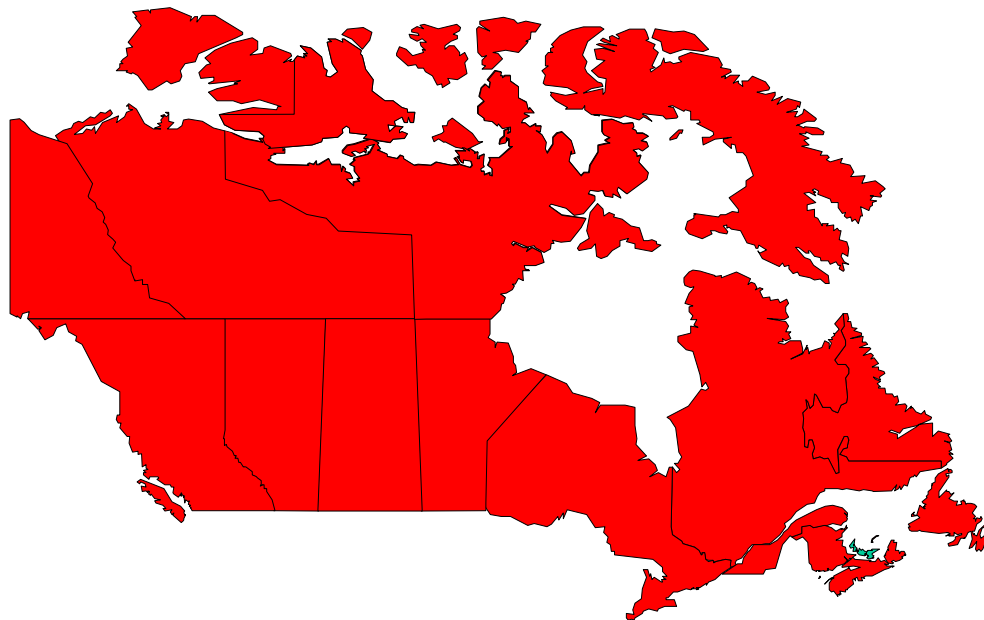


# The Fiscal Balance in Canada



*February 2000*



## ***The Fiscal Balance in Canada***

### ***A majority of provinces and territories reported a surplus last year***

- ✓ According to the most recent estimates, six provinces and one territory recorded surpluses in 1998-99.
- ✓ The aggregate provincial-territorial government deficit of \$1.9 billion in 1998-99 is mainly explained by the large deficit in Ontario, which is expected to be eliminated in 2000-01.

### ***All provinces are projected to have healthy fiscal surpluses during the next five years***

- ✓ According to a recent Royal Bank of Canada study, all provinces will have fiscal surpluses during the next five years.
- ✓ By 2004-05, eight provinces are projected to have fiscal surpluses that are similar as a share of GDP to the surpluses projected at the federal level.

### ***The provincial debt burden is much smaller than the federal debt burden***

- ✓ The provincial-territorial debt burden is much smaller than at the federal government level. Therefore, the federal government remains more vulnerable than the provinces to increases in interest rates.
- ✓ Because of its higher debt load, debt charges consume a much higher proportion of federal revenues than is the case with the provinces and territories.

### ***The provinces and territories have diversified revenue bases***

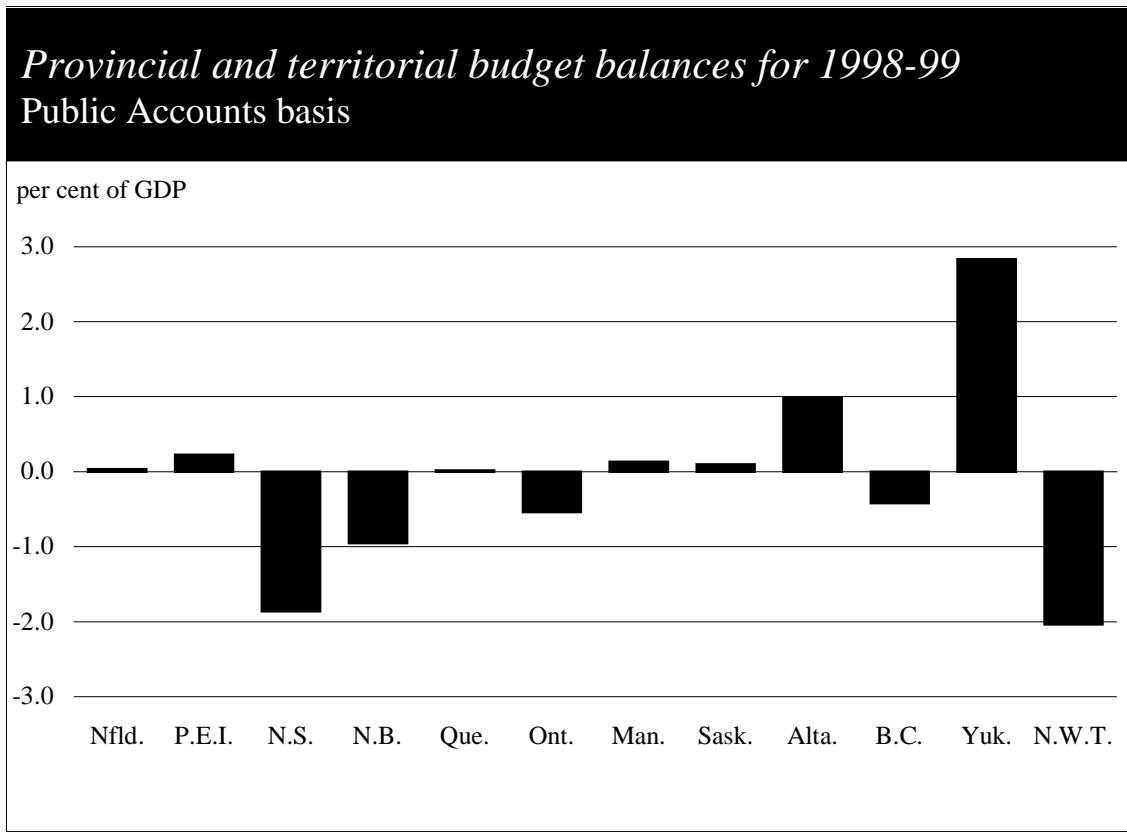
- ✓ Combined provincial-territorial revenues have exceeded federal revenues for almost 25 years – since 1976.
- ✓ Historically, provincial-territorial revenues have kept pace with the growth in their program spending.
- ✓ The fact that provinces are choosing to reduce taxes suggests that they have the revenue base to meet their spending needs.
- ✓ The tax bases from which both the federal and the provincial governments derive revenues are essentially the same, providing the provinces with virtually the same diversity of revenue sources on which to draw, if deemed necessary, to meet their spending priorities. The option of moving to a tax-on-income system will provide the provinces and territories with even greater tax flexibility.
- ✓ Federal and provincial-territorial revenues have grown at essentially the same rate during the past 20 years. In fact, the provinces have unique access to fast growing

categories, such as gaming profits. In contrast, some uniquely federal revenue categories, such as import duties and employment insurance revenues, are not growing and are even declining.

