish and support our publicly-funded health care system and our system of universities and colleges. Starting this year, federal transfers are also helping build our newest northern territory, Nunavut, ensuring that it has the financial resources to provide services to its residents.

Federal transfers provide significant revenues to provincial governments. For example, this year transfers are worth \$37.5 billion. They make up between 14 and 42 per cent of total provincial government revenues (see Chart 1).

The CHST, the Equalization program and TFF account for more than 90 per cent of all federal transfers to the provinces and territories. As Chart 2 illustrates, the CHST is by far the largest.

Chart 1

Major federal transfers as a share of provincial revenues, 1998-99

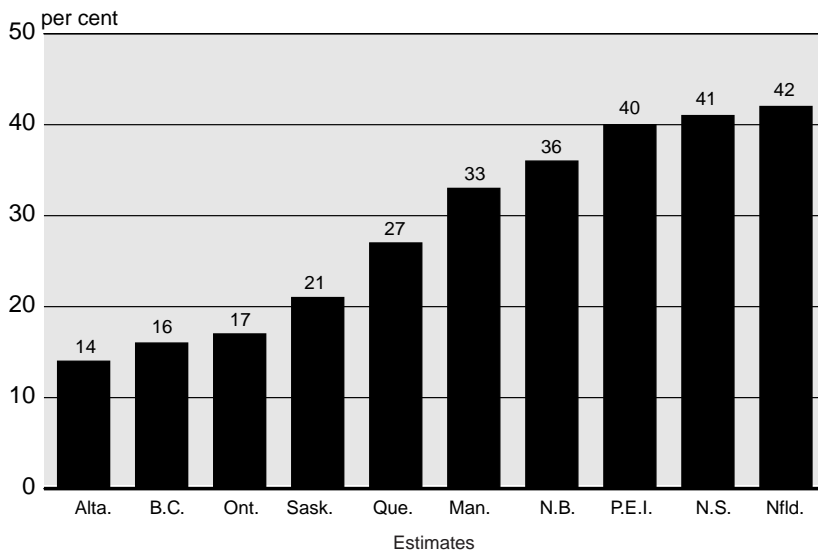
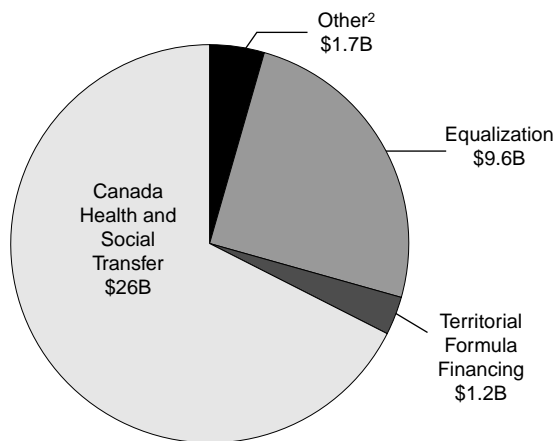


Chart 2

*Total federal transfers¹, 1998-99
\$37.5 billion to provinces and territories*



¹ Equalization associated with the tax transfers under CHST is included in both CHST and Equalization. Total has been adjusted to avoid double-counting.

² The federal government provides assistance to provinces and territories under other programs, such as official languages and grants in lieu of municipal taxes.

The Canada Health and Social Transfer (CHST)

The 1995 budget announced the creation of a new block-funded transfer, the CHST. It came into effect April 1, 1996, giving provinces enhanced flexibility to design and administer social programs and to allocate funds among social programs according to their specific priorities.

The CHST replaced the Canada Assistance Plan (CAP), which helped fund provincial social assistance and social service programs, and Established Programs Financing (EPF), which helped fund health care and post-secondary education.

Like EPF, the CHST takes the form of a cash transfer and a tax transfer. A cash transfer is a cash payment. A tax transfer occurs when the federal government reduces its tax rates to allow provinces to raise their tax rates by the same amount. In 1977 the federal government transferred 13.5 percentage points of personal income tax and one percentage point of corporate income tax to the provinces and territories. As a result, revenue that would have flowed to the federal government began to flow directly to provincial and territorial governments. Provinces and territories continue to benefit from this tax transfer. The value of these tax transfers has grown from \$2.7 billion in 1977 to \$13.5 billion in 1998-99. Today, as in 1977, approximately half of the CHST is in the form of cash, while the other half is in the form of tax transfers.

Provinces agreed in 1977 that the tax transfer given to them would count as part of the federal government's support of their health and post-secondary education programs. In the federal-provincial discussions leading up to the enactment of EPF arrangements, the provinces presented a joint position paper to the federal government, which stated:

*“The provinces propose that the federal contribution to Established Programs Financing be determined as follows:
... one half of the federal contribution would be in cash and the other half in tax room ...”*

While the mechanism for delivering federal support differs under cash and tax transfers, both have exactly the same impact on federal and provincial finances. They represent foregone revenue to the federal government and increased revenue to provincial and territorial governments.

The federal government in the 1996 budget established an \$11-billion “cash floor” in the CHST to ensure that growth in the value of the tax transfer would not erode, and eventually eliminate, the cash transfer. In 1998 legislation was passed increasing the CHST cash floor to \$12.5 billion.

The 1999 Budget and the CHST

This year’s budget takes the next step in strengthening the CHST. The cash transferred to the provinces and territories through the CHST will be increased significantly – and this increase will be designated specifically for health care.

At a First Ministers’ meeting on February 4, 1999, all provincial premiers and territorial leaders confirmed undertakings they had previously given in an exchange of correspondence with the Prime Minister. They confirmed their commitment to the five principles of medicare; to spending any additional funds made available from the Government of Canada through the CHST on health services in accordance with health care priorities within their respective jurisdictions; and to making information about the health system available to Canadians.

The federal government welcomes these commitments as a demonstration of a constructive willingness on the part of provinces and territories to work with the federal government to ensure that the health needs of Canadians are met. Building on these commitments and shared objectives, this budget invests in medicare through the CHST.

The \$12.5 billion in cash currently transferred to the provinces and territories through the CHST will be increased – and this increase will be designated specifically for health care. This increase will be allocated to provinces and territories on an equal per capita basis.

Over the next five years, provinces and territories will receive \$11.5 billion in additional cash for health care. It represents the largest single new investment this government has ever made.

This investment will help provinces and territories deal with immediate concerns of Canadians about health care – waiting lists, crowded emergency rooms and diagnostic services. It will also help

to build a stronger health care system – a system that reflects the changing health needs of Canadians and is based on timely access to high quality health care.