***Spending pressures from an aging population are not unique to the provinces and territories***

- ✓ The spending pressures associated with an aging population will not become significant until 10 to 15 years from now.
- ✓ At that time, both levels of government will be affected: provincial-territorial governments will face higher spending pressures for health care, partially offset by lower spending for primary and secondary education, whereas the federal government will face increased old-age security spending pressures.
- ✓ For both levels of government, the cost pressures associated with an aging population should be manageable, particularly if governments continue to take action now to bring down debt loads, thus freeing up for other needs revenues now devoted to servicing the debt.

***A majority of provinces and territories have achieved a surplus***

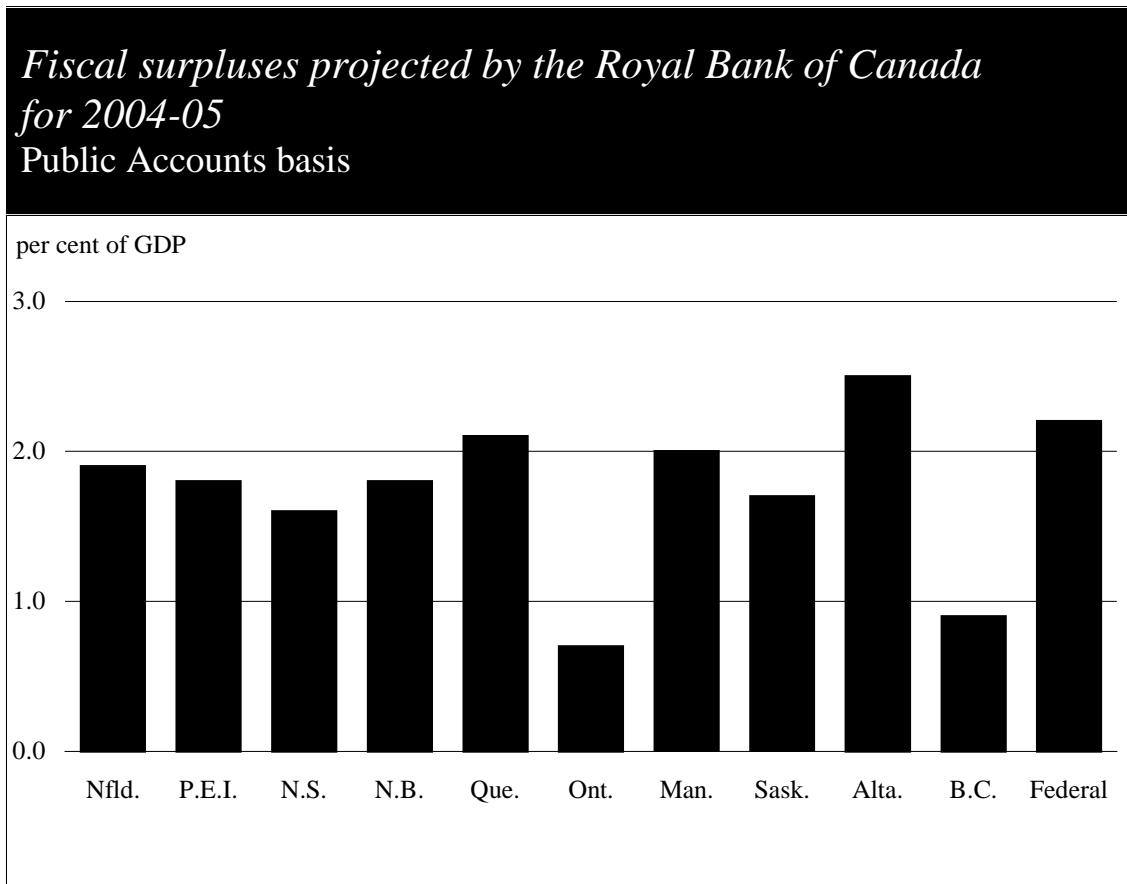


Source: Public Accounts.

Note: See the annex for supporting data.

- ✓ According to the most recent provincial data, seven jurisdictions recorded surpluses in 1998-99.
- ✓ Three of the provinces have posted four or more consecutive surpluses.
- ✓ The aggregate provincial-territorial deficit is estimated at \$1.9 billion in 1998-99, mainly reflecting Ontario's \$2-billion deficit, which is expected to be eliminated next year.

***A majority of provinces are projected to have fiscal surpluses similar to those of the federal government***

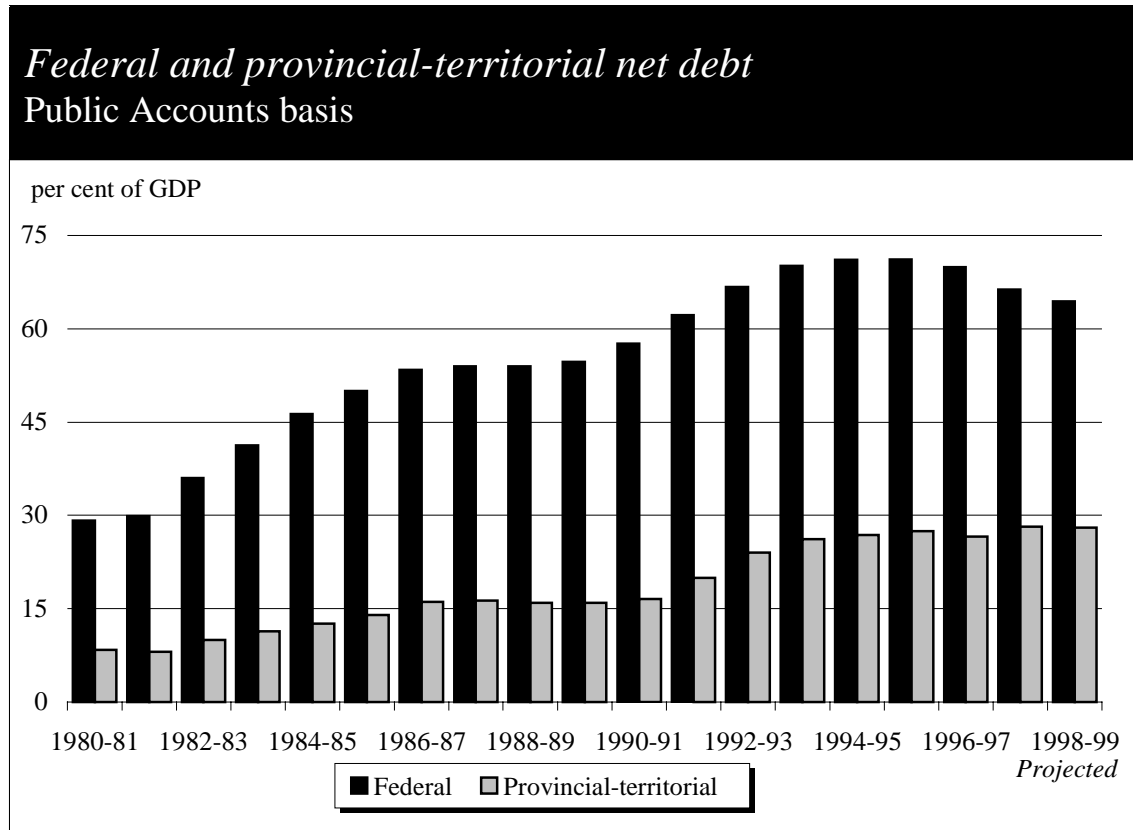


Source: *Relative fiscal power: Ottawa versus the provinces*, Royal Bank of Canada, September 1999.