Provinces and territories will receive the funding so that support for health care can increase by \$2 billion in 1999-2000 and in 2000-01, and by \$2.5 billion in each of the three following years of the five-year commitment, as Table 1 illustrates. This \$2.5-billion increase takes what is regarded as the health component of the CHST as high as it was before the period of expenditure restraint in the mid-1990s.

Cash payments under the CHST will be increased by \$1 billion in 2000-01, \$2 billion in 2001-02, and \$2.5 billion in 2002-03 and in 2003-04, for a total of \$8 billion over five years.

In order to provide provinces and territories with the growing and predictable funding they are seeking for their health care systems as quickly as possible, an additional \$3.5 billion in funds from this fiscal year will be paid into a third-party trust upon passage of amendments to the CHST legislation for 1998-99, and will be made available to provinces and territories over the next three years.

It is anticipated that provinces and territories will draw down this one-time CHST supplement in a gradual and orderly manner such that total support for health care would increase as set out in Table 1. This means that they would draw down the supplement by \$2 billion next year, \$1 billion in 2000-01, and \$500 million in 2001-02.

However, the pattern of payments from the supplement may be varied over the three-year period to best meet health care needs as determined by individual provinces and territories.

Together with the value of CHST tax transfers, which will also grow over the next five years, federal support is expected to grow to \$31.4 billion in 2003-04. A new high for the CHST will be reached by 2001-02 – surpassing where transfers stood prior to the expenditure restraint of the mid-1990s.

Over the five-year period, the CHST is projected to total nearly \$150 billion, with the cash portion making up \$74 billion of this.

Table 1
Canada Health and Social Transfer

	1999-2000	2000-01	2001-02	2002-03	2003-04	5 years
	(billions of dollars)					
Increased funding for health care	2.0	2.0	2.5	2.5	2.5	11.5
<i>Of which:</i>						
CHST		1.0	2.0	2.5	2.5	8.0
CHST supplement ¹	2.0	1.0	0.5			3.5
Existing CHST cash	12.5	12.5	12.5	12.5	12.5	62.5
Total CHST cash	14.5	14.5	15.0	15.0	15.0	74.0
CHST tax transfers	13.9	14.4	15.0	15.6	16.4	75.3
Total CHST	28.4	28.9	30.0	30.6	31.4	149.3

¹ The \$3.5-billion CHST supplement will be accounted for in 1998-99 by the federal government. Payments will be made in a manner that treats all jurisdictions equitably, regardless of when they draw down funds.

Predictable and stable funding arrangements

These investments in health care will be provided for in amendments to the CHST legislation, which will give provinces and territories stable and predictable funding for health care and other social services over the next five years.

All major transfers to the provinces and territories will for the first time be placed on common five-year funding tracks, thus providing provinces and territories with greatly improved predictability.

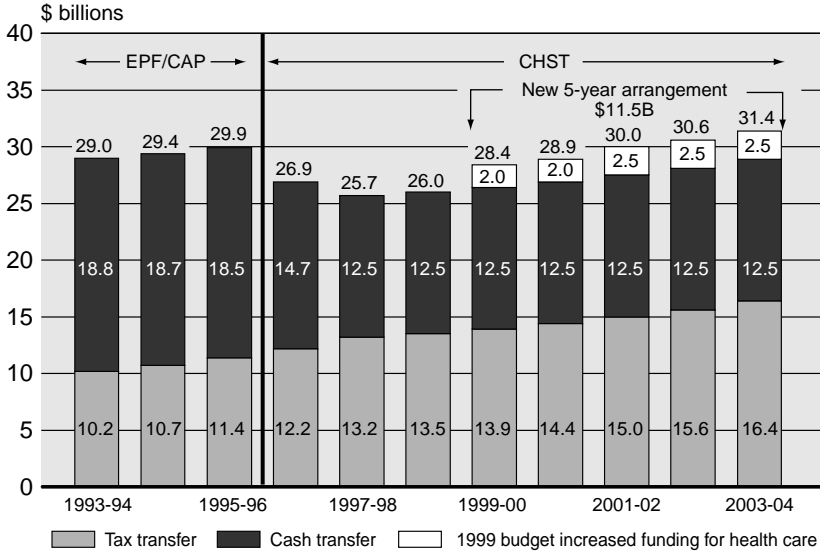
Providing equal per capita support under CHST

The CHST is not currently distributed on an equal per capita basis among the provinces. This is due in large measure to limitations imposed on one of the CHST's predecessors, the Canada Assistance Plan (CAP). The 1999 budget takes action to remove disparities in the per capita amounts transferred to different provinces and territories under the CHST.

CAP was a cost-shared program under which the federal government paid 50 per cent of most provincial social assistance and social services costs. In 1990-91 the federal government limited annual growth in CAP payments to 5 per cent for Ontario, Alberta,

Chart 3

CHST: 1993-94 to 2003-04



Note: The \$11.5-billion increase includes the \$3.5-billion CHST supplement, which will be accounted for in 1998-99 by the federal government. The pattern of payments over the three years (1999-2000 to 2001-2002) may be varied to best meet health care needs as requested by individual provinces and territories. Payments will be made in a manner that treats all jurisdictions equitably, regardless of when they draw down funds.

and British Columbia as part of a broader expenditure restraint plan. The seven other provinces continued to benefit from the open-ended cost sharing arrangement.

Although this was originally intended to be a two-year, temporary measure, CAP payments to Ontario, Alberta, and British Columbia continued to be subject to restraint measures until 1995-96.

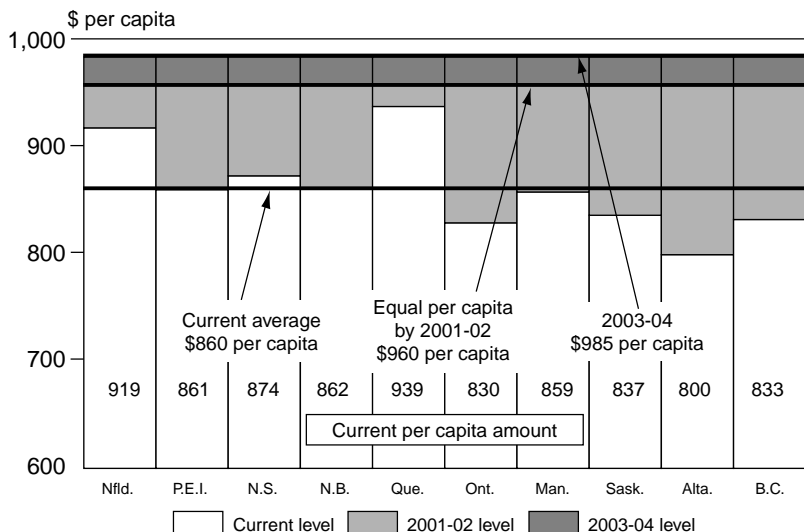
When the CHST came into effect in 1996, it absorbed the previous Established Programs Financing (EPF) program for health and post-secondary education, as well as CAP. Provinces received the same share of CHST in 1996-97 as their previous combined share of EPF and CAP transfers. The result was that the uneven per capita allocation caused by the “cap on CAP” was carried over into the CHST.