Note: See the annex for supporting data.

- ✓ According to projections made by the Royal Bank of Canada, the federal government's fiscal surplus could rise to about \$26 billion by 2004-05, compared to about \$16 billion at the provincial level.
- ✓ Eight provinces were estimated to have fiscal surpluses between 1.6 and 2.5 per cent of GDP by 2004-05, roughly similar to the 2.2-per-cent fiscal dividend at the federal level.
- ✓ British Columbia and Ontario were projected to have lower fiscal surpluses in 2004-05. This was explained by the fact that both provinces were still in deficit positions in 1998-99, reflecting the economic effects of the Asian Crisis in British Columbia and the tax cuts by the province of Ontario.

## *The federal debt burden is much larger than the provincial-territorial debt burden*

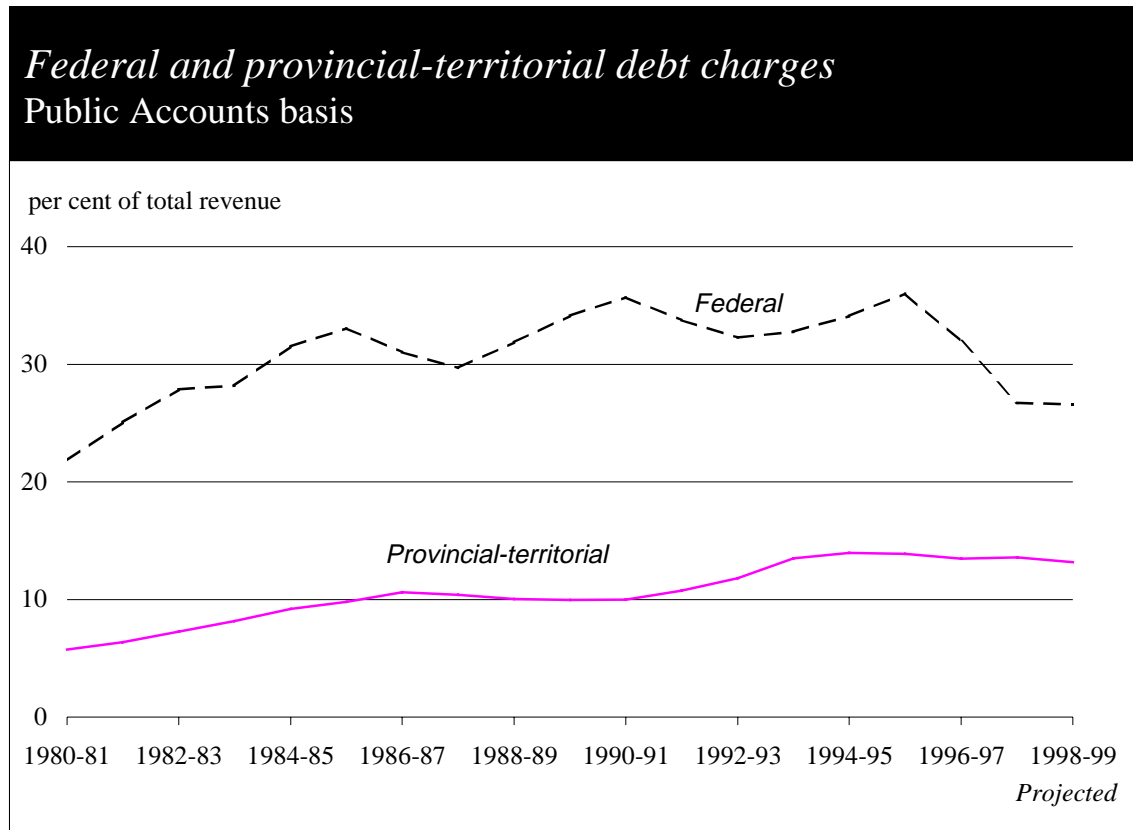


Source: Public Accounts.

Note: See the annex for supporting data.

- ✓ The debt burden of both levels of government has increased substantially during the last 20 years.
- ✓ However, the federal government's debt burden is over twice as large as the aggregate provincial-territorial debt burden.
- ✓ Reducing the debt burden must continue to be a major priority for the federal government.