The 1996 budget announced that these per capita disparities would gradually be reduced by half by 2002-03 – four years from now.

This budget completely eliminates the disparities in existing CHST funding three years from now – by 2001-02. All provinces and territories will then receive identical per capita CHST entitlements, providing equal support for health and social services to all Canadians, no matter where they live. Furthermore, the new CHST increases in this budget will be distributed to every province and territory on an equal per capita basis.

At present, support to the provinces varies from a high of \$939 per capita in Quebec to a low of \$800 per capita in Alberta, as shown in Chart 4. By 2001-02, all provinces will receive equal per capita entitlements of \$960. The disparities in funding among provinces and territories that exist today will be entirely eliminated. By 2003-04, with the increased funding provided in this budget, every province will receive \$985 per capita.

Chart 4
Provincial CHST entitlements



Equalization

The Equalization program has played an important role in defining the Canadian federation. Not all parts of the country are equally prosperous, so not all provincial governments can generate the same revenues with which to finance public services. Equalization therefore provides less prosperous provinces with payments so that Canadians can receive comparable public services, no matter where they live.

Created 42 years ago, Equalization is unique among transfers to the provinces in that its purpose is entrenched in the Canadian Constitution:

“Parliament and the Government of Canada are committed to the principle of making Equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.” (Section 36.2)

Currently, seven provinces qualify for Equalization payments: Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba and Saskatchewan. Three provinces do not: Ontario, Alberta, and British Columbia. Equalization payments are unconditional and receiving provinces are free to spend them as they wish. In conjunction with the CHST, they play a significant role in helping provinces maintain and improve the quality of public services, including health care.

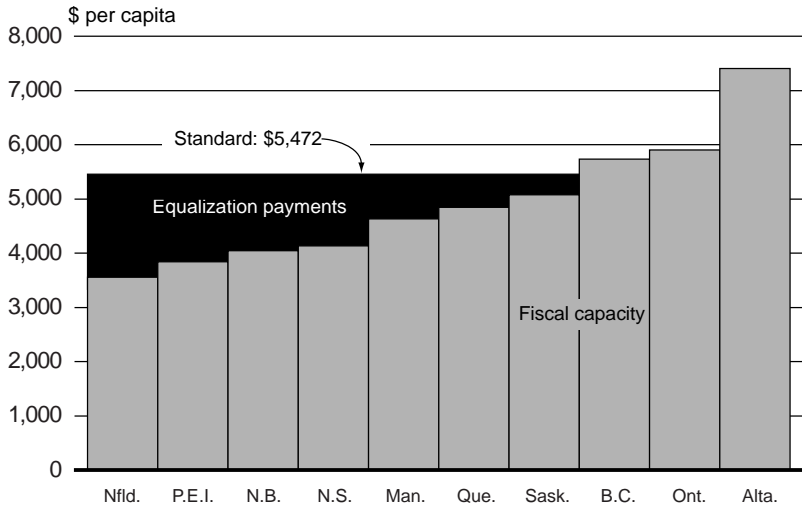
Underscoring the significance of this program to the less prosperous provinces, Equalization was one of the few federal programs exempted from restraint measures over the past five years.

How Equalization payments are calculated

Equalization payments are calculated according to a formula set out in federal legislation. Provinces with revenue-raising capacity below a standard receive Equalization transfers from the federal government to bring their per capita fiscal capacity up to the standard:

- The revenue-raising capacity of each province (or fiscal capacity) is measured by examining its ability to raise revenues from more than 30 sources (or tax bases) – including personal income tax, corporate income tax, sales taxes, property tax and many other sources – assuming it used average tax rates for each source.
- The standard measures the fiscal capacity of the five “middle income” provinces – Quebec, Ontario, Manitoba, Saskatchewan and British Columbia.
- Equalization payments are made to raise the less prosperous provinces up to the standard (see Chart 5).

Chart 5
The Equalization formula
 1998-99



When a qualifying province’s fiscal capacity declines relative to the standard due to a slowdown in its economy, its Equalization transfer automatically increases. Conversely, when its fiscal capacity increases relative to the standard due to economic growth, its Equalization transfer declines. In this way, the Equalization program acts as an automatic stabilizer of provincial government revenues.

Equalization payments are subject to “ceiling” and “floor” provisions. The purpose of the ceiling is to protect the federal government from unaffordable growth in payments, while the floor protects each province against any large annual decline in its payments.

Renewal of Equalization

Equalization legislation is renewed every five years. Federal and provincial governments have worked together over the past two years to review the program so that it continues to measure as accurately as possible differences in the ability of provinces to raise revenues. To this end, legislation has recently been introduced in Parliament providing for improvements to a number of tax bases, including:

- **The sales tax base:** The new approach will take into account both the value-added sales tax systems of Quebec, New Brunswick, Nova Scotia, and Newfoundland, and the traditional retail sales tax systems used in five other provinces.
- **The gaming base:** To take into account accurately differences in fiscal capacity from games of chance, a video lottery terminal (VLT) and casino base will be added to the existing lottery ticket base.
- **The resource base:** The new approach will take into account the value of production of forestry and natural gas as measures of fiscal capacity, as opposed to the volume of production as is currently the case.

Once legislated, these improvements will provide an estimated \$48 million in additional funding to provinces in 1999-2000, rising to an estimated \$242 million by 2003-04. Over the next five years, these improvements mean an estimated additional \$700 million will be transferred to Equalization-receiving provinces.

Estimate updates

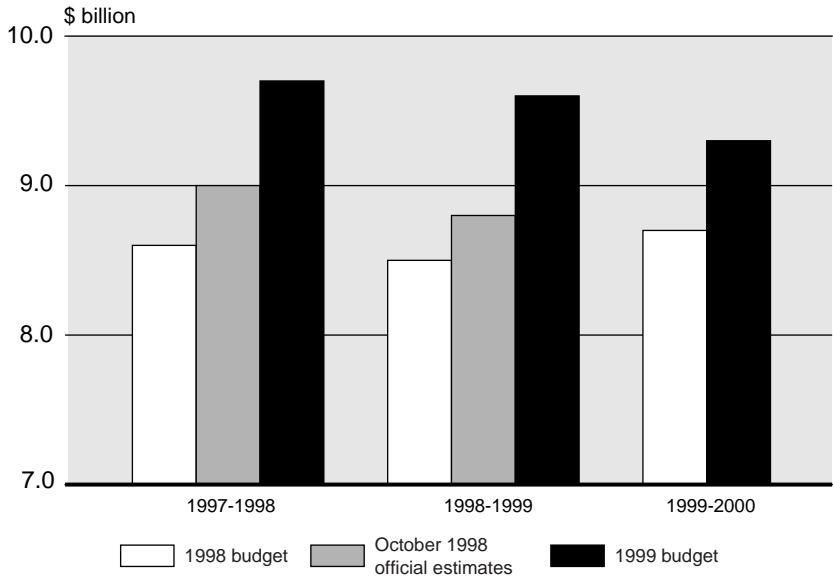
Equalization estimates are updated twice annually as new and better data become available reflecting economic developments and their impacts on provincial revenues. For 1998-99, official estimates at the time of the last budget indicated that the federal government would be providing receiving provinces with \$8.5 billion in Equalization payments.

In response to economic changes – in particular strong economic growth in Ontario, which raises the Equalization standard – the latest data revisions indicate that Equalization payments will increase significantly. The original estimates of \$8.6 billion for 1997-98 and \$8.5 billion for 1998-99 have each increased by \$1.1 billion, bringing them to \$9.7 billion and \$9.6 billion respectively (see Chart 6). This extra amount, totalling \$2.2 billion, is being paid to provinces this year. When added to the original \$8.5 billion estimated for 1998-99, it will result in a total payment of \$10.7 billion this year.

Of this \$2.2 billion increase, \$1.6 billion is over and above the official estimates provided to provinces this past October. This \$1.6 billion will be provided as a one-time supplementary cash payment which the provinces will receive in March. The remaining \$600 million of the \$2.2 billion increase has already been paid to receiving provinces.

Chart 6

Revisions to Equalization estimates



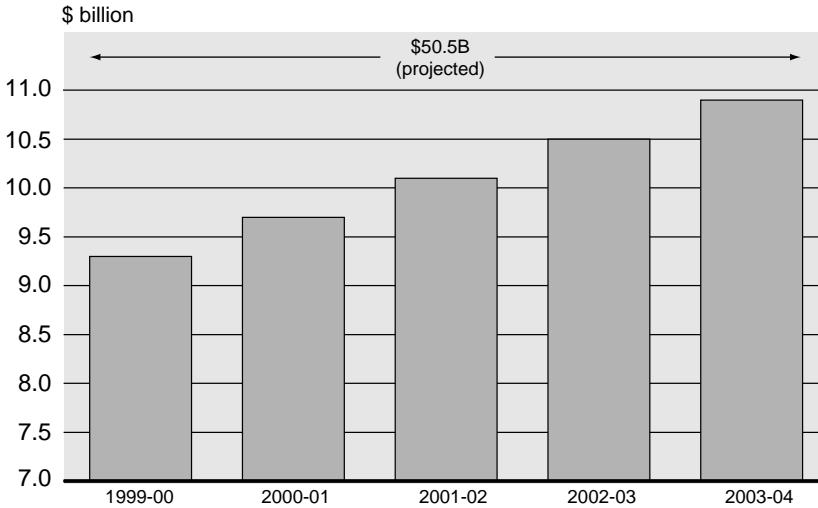
For 1999-2000, these data revisions mean the projections of Equalization payments are also \$600 million higher than projected in the last budget.

Equalization normally increases to reflect Canada’s economic growth. Taking into account the impact of economic growth, together with the increase from tax base improvements, payments are projected to reach \$10.9 billion by 2003-04. This means that a projected \$50 billion will be transferred to provinces over the new five-year arrangement (see Chart 7), \$5 billion more than they received under the previous five-year arrangement.

As a result, significant new resources will be available for public services including health care both this year and in future years to most of the provinces that receive Equalization.

Chart 7

Equalization: New five-year arrangement



Funding for the Territories

The territories have a specifically designed federal funding program reflecting the higher costs of providing public services in the north, the rapid growth in population in this part of the country, the less developed economic bases from which to raise revenues, and their vast land mass and small population. The program also protects territories against any serious downturn in their own revenues.

Territorial Formula Financing (TFF) is the principal source of revenue for territorial governments. It is designed to reflect their aspirations for greater autonomy, responsibility, and accountability to their residents. It includes a financial incentive to promote economic activity and to encourage greater territorial self-sufficiency.

New funding arrangements

New funding arrangements have been finalized for the Northwest Territories and for the new territory of Nunavut. These will take effect April 1, 1999. The arrangements were agreed to after extensive consultations with the governments and people of the north and will ensure these governments have the funding predictability and stability they need for sound financial planning. A similar funding arrangement with the Yukon should be in place shortly.

In 1999-2000 the federal government will transfer close to \$1.3 billion to the three territorial governments: \$500 million to Nunavut, \$490 million to the Northwest Territories, and \$300 million to the Yukon. Over the next five years, these transfers are projected to total approximately \$6.9 billion, ensuring that territorial governments have the revenue they need to provide northern Canadians with health care and other public services. Territories will also benefit from increases to the CHST.

Other Federal Transfers to Provinces and Territories

While the CHST, Equalization and TFF make up the largest of the transfers to provincial and territorial governments, the federal government provides assistance to provinces and territories under many other transfer programs. These other transfers total \$1.7 billion in 1998-99 and include official languages in education, grants in lieu of taxes to municipalities, disaster financial assistance arrangements, as well as the following programs which are administered by the Department of Finance.

Fiscal Stabilization Program

The Fiscal Stabilization Program, introduced in 1967, compensates provinces if their revenues fall substantially from one year to the next due to changes in economic circumstances. Declines in revenue due to changes in provincial tax policy or tax rates are not stabilized. A province is eligible for stabilization payments if economic conditions cause its revenues to decline in excess of 5 per cent in one year. The maximum amount payable is \$60 per resident.

Provincial Personal Income Tax Revenue Guarantee Program

The Revenue Guarantee Program protects provinces participating in tax collection agreements from major revenue reductions due to changes in federal personal income tax policy. The program compensates a province to the extent that, during the course of a year, a federal policy change reduces the province's personal income tax revenues by more than one per cent of basic federal tax in the province.