## Debt charges are significantly higher at the federal level

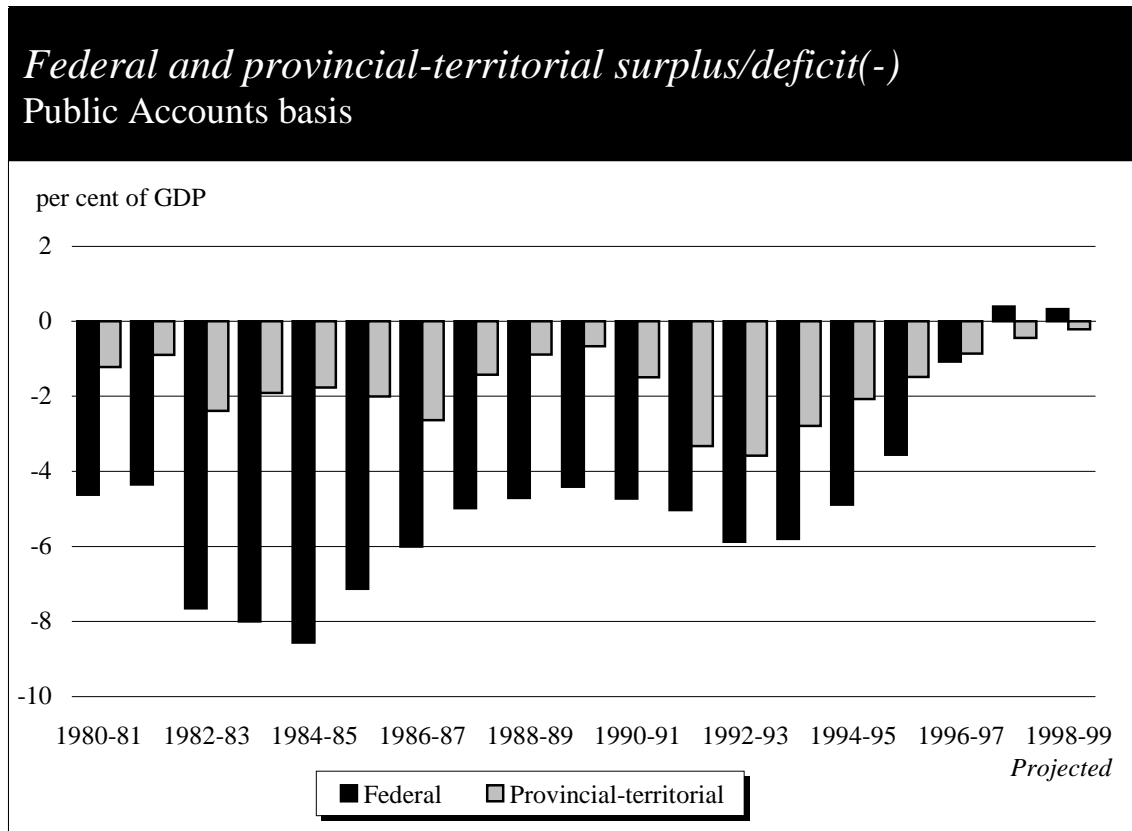


Source: Public Accounts.

Note: See the annex for supporting data.

- ✓ Because of its higher debt load, the federal government has consistently faced a higher debt service burden than the provinces and territories.
- ✓ In 1995-96, the federal government spent 36 per cent of its revenues on debt charges. Although significant progress in moderating this burden has been made, federal debt charges still consume more than a quarter of all federal revenues, compared to about 13 per cent at the provincial-territorial level.
- ✓ Because its debt charges are so large, the federal government has considerably less fiscal room-to-manoeuvre than the provinces and is more vulnerable to volatility in global interest rates.
- ✓ A further reduction in the federal debt burden is critical to reduce the share of revenues going to servicing the debt, and thereby free more funds to reduce taxes and invest in key priorities.

## The federal government needs to maintain a prudent fiscal approach



Source: Public Accounts.

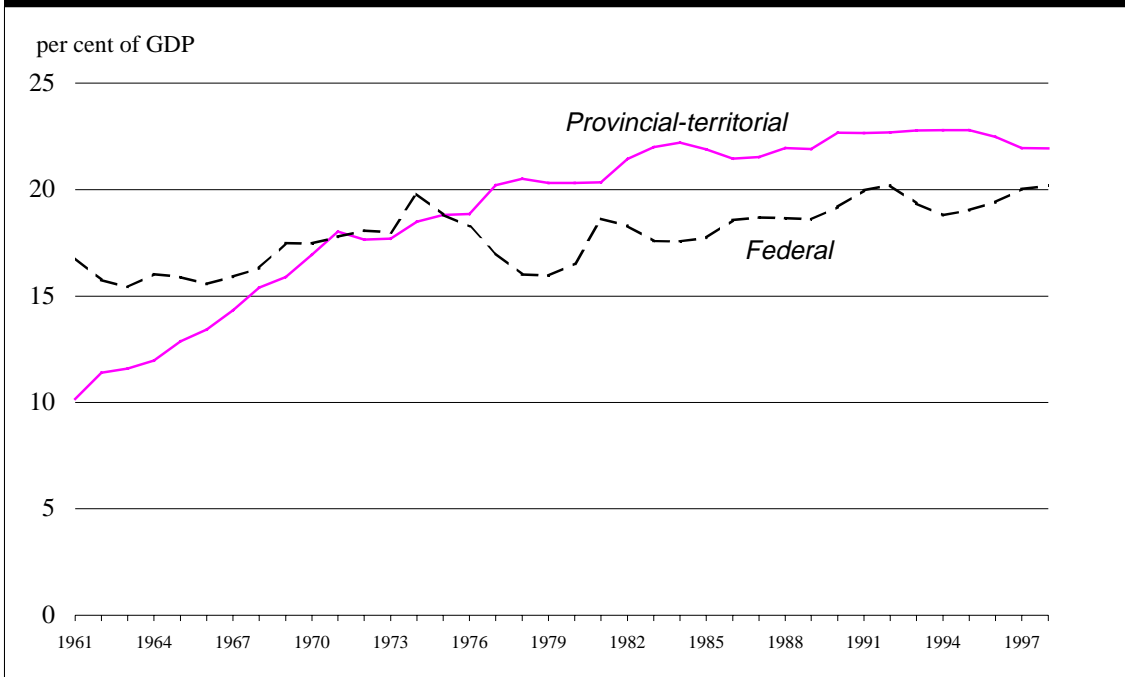
Note: See the annex for supporting data.

- ✓ Historically, the federal government has incurred significantly larger deficits, as a per cent of GDP, than the provinces and territories.
- ✓ After years of fiscal discipline and favourable economic conditions, the federal government achieved surpluses in both 1997-98 and 1998-99.
- ✓ Continued fiscal prudence is vital for the restoration of fiscal room-to-manoeuvre in the future.