Statutory subsidies

Statutory subsidies are the oldest federal transfer payments made to provinces. Under the *British North America Act, 1867*, the original four provinces to join Confederation – Nova Scotia, New Brunswick, Quebec and Ontario – were to receive certain annual payments from the federal government. Similar arrangements were made with provinces that joined subsequently. Today, these payments total approximately \$30 million per year.

Annex A

Key Tables

Major Federal Transfers to Provinces and Territories

February 1999 Estimates

Table 1
Growing total transfers: CHST/Equalization/TFF (cash and tax) – Estimates

	1999-00	2000-01	2001-02	2002-03	2003-04
	37,977	38,802	40,312	41,367	42,499
	1,416	1,432	1,457	1,486	1,518
	327	334	349	361	369
	2,002	2,068	2,141	2,205	2,275
	1,648	1,686	1,739	1,783	1,823
	11,020	11,236	11,517	11,839	12,148
	10,600	10,836	11,389	11,674	11,991
	1,924	1,953	1,994	2,018	2,068
	1,210	1,233	1,285	1,318	1,362
	2,669	2,727	2,885	2,951	3,023
	3,765	3,873	4,090	4,216	4,352
	332	337	349	363	375
	532	535	547	565	585
	533	551	569	589	610

(millions of dollars)

Table 2
Growing Equalization – Estimates

	1999-00	2000-01	2001-02	2002-03	2003-04	5-year total
	(millions of dollars)					
TOTAL	9,288	9,696	10,094	10,492	10,892	50,462
Technical improvements	48	96	144	192	242	722
NFLD.	1,003	1,025	1,050	1,078	1,108	5,264
Technical improvements	3	6	9	11	14	43
P.E.I.	222	229	241	251	258	1,201
Technical improvements	1	1	2	3	3	10
N.S.	1,239	1,305	1,358	1,414	1,473	6,790
Technical improvements	10	20	31	41	51	153
N.B.	1,054	1,094	1,130	1,169	1,202	5,648
Technical improvements	1	1	2	3	4	11
QUE.	4,464	4,690	4,931	5,162	5,365	24,612
Technical improvements	38	75	113	151	189	566
MAN.	929	955	965	974	1,008	4,832
Technical improvements	-7	-15	-22	-30	-37	-111
SASK.	377	399	420	444	477	2,117
Technical improvements	3	6	9	11	14	43

¹ Figures in bold include technical improvements.

Table 3
 CHST: \$11.5 billion in new funds for health care
 Equal per capita to all provinces and territories – Estimates

	1999-00	2000-01	2001-02	2002-03	2003-04	5-year total
TOTAL (millions of dollars)	2,000	2,000	2,500	2,500	2,500	11,500 ¹
Amount each year per capita (dollars)	65	65	80	79	78	
	(millions of dollars)					
NFLD.	35	35	42	42	41	195
P.E.I.	9	9	11	11	11	51
N.S.	61	61	76	75	75	348
N.B.	49	49	61	60	59	278
QUE.	482	479	596	592	589	2,738
ONT.	755	757	949	953	956	4,370
MAN.	75	74	92	92	91	425
SASK.	67	67	83	82	81	379
ALTA.	192	192	241	241	241	1,107
B.C.	268	270	341	344	347	1,570
YUKON	2	2	3	3	3	12
N.W.T	3	3	3	3	3	16
NUNAVUT	2	2	2	2	2	10

¹ Includes a CHST supplement of \$3.5 billion which will be accounted for in 1998-99 by the federal government. It is anticipated that provinces will draw down this one-time CHST supplement by \$2 billion in 1999-2000, by \$1 billion in 2000-01 and by \$0.5 billion in 2001-02.

Table 4
 Equal support for all Canadians through CHST by 2001-02 – Estimates

	Equal per capita				
	1999-00	2000-01	2001-02	2002-03	2003-04
			(dollars per capita)		
NFLD.	948	951	960	971	985
P.E.I.	928	934	960	971	985
N.S.	933	938	960	971	985
N.B.	929	935	960	971	985
QUE.	954	956	960	971	985
ONT.	918	926	960	971	985
MAN.	928	934	960	971	985
SASK.	920	928	960	971	985
ALTA.	908	917	960	971	985
B.C.	919	927	960	971	985

Table 5
 CHST: Equal per capita support by 2001-02
 Equalization: additional support for less prosperous provinces – Estimates

	1999-00	2000-01	2001-02	2002-03	2003-04
	(Share of Canada total – per cent)				
NFLD.					
Total transfers	3.7	3.7	3.6	3.6	3.6
Population	1.8	1.7	1.7	1.7	1.6
CHST	1.8	1.8	1.7	1.7	1.6
Equalization	10.8	10.6	10.4	10.3	10.2
P.E.I.					
Total transfers	0.9	0.9	0.9	0.9	0.9
Population	0.4	0.4	0.4	0.4	0.4
CHST	0.4	0.4	0.4	0.4	0.4
Equalization	2.4	2.4	2.4	2.4	2.4
N.S.					
Total transfers	5.3	5.3	5.3	5.3	5.4
Population	3.1	3.1	3.0	3.0	3.0
CHST	3.1	3.1	3.0	3.0	3.0
Equalization	13.3	13.5	13.5	13.5	13.5
N.B.					
Total transfers	4.3	4.3	4.3	4.3	4.3
Population	2.5	2.4	2.4	2.4	2.4
CHST	2.5	2.4	2.4	2.4	2.4
Equalization	11.3	11.3	11.2	11.1	11.0
QUE.					
Total transfers	29.0	29.0	28.6	28.6	28.6
Population	24.1	24.0	23.8	23.7	23.6
CHST	24.8	24.5	23.8	23.7	23.6
Equalization	48.1	48.4	48.9	49.2	49.3
ONT.					
Total transfers	27.9	27.9	28.3	28.2	28.2
Population	37.7	37.9	38.0	38.1	38.2
CHST	37.3	37.5	38.0	38.1	38.2
MAN.					
Total transfers	5.1	5.0	4.9	4.9	4.9
Population	3.7	3.7	3.7	3.7	3.7
CHST	3.7	3.7	3.7	3.7	3.7
Equalization	10.0	9.9	9.6	9.3	9.3

Annex B

Additional Tables Major Federal Transfers to Provinces and Territories

February 1999 Estimates

Table 1
Major transfers to provinces and territories – 1993-94 to 2003-04
CHST, Equalization, TFF