## *Provincial-territorial revenues have been larger than federal revenues for the past two decades*

### *Federal and provincial-territorial total revenues* National Accounts basis



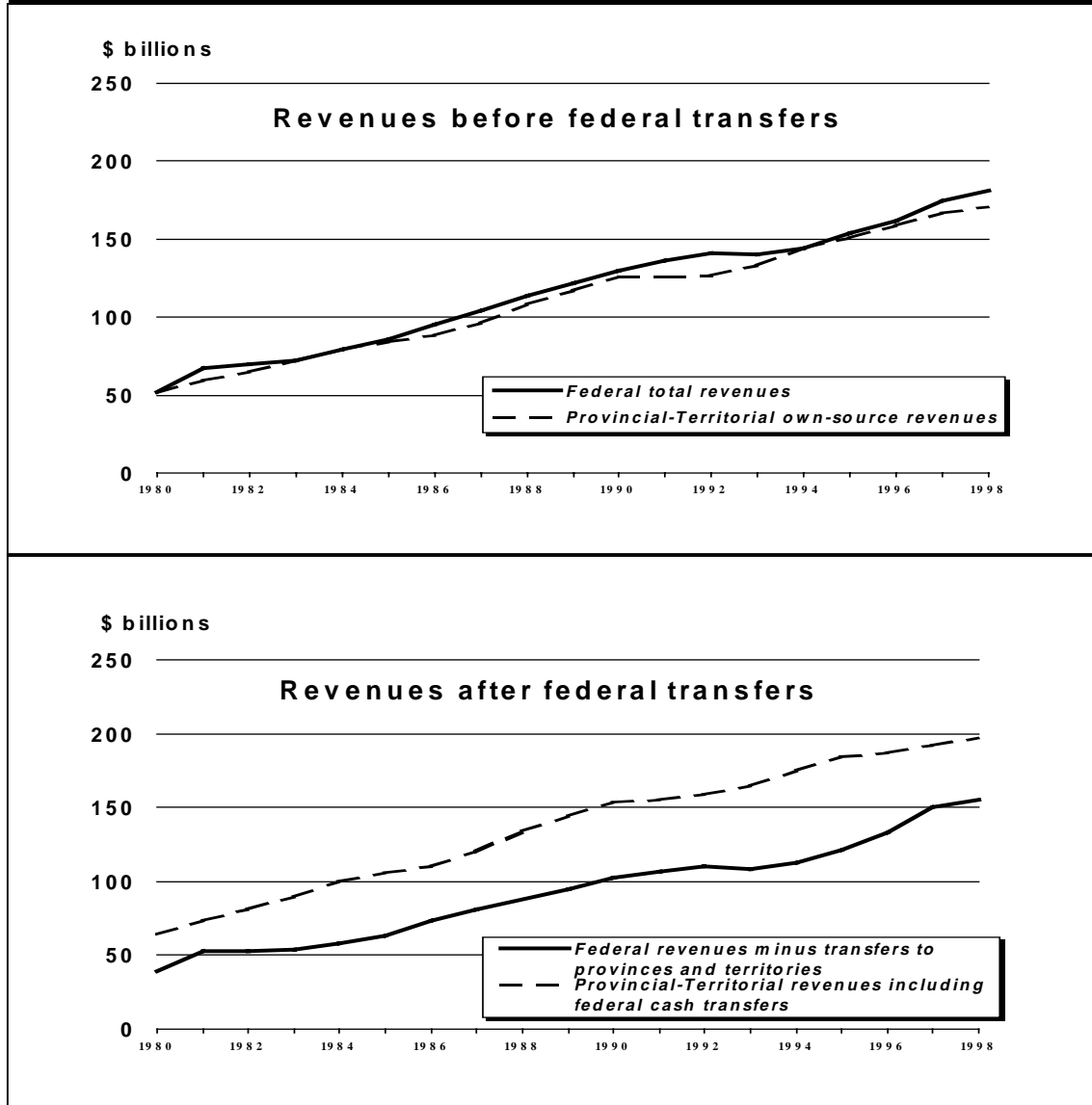
Source: National Accounts.

Note: See the annex for supporting data.

- ✓ Since 1976, total provincial and territorial revenues have exceeded federal revenues. In 1998, provincial-territorial revenues exceeded federal revenues by \$16 billion, or 1.8 per cent of GDP.
- ✓ This rise in revenues testifies to the ongoing capacity of provincial-territorial administrations to use their revenue bases to finance their spending.

## Contribution of Federal Transfers to Provincial Revenues

### Government revenues before and after federal transfers to provinces and territories

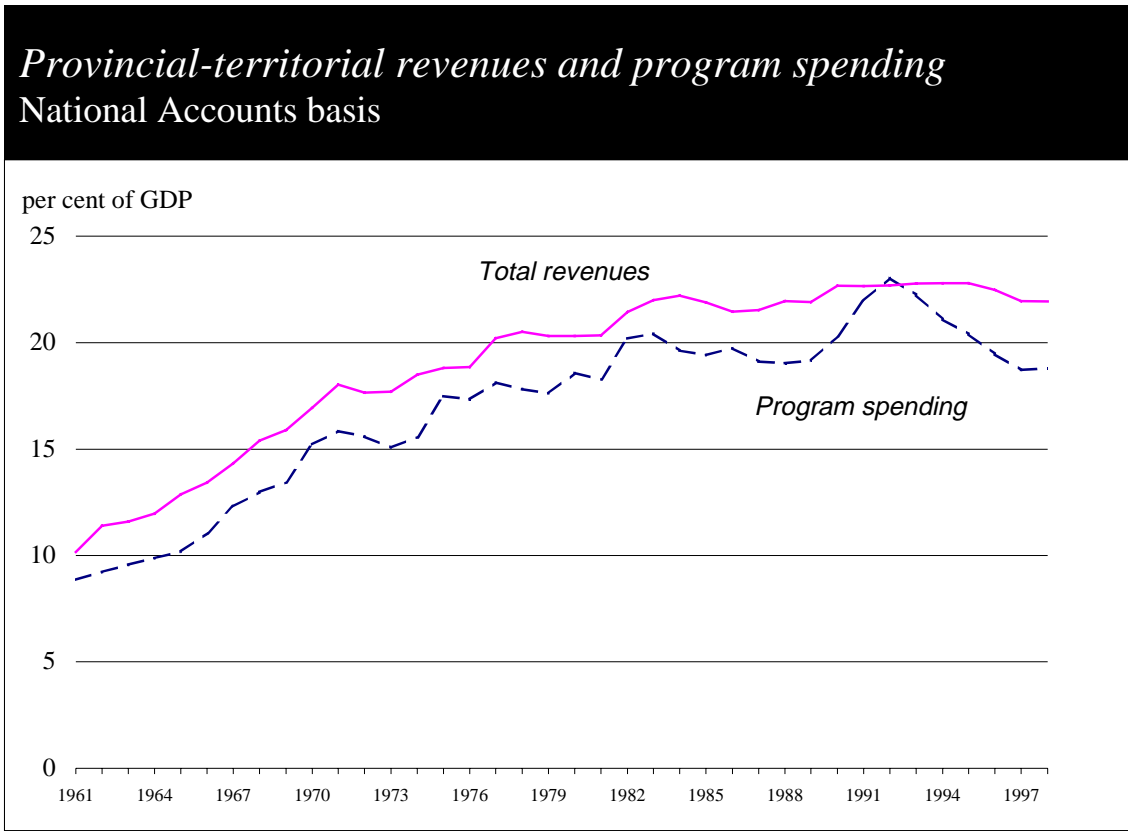


Source: National Accounts.

Note: See the annex for supporting data.

- ✓ In 1998, the federal government transferred \$26 billion cash to provinces and territories.
- ✓ This amount is a \$26 billion expenditure out of federal revenues.
- ✓ In 1998, the effect of transfers is to increase provincial revenues from \$171 billion to \$197 billion.

## ***Provincial-territorial revenues have kept pace with program spending***



Source: National Accounts.

Note: See the annex for supporting data.

- ✓ Over the last four decades, provincial-territorial program spending as a share of GDP has more than doubled, rising by 9.9 percentage points. This reflects the creation of new social programs and increased spending under existing programs.
- ✓ At the same time, total provincial-territorial revenues as a share of GDP increased even faster, rising by 11.8 percentage points.
- ✓ Thus, the increase in provincial spending has not led to a fundamental imbalance in provincial finances.

## ***Provincial tax cuts suggest that current and future spending pressures are manageable***

### ***Tax cuts announced in recent budgets<sup>1</sup>***

|                      | <b>Personal<br/>income tax</b>                  | <b>Corporate<br/>income tax</b>                 | <b>Retail<br/>sales tax</b>           | <b>Payroll tax</b>                        |
|----------------------|---|---|---------------------------------------|---|
| Newfoundland         | <b><i>Post-1999<br/>budget</i></b>              |   | <b><i>1996 budget<sup>2</sup></i></b> | <b><i>1999 budget<br/>1998 budget</i></b> |
| Prince Edward Island | 1999 budget                                     |   |                                       |   |
| Nova Scotia          | 1998 budget<br>1996 budget                      |   | 1996 budget <sup>2</sup>              |   |
| New Brunswick        | 1997 to 1999<br>budgets                         | 1999 budget<br>1995 budget                      | 1996 budget <sup>2</sup>              |   |
| Quebec               | 1999 budget<br><b><i>1997 budget</i></b>        |   |                                       | 1998 budget                               |
| Ontario              | <b><i>1996 to 1999<br/>budgets</i></b>          | <b><i>1998 budget</i></b>                       |                                       | <b><i>1998 budget<br/>1996 budget</i></b> |
| Manitoba             | 1999 budget<br>1998 budget                      | 1999 budget                                     |                                       | 1998 budget<br>1997 budget                |
| Saskatchewan         | 1998 budget                                     | 1995 budget                                     | 1999 budget<br>1997 budget            |   |
| Alberta              | 1999 budget<br>1998 budget                      |   |                                       |   |
| British Columbia     | <b><i>1999, 1998 &amp;<br/>1996 budgets</i></b> | <b><i>1999, 1998 &amp;<br/>1996 budgets</i></b> |                                       |   |

1. Tax cuts include changes in personal income tax rates, individual surtaxes, corporate income tax rates, payroll tax rates and sales tax rates.

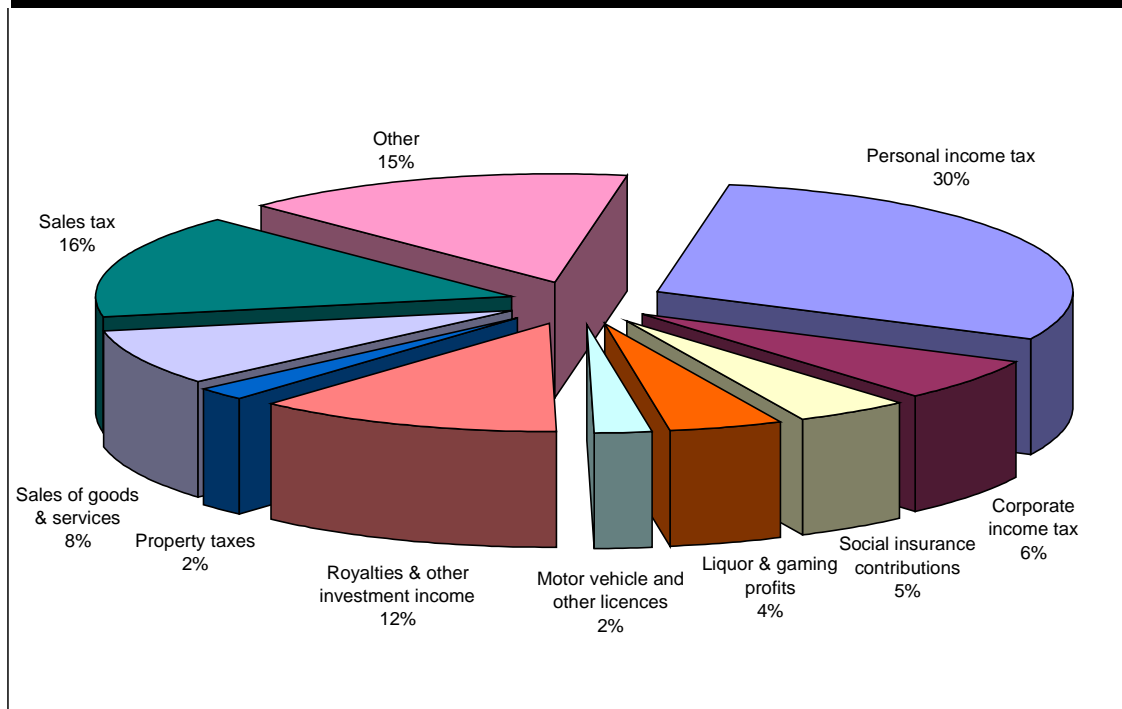
2. Harmonized sales tax.

Note: Budgets presented in bold italics indicate that the tax reduction initiatives were announced prior to the balancing of the budget.

- ✓ All provinces have announced tax cuts over the last five years.
- ✓ The fact that provinces are choosing to implement tax reductions strongly suggests that their spending pressures are manageable and that they are able to respond to them with existing resources.

## *The provinces and territories have a very diversified revenue base*

### *Breakdown of provincial-territorial revenue, excluding federal cash transfers – 1998* National Accounts basis



Source: National Accounts.

Note: See the annex for supporting data.

- ✓ In Canada, provinces and territories can draw their revenues from a very wide variety of sources. With the exception of import duties and taxes on non-residents, which are exclusive to the federal jurisdiction, provinces have access to the same revenue sources as the federal government.
- ✓ In addition, provinces benefit from some revenue sources that fall under their exclusive jurisdiction, such as natural resource royalties, liquor and gaming profits, property taxes and specific licenses and permits.
- ✓ Beginning in the 2001 taxation year, the provinces and territories will have the freedom to adopt a tax-on-income system for personal income taxes, without having to create separate income tax forms. Provincial and territorial income taxes will no longer have to be calculated as a percentage of Basic Federal Tax. This will provide provincial and territorial governments with increased flexibility to design their tax systems according to their policy objectives and financial needs.

***Federal and provincial-territorial revenue growth have been virtually identical over the past 20 years***

*Growth in revenues and revenue sources from 1978 to 1998 and shares of revenue sources as of 1998*

|  | Federal revenues | Provincial-territorial revenues (excluding federal cash transfers) | Direct taxes from persons | Direct taxes from corporations | Contributions to social insurance plans | Total indirect taxes |
|--|------------------|--|---------------------------|--------------------------------|---|----------------------|
| (per cent)   |                  |  |                           |                                |   |                      |
| <b>Average annual growth in revenues and revenue sources from 1978 to 1998</b> |                  |  |                           |                                |   |                      |
|  | 7.9              | 8.0  | 8.5                       | 7.6                            | 8.3                                     | 8.0                  |
| <b>Shares of revenue sources as of 1998</b>                                    |                  |  |                           |                                |   |                      |
| Federal share  |                  |  | 61                        | 64                             | 74                                      | 36                   |
| Provincial-territorial share   |                  |  | 39                        | 36                             | 26                                      | 64                   |

Source: National Accounts.