	1993-94 ¹	1994-95 ¹	1995-96 ¹	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	(millions of dollars)										
NFLD.											
CHST tax transfer	193	199	208	216	228	228	230	238	245	252	261
CHST cash	415	425	413	345	282	272	281	271	265	260	254
Equalization	900	958	932	1,016	1,088	1,040	1,003	1,025	1,050	1,078	1,108
Total	1,427	1,502	1,471	1,484	1,495	1,440	1,416	1,432	1,457	1,486	1,518
P.E.I.											
CHST tax transfer	44	46	49	52	56	57	59	61	64	67	70
CHST cash	91	89	88	71	61	60	69	68	69	69	68
Equalization	175	192	192	206	233	222	222	229	241	251	258
Total	294	311	313	311	328	317	327	334	349	361	369
N.S.											
CHST tax transfer	308	320	340	358	385	392	401	419	436	455	476
CHST cash	638	633	624	508	432	426	476	467	473	468	463
Equalization	889	1,065	1,137	1,175	1,301	1,255	1,239	1,305	1,358	1,414	1,473
Total	1,758	1,933	2,009	1,938	2,003	1,960	2,002	2,068	2,141	2,205	2,275
N.B.											
CHST tax transfer	250	260	276	290	310	315	322	335	348	362	378
CHST cash	510	501	493	401	337	333	378	371	378	373	368
Equalization	835	927	876	989	1,093	1,077	1,054	1,094	1,130	1,169	1,202
Total	1,519	1,610	1,564	1,585	1,633	1,619	1,648	1,686	1,739	1,783	1,823
QUE.											
CHST tax transfer	2,396	2,498	2,654	2,800	3,006	3,074	3,147	3,287	3,426	3,576	3,744
CHST cash	5,571	5,550	5,481	4,512	3,890	3,808	3,888	3,797	3,718	3,684	3,649
Equalization	3,878	3,965	4,307	4,130	4,820	4,618	4,464	4,690	4,931	5,162	5,365
Total	11,508	11,658	12,068	11,036	11,233	11,018	11,020	11,236	11,517	11,839	12,148
ONT.											
CHST tax transfer	4,020	4,199	4,525	4,864	5,345	5,499	5,664	5,836	6,087	6,354	6,654
CHST cash	6,300	6,337	6,214	4,787	3,909	3,954	4,936	5,000	5,302	5,319	5,337
Total	10,320	10,536	10,739	9,651	9,253	9,453	10,600	10,836	11,389	11,674	11,991
MAN.											
CHST tax transfer	372	387	414	436	468	478	489	510	532	555	580
CHST cash	761	745	737	598	506	502	574	564	577	571	565
Equalization	901	1,085	1,051	1,111	1,016	960	929	955	965	974	1,008
Total	1,951	2,134	2,113	2,053	1,919	1,870	1,924	1,953	1,994	2,018	2,068
SASK.											
CHST tax transfer	335	354	372	403	421	430	439	457	475	494	516
CHST cash	634	630	632	499	429	428	507	498	515	509	502
Equalization	486	413	264	224	117	407	377	399	420	444	477
Total	1,349	1,293	1,166	1,009	854	1,151	1,210	1,233	1,285	1,318	1,362

Table 1 (cont'd)
Major transfers to provinces and territories – 1993-94 to 2003-04
CHST, Equalization, TFF

	1993-94 ¹	1994-95 ¹	1995-96 ¹	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	(millions of dollars)										
ALTA.	958	1,015	1,093	1,202	1,346	1,387	1,428	1,471	1,534	1,601	1,676
CHST tax transfer	1,625	1,498	1,482	1,112	890	937	1,241	1,256	1,352	1,349	1,347
CHST cash	2,583	2,512	2,574	2,314	2,236	2,324	2,669	2,727	2,885	2,951	3,023
Total	1,271	1,338	1,438	1,500	1,574	1,624	1,674	1,725	1,800	1,879	1,968
B.C.	2,190	2,235	2,235	1,843	1,700	1,720	2,091	2,148	2,291	2,337	2,385
CHST tax transfer	3,461	3,574	3,673	3,343	3,275	3,343	3,765	3,873	4,090	4,216	4,352
CHST cash	10	10	11	12	12	12	12	13	13	14	14
TFF	24	23	22	19	18	17	19	19	19	20	20
Total	290	286	288	286	298	296	301	305	317	329	341
YUKON	324	319	321	316	328	326	332	337	349	363	375
CHST tax transfer	24	25	26	26	25	26	20	20	21	22	23
CHST cash	50	53	55	47	45	43	20	20	20	21	21
TFF	864	885	899	893	892	886	493	495	506	523	541
Total	938	964	980	965	962	954	532	535	547	565	585
NUNAVUT											
CHST tax transfer							7	7	7	8	8
CHST cash							21	21	19	20	20
TFF							505	523	543	561	582
Total							533	551	569	589	610
TOTAL	10,181	10,651	11,406	12,159	13,174	13,521	13,891	14,379	14,988	15,639	16,367
CHST tax transfer	18,810	18,719	18,476	14,741	12,500	12,500	14,500	14,500	15,000	15,000	15,000
CHST cash	8,063	8,607	8,759	8,849	9,670	9,579	9,288	9,696	10,094	10,492	10,892
Equalization	1,153	1,172	1,187	1,178	1,190	1,182	1,299	1,324	1,365	1,413	1,464
TFF	37,433	38,345	38,992	36,005	35,519	35,775	37,977	38,802	40,312	41,367	42,499
Total											

¹ Established Programs Financing (EPF) and the Canada Assistance Plan (CAP) were in effect prior to 1996-97 and were the predecessors of the CHST.
Note: Equalization associated with the CHST tax transfer is included in both CHST and Equalization. Totals have been adjusted to avoid double counting.
Figures for 1999-2000 to 2003-04 are estimates.
Totals may not add due to rounding.

Table 2
Major transfers to provinces and territories
Per capita, CHST, Equalization, TFF – 1993-94 to 2003-04

	1993-94 ¹	1994-95 ¹	1995-96 ¹	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	(dollars)										
NFLD.											
CHST	1,041	1,073	1,089	999	922	919	948	951	960	971	985
Equalization	1,540	1,648	1,619	1,810	1,966	1,913	1,860	1,915	1,977	2,044	2,117
Total	2,443	2,582	2,563	2,646	2,701	2,648	2,626	2,676	2,744	2,818	2,900
P.E.I.											
CHST	1,016	1,005	1,021	910	858	861	928	934	960	971	985
Equalization	1,313	1,427	1,422	1,513	1,709	1,629	1,619	1,658	1,730	1,797	1,836
Total	2,212	2,314	2,316	2,284	2,406	2,329	2,385	2,418	2,510	2,580	2,625
N.S.											
CHST	1,017	1,020	1,036	931	873	874	933	938	960	971	985
Equalization	956	1,141	1,214	1,262	1,391	1,341	1,318	1,383	1,434	1,488	1,545
Total	1,891	2,069	2,151	2,083	2,141	2,094	2,130	2,191	2,260	2,320	2,386
N.B.											
CHST	1,007	1,004	1,020	917	859	862	929	935	960	971	985
Equalization	1,105	1,224	1,155	1,313	1,450	1,431	1,398	1,448	1,493	1,543	1,586
Total	2,012	2,126	2,068	2,105	2,168	2,152	2,185	2,232	2,299	2,355	2,406
QUE.											
CHST	1,101	1,104	1,119	1,006	944	939	954	956	960	971	985
Equalization	536	544	586	568	660	630	606	633	663	690	715
Total	1,591	1,600	1,653	1,518	1,537	1,503	1,495	1,517	1,547	1,584	1,618
ONT.											
CHST	956	964	978	871	824	830	918	926	960	971	985
Total	956	964	978	871	824	830	918	926	960	971	985
MAN.											
CHST	1,008	1,003	1,019	913	856	859	928	934	960	971	985
Equalization	802	961	929	980	893	842	811	830	835	840	867
Total	1,736	1,891	1,869	1,812	1,686	1,640	1,679	1,697	1,726	1,740	1,778
SASK.											
CHST	958	973	990	885	831	837	920	928	960	971	985
Equalization	481	408	261	220	115	398	367	387	407	430	462
Total	1,334	1,278	1,151	990	835	1,123	1,177	1,197	1,245	1,276	1,318

Table 3
Major transfers to provinces and territories
Shares of Canada total – 1993-94 to 2003-04

	1993-94 ¹	1994-95 ¹	1995-96*	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	(per cent)										
NFLD.	3.8	3.9	3.8	4.1	4.2	4.0	3.7	3.7	3.6	3.6	3.6
Total transfers	2.0	2.0	1.9	1.9	1.8	1.8	1.8	1.7	1.7	1.7	1.6
Population	2.1	2.1	2.1	2.1	2.0	1.9	1.8	1.8	1.7	1.7	1.6
CHST	11.2	11.1	10.6	11.5	11.3	10.9	10.8	10.6	10.4	10.3	10.2
Equalization	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
P.E.I.	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Total transfers	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4
Population	2.2	2.2	2.2	2.3	2.4	2.3	2.4	2.4	2.4	2.4	2.4
CHST	4.7	5.0	5.2	5.4	5.6	5.5	5.3	5.3	5.3	5.3	5.4
Equalization	3.2	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.0	3.0	3.0
N.S.	3.3	3.2	3.2	3.2	3.2	3.1	3.1	3.1	3.0	3.0	3.0
Total transfers	11.0	12.4	13.0	13.3	13.5	13.1	13.3	13.5	13.5	13.5	13.5
Population	4.1	4.2	4.0	4.4	4.6	4.5	4.3	4.3	4.3	4.3	4.3
CHST	2.6	2.6	2.6	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.4
Equalization	2.6	2.6	2.6	2.6	2.5	2.5	2.5	2.4	2.4	2.4	2.4
QUE.	10.3	10.8	10.0	11.2	11.3	11.2	11.3	11.3	11.2	11.1	11.0
Total transfers	30.7	30.4	31.0	30.7	31.6	30.8	29.0	29.0	28.6	28.6	28.6
Population	25.0	24.9	24.8	24.5	24.4	24.2	24.1	24.0	23.8	23.7	23.6
CHST	27.5	27.4	27.2	27.2	26.9	26.4	24.8	24.5	23.8	23.7	23.6
Equalization	48.1	46.1	49.2	46.7	49.9	48.2	48.1	48.4	48.9	49.2	49.3
ONT.	27.6	27.5	27.5	26.8	26.1	26.4	27.9	27.9	28.3	28.2	28.2
Total transfers	37.3	37.4	37.5	37.4	37.5	37.6	37.7	37.9	38.0	38.1	38.2
Population	35.6	35.9	35.9	35.9	36.0	36.3	37.3	37.5	38.0	38.1	38.2
CHST	5.2	5.6	5.4	5.7	5.4	5.2	5.1	5.0	4.9	4.9	4.9
MAN.	3.9	3.9	3.8	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.7
Total transfers	3.9	3.9	3.9	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.7
Population	11.2	12.6	12.0	12.5	10.5	10.0	10.0	9.9	9.6	9.3	9.3
CHST	3.6	3.4	3.0	2.8	2.4	3.2	3.2	3.2	3.2	3.2	3.2
Equalization	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.3	3.3	3.3	3.2
SASK.	3.3	3.4	3.4	3.4	3.3	3.3	3.3	3.3	3.3	3.3	3.2
Total transfers	6.0	4.8	3.0	2.5	1.2	4.3	4.1	4.1	4.2	4.2	4.4

Table 3 (cont'd)
Major transfers to provinces and territories
Shares of Canada total – 1993-94 to 2003-04

	1993-94 ¹	1994-95 ¹	1995-96*	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	(per cent)										
ALTA.	6.9	6.6	6.6	6.4	6.3	6.5	7.0	7.0	7.2	7.1	7.1
Total transfers	9.3	9.3	9.3	9.4	9.4	9.6	9.6	9.6	9.6	9.6	9.6
Population	8.9	8.6	8.6	8.6	8.7	8.9	9.4	9.4	9.6	9.6	9.6
CHST	9.2	9.3	9.4	9.3	9.2	9.3	9.9	10.0	10.1	10.2	10.2
B.C.	12.3	12.5	12.7	13.1	13.2	13.3	13.4	13.5	13.6	13.8	13.9
Total transfers	11.9	12.2	12.3	12.4	12.8	12.8	13.3	13.4	13.6	13.8	13.9
Population	0.9	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
CHST	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TFF	25.1	24.4	24.3	24.2	25.0	25.1	23.2	23.1	23.2	23.3	23.3
N.W.T.	2.5	2.5	2.5	2.7	2.7	2.7	1.4	1.4	1.4	1.4	1.4
Total transfers	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Population	0.3	0.3	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.1
CHST	74.9	75.6	75.7	75.8	75.0	74.9	37.9	37.4	37.0	37.0	37.0
TFF											
NUNAVUT							1.4	1.4	1.4	1.4	1.4
Total transfers							0.1	0.1	0.1	0.1	0.1
Population							0.1	0.1	0.1	0.1	0.1
CHST							38.9	39.5	39.7	39.7	39.7
TFF											

¹ Established Programs Financing (EPF) and Canada Assistance Plan (CAP) were predecessors of CHST. Equalization associated with the CHST tax transfer is included in both CHST and Equalization. Totals have been adjusted to avoid double counting.
Figures for 1999-00 to 2003-04 are estimates.
Totals may not add due to rounding.