- ✓ During the past 20 years, both federal and provincial-territorial revenues grew by some 8 per cent per year, on average.
- ✓ Provinces have access to essentially the same tax bases as the federal government.
- ✓ For personal and corporate income taxes, provinces have the ability to set their own tax rates.
- ✓ Some components of federal revenue, such as custom import duties, employment insurance and tobacco receipts are not growing, and are even declining.
- ✓ Provinces have unique access to fast growing categories such as gaming profits.

## ***Both levels of government will face increased future spending pressures as a result of population aging***

- ✓ Canada's population is aging. The number of older persons will increase dramatically because the baby boom generation is growing older and Canadians are living longer because of lifestyle changes and medical advances.
- ✓ These changes will start having a significant impact on expenditures in approximately 10 to 15 years, when the eldest of the baby boomers will have reached the age of 65.
- ✓ At that time, the provinces and territories will face increased spending pressures, particularly in the health care sector. The federal government will also face increased spending pressures, especially for old-age security.
- ✓ Population aging should also reduce some spending pressures for the provinces. As the number of younger people declines relative to the total population, less spending will be required for education and some social services.
- ✓ For both the federal and provincial governments, the cost pressures associated with an aging population should be manageable, particularly if all governments continue to take action now to increase their fiscal manoeuvring room by reducing the debt burden. This will reduce the proportion of revenues that go to debt servicing, thereby freeing up revenues to meet Canadians' needs for public services.

## Annex

### *Provincial and territorial budget balances for 1998-99*

#### Public Accounts basis

| Provinces/territories | Surplus/deficit(-)<br>(\$ millions) | GDP<br>(\$ millions) | Surplus/deficit(-)<br>(per cent of GDP) |
|-----------------------|-------------------------------------|----------------------|---|
| Newfoundland          | 4                                   | 11,308               | 0.03                                    |
| Prince Edward Island  | 6                                   | 2,872                | 0.23                                    |
| Nova Scotia           | -385                                | 20,689               | -1.86                                   |
| New Brunswick         | -164                                | 17,231               | -0.95                                   |
| Quebec                | 25                                  | 193,243              | 0.01                                    |
| Ontario               | -2,002                              | 371,874              | -0.54                                   |
| Manitoba              | 40                                  | 29,915               | 0.13                                    |
| Saskatchewan          | 28                                  | 28,790               | 0.10                                    |
| Alberta               | 1,026                               | 104,982              | 0.98                                    |
| British Columbia      | -466                                | 110,948              | -0.42                                   |
| Yukon                 | 30                                  | 1,073                | 2.83                                    |
| Northwest Territories | -51                                 | 2,527                | -2.03                                   |

Source: Public Accounts.



**Fiscal surpluses projected by the Royal Bank of Canada**  
**Public Accounts basis (billions of dollars and per cent of GDP)**

| <i>Provinces</i>          | 2000-01    |              | 2001-02     |              | 2002-03     |              | 2003-04     |              | 2004-05     |              | Cumulative<br>2000-01 to<br>2004-05<br>\$ |
|---------------------------|------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|---|
|                           | \$         | %            | \$          | %            | \$          | %            | \$          | %            | \$          | %            |   |
| Newfoundland              | 0.1        | (0.7)        | 0.1         | (1.0)        | 0.2         | (1.3)        | 0.2         | (1.6)        | 0.3         | (1.9)        | 0.8                                       |
| Prince Edward Island      | 0.0        | (0.7)        | 0.0         | (1.0)        | 0.0         | (1.3)        | 0.1         | (1.6)        | 0.1         | (1.8)        | 0.2                                       |
| Nova Scotia               | 0.1        | (0.6)        | 0.2         | (0.9)        | 0.3         | (1.1)        | 0.3         | (1.4)        | 0.4         | (1.6)        | 1.4                                       |
| New Brunswick             | 0.1        | (0.7)        | 0.2         | (1.0)        | 0.3         | (1.3)        | 0.3         | (1.6)        | 0.4         | (1.8)        | 1.3                                       |
| Quebec                    | 1.5        | (0.7)        | 2.3         | (1.1)        | 3.2         | (1.4)        | 4.1         | (1.8)        | 5.1         | (2.1)        | 16.3                                      |
| Ontario                   | -1.4       | (-0.3)       | -0.3        | (-0.1)       | 0.9         | (0.2)        | 2.1         | (0.5)        | 3.4         | (0.7)        | 4.7                                       |
| Manitoba                  | 0.4        | (1.1)        | 0.4         | (1.3)        | 0.5         | (1.5)        | 0.6         | (1.8)        | 0.7         | (2.0)        | 2.7                                       |
| Saskatchewan              | 0.2        | (0.6)        | 0.3         | (0.9)        | 0.4         | (1.2)        | 0.5         | (1.4)        | 0.6         | (1.7)        | 1.9                                       |
| Alberta                   | 1.7        | (1.6)        | 2.1         | (1.8)        | 2.5         | (2.0)        | 2.9         | (2.2)        | 3.3         | (2.5)        | 12.6                                      |
| British Columbia          | 0.8        | (0.6)        | 0.7         | (0.6)        | 0.5         | (0.4)        | 0.9         | (0.7)        | 1.3         | (0.9)        | 4.3                                       |
| <b>All provinces</b>      | <b>3.6</b> | <b>(0.4)</b> | <b>6.1</b>  | <b>(0.6)</b> | <b>8.8</b>  | <b>(0.8)</b> | <b>12.1</b> | <b>(1.1)</b> | <b>15.6</b> | <b>(1.4)</b> | <b>46.2</b>                               |
| <b>Federal government</b> | <b>9.1</b> | <b>(0.9)</b> | <b>12.9</b> | <b>(1.3)</b> | <b>17.0</b> | <b>(1.6)</b> | <b>21.4</b> | <b>(1.9)</b> | <b>25.9</b> | <b>(2.2)</b> | <b>86.4</b>                               |

Source: *Relative fiscal power: Ottawa versus the provinces*, Royal Bank of Canada, September 1999.