Table 4
The CHST – Tax transfer and cash
1993-94 to 2003-04

		1993-94 ¹	1994-95 ¹	1995-96 ¹	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
		(millions of dollars)										
NLFD.	Tax transfer	193	199	208	216	228	228	230	238	245	252	261
	Cash	415	425	413	345	282	272	281	271	265	260	254
	Total	608	624	622	561	510	499	511	509	510	512	515
P.E.I.	Tax transfer	44	46	49	52	56	57	59	61	64	67	70
	Cash	91	89	88	71	61	60	69	68	69	69	68
	Total	135	135	138	124	117	117	127	129	133	136	138
N.S.	Tax transfer	308	320	340	358	385	392	401	419	436	455	476
	Cash	638	633	624	508	432	426	476	467	473	468	463
	Total	946	953	964	866	816	819	877	885	909	923	939
N.B.	Tax transfer	250	260	276	290	310	315	322	335	348	362	378
	Cash	510	501	493	401	337	333	378	371	378	373	368
	Total	760	760	769	691	647	648	700	706	726	735	746
QUE.	Tax transfer	2,396	2,498	2,654	2,800	3,006	3,074	3,147	3,287	3,426	3,576	3,744
	Cash	5,571	5,550	5,481	4,512	3,890	3,808	3,888	3,797	3,718	3,684	3,649
	Total	7,967	8,048	8,136	7,311	6,895	6,882	7,035	7,084	7,145	7,260	7,392
ONT.	Tax transfer	4,020	4,199	4,525	4,864	5,345	5,499	5,664	5,836	6,087	6,354	6,654
	Cash	6,300	6,337	6,214	4,787	3,909	3,954	4,936	5,000	5,302	5,319	5,337
	Total	10,320	10,536	10,739	9,651	9,253	9,453	10,600	10,836	11,389	11,674	11,991
MAN.	Tax transfer	372	387	414	436	468	478	489	510	532	555	580
	Cash	761	745	737	598	506	502	574	564	577	571	565
	Total	1,133	1,131	1,151	1,035	975	980	1,063	1,075	1,109	1,126	1,145
SASK.	Tax transfer	335	354	372	403	421	430	439	457	475	494	516
	Cash	634	630	632	499	429	428	507	498	515	509	502
	Total	969	985	1,003	902	850	858	946	956	991	1,003	1,018

Table 4 (cont'd)
The CHST – Tax transfer and cash
1993-94 to 2003-04

	1993-94 ¹	1994-95 ¹	1995-96 ¹	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	(millions of dollars)										
ALTA.											
Tax transfer	958	1,015	1,093	1,202	1,346	1,387	1,428	1,471	1,534	1,601	1,676
Cash	1,625	1,498	1,482	1,112	890	937	1,241	1,256	1,352	1,349	1,347
Total	2,583	2,512	2,574	2,314	2,236	2,324	2,669	2,727	2,885	2,951	3,023
B.C.											
Tax transfer	1,271	1,338	1,438	1,500	1,574	1,624	1,674	1,725	1,800	1,879	1,968
Cash	2,190	2,235	2,235	1,843	1,700	1,720	2,091	2,148	2,291	2,337	2,385
Total	3,461	3,574	3,673	3,343	3,275	3,343	3,765	3,873	4,090	4,216	4,352
YUKON											
Tax transfer	10	10	11	12	12	12	12	13	13	14	14
Cash	24	23	22	19	18	17	19	19	19	20	20
Total	34	33	33	31	30	29	31	32	32	33	34
N.W.T.											
Tax transfer	24	25	26	26	25	26	20	20	21	22	23
Cash	50	53	55	47	45	43	20	20	20	21	21
Total	75	79	81	73	70	68	40	40	41	43	44
NUNAVUT											
Tax transfer											
Cash											
Total											
TOTAL											
Tax transfer	10,181	10,651	11,406	12,159	13,174	13,521	13,891	14,379	14,988	15,639	16,367
Cash	18,810	18,719	18,476	14,741	12,500	12,500	14,500	14,500	15,000	15,000	15,000
Total	28,991	29,370	29,882	26,900	25,674	26,021	28,391	28,879	29,988	30,639	31,367

¹ Established Programs Financing (EPF) and Canada Assistance Plan (CAP) were predecessors of CHST.

Figures for 1999-2000 to 2003-04 are estimates.

Totals may not add due to rounding.

Table 5
Equalization
1993-94 to 1998-99

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	(millions of dollars)										
NFLD.	900	958	932	1,016	1,088	1,040	1,003	1,025	1,050	1,078	1,108
P.E.I.	175	192	192	206	233	222	222	229	241	251	258
N.S.	889	1,065	1,137	1,175	1,301	1,255	1,239	1,305	1,358	1,414	1,473
N.B.	835	927	876	989	1,093	1,077	1,054	1,094	1,130	1,169	1,202
QUE.	3,878	3,965	4,307	4,130	4,820	4,618	4,464	4,690	4,931	5,162	5,365
MAN.	901	1,085	1,051	1,111	1,016	960	929	955	965	974	1,008
SASK.	486	413	264	224	117	407	377	399	420	444	477
TOTAL	8,063	8,607	8,759	8,849	9,670	9,579	9,288	9,696	10,094	10,492	10,892
TFF											
1993-94 to 1998-99	(millions of dollars)										
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
YUKON	290	286	288	286	298	296	301	305	317	329	341
N.W.T	864	885	899	893	892	886	493	495	506	523	541
NUNAVUT							505	523	543	561	582
TOTAL	1,153	1,172	1,187	1,178	1,190	1,182	1,299	1,324	1,365	1,413	1,464

Figures for 1999-2000 to 2003-04 are estimates.
Totals may not add due to rounding.

How can I get more information on the 1999 budget?

Information is available on the Internet at: <http://www.fin.gc.ca>

You can also obtain copies of this brochure or other budget documents from:

Distribution Centre
Department of Finance
300 Laurier Ave. West
Ottawa, Ontario, K1A 0G5
Tel.: (613) 995-2855
Fax: (613) 996-0518

Ce document est également offert en français.