Available on the Internet at <http://www.royalbank.com/economics/market/pdf/power.pdf>.

| <i>Federal and provincial-territorial net debt</i> |  |         |  |         |
|--|--|---------|--|---------|
| Public Accounts basis                              |  |         |  |         |
| Year   | Provinces/territories<br>(\$ millions) | Federal | Provinces/territories<br>(per cent of GDP) | Federal |
| 1980-81  | 26,300                                 | 91,948  | 8.3  | 29.2    |
| 1981-82  | 29,126                                 | 107,622 | 8.1  | 29.9    |
| 1982-83  | 37,816                                 | 136,671 | 10.0                                       | 36.0    |
| 1983-84  | 46,704                                 | 169,549 | 11.4                                       | 41.2    |
| 1984-85  | 56,553                                 | 207,986 | 12.6                                       | 46.3    |
| 1985-86  | 67,832                                 | 242,581 | 14.0                                       | 50.0    |
| 1986-87  | 82,223                                 | 273,323 | 16.1                                       | 53.4    |
| 1987-88  | 91,120                                 | 301,117 | 16.3                                       | 54.0    |
| 1988-89  | 97,301                                 | 329,890 | 15.9                                       | 53.9    |
| 1989-90  | 104,422                                | 358,820 | 15.9                                       | 54.7    |
| 1990-91  | 112,372                                | 390,820 | 16.6                                       | 57.6    |
| 1991-92  | 136,169                                | 425,177 | 19.9                                       | 62.2    |
| 1992-93  | 167,794                                | 466,198 | 24.0                                       | 66.7    |
| 1993-94  | 189,879                                | 508,210 | 26.2                                       | 70.1    |
| 1994-95  | 205,968                                | 545,672 | 26.8                                       | 71.1    |
| 1995-96  | 221,354                                | 574,289 | 27.4                                       | 71.2    |
| 1996-97  | 221,770                                | 583,186 | 26.6                                       | 69.9    |
| 1997-98  | 246,531                                | 579,708 | 28.2                                       | 66.3    |
| 1998-99  | -                                      | 576,824 | -  | 64.4    |

Source: Public Accounts.

***Federal and provincial-territorial debt charges***

**Public Accounts basis**

| Year    | Debt charges<br>(\$ millions) |         | Total revenues<br>(\$ millions) |         | Debt charges<br>(per cent of revenues) |         |
|---------|-------------------------------|---------|---------------------------------|---------|--|---------|
|         | Provinces/<br>territories     | Federal | Provinces/<br>territories       | Federal | Provinces/<br>territories              | Federal |
| 1980-81 | 3,125                         | 10,658  | 54,498                          | 48,867  | 5.7                                    | 21.8    |
| 1981-82 | 4,101                         | 15,114  | 64,314                          | 60,307  | 6.4                                    | 25.1    |
| 1982-83 | 5,035                         | 16,903  | 69,294                          | 60,662  | 7.3                                    | 27.9    |
| 1983-84 | 6,231                         | 18,077  | 76,369                          | 64,168  | 8.2                                    | 28.2    |
| 1984-85 | 7,522                         | 22,393  | 81,924                          | 71,056  | 9.2                                    | 31.5    |
| 1985-86 | 8,584                         | 25,422  | 87,688                          | 76,933  | 9.8                                    | 33.0    |
| 1986-87 | 9,508                         | 26,668  | 89,720                          | 85,931  | 10.6                                   | 31.0    |
| 1987-88 | 10,529                        | 28,953  | 101,318                         | 97,612  | 10.4                                   | 29.7    |
| 1988-89 | 11,182                        | 33,152  | 111,292                         | 104,067 | 10.0                                   | 31.9    |
| 1989-90 | 11,974                        | 38,789  | 120,228                         | 113,707 | 10.0                                   | 34.1    |
| 1990-91 | 12,693                        | 42,588  | 126,928                         | 119,353 | 10.0                                   | 35.7    |
| 1991-92 | 13,521                        | 41,174  | 126,055                         | 122,032 | 10.7                                   | 33.7    |
| 1992-93 | 15,414                        | 38,825  | 130,589                         | 120,380 | 11.8                                   | 32.3    |
| 1993-94 | 18,460                        | 37,982  | 136,766                         | 115,984 | 13.5                                   | 32.7    |
| 1994-95 | 20,063                        | 42,046  | 143,668                         | 123,323 | 14.0                                   | 34.1    |
| 1995-96 | 20,694                        | 46,905  | 149,153                         | 130,301 | 13.9                                   | 36.0    |
| 1996-97 | 20,187                        | 44,973  | 150,039                         | 140,896 | 13.5                                   | 31.9    |
| 1997-98 | 21,576                        | 40,931  | 158,764                         | 153,162 | 13.6                                   | 26.7    |
| 1998-99 | 21,915                        | 41,394  | 166,642                         | 155,671 | 13.2                                   | 26.6    |

Source: Public Accounts.

| <i>Federal and provincial-territorial surplus/deficit(-)</i> |  |         |  |         |
|--|--|---------|--|---------|
| Public Accounts basis  |  |         |  |         |
| Year   | Provinces/<br>territories<br>(\$ millions) | Federal | Provinces/<br>territories<br>(per cent of GDP) | Federal |
| 1980-81  | -3,841                                     | -14,556 | -1.2   | -4.6    |
| 1981-82  | -3,236                                     | -15,674 | -0.9   | -4.3    |
| 1982-83  | -9,081                                     | -29,049 | -2.4   | -7.6    |
| 1983-84  | -7,835                                     | -32,877 | -1.9   | -8.0    |
| 1984-85  | -7,931                                     | -38,437 | -1.8   | -8.6    |
| 1985-86  | -9,710                                     | -34,595 | -2.0   | -7.1    |
| 1986-87  | -13,483                                    | -30,742 | -2.6   | -6.0    |
| 1987-88  | -7,949                                     | -27,794 | -1.4   | -5.0    |
| 1988-89  | -5,453                                     | -28,773 | -0.9   | -4.7    |
| 1989-90  | -4,335                                     | -28,930 | -0.7   | -4.4    |
| 1990-91  | -10,087                                    | -32,000 | -1.5   | -4.7    |
| 1991-92  | -22,696                                    | -34,357 | -3.3   | -5.0    |
| 1992-93  | -25,000                                    | -41,021 | -3.6   | -5.9    |
| 1993-94  | -20,222                                    | -42,012 | -2.8   | -5.8    |
| 1994-95  | -15,928                                    | -37,462 | -2.1   | -4.9    |
| 1995-96  | -11,924                                    | -28,617 | -1.5   | -3.5    |
| 1996-97  | -7,217                                     | -8,897  | -0.9   | -1.1    |
| 1997-98  | -3,870                                     | 3,478   | -0.4   | 0.4     |
| 1998-99  | -1,909                                     | 2,884   | -0.2   | 0.3     |

Source: Public Accounts.

***Federal and provincial-territorial revenues***

**National Accounts basis**

| Year | Federal<br>Total<br>revenue | Provinces/territories                  |                           | Federal<br>Total<br>revenue | Provinces/territories                      |                           |
|------|-----------------------------|--|---------------------------|-----------------------------|--|---------------------------|
|      |                             | Own-source<br>revenue<br>(\$ millions) | Federal cash<br>transfers |                             | Own-source<br>revenue<br>(per cent of GDP) | Federal cash<br>transfers |
| 1961 | 6,929                       | 2,948                                  | 1,247                     | 16.8                        | 7.1  | 3.0                       |
| 1962 | 7,055                       | 3,730                                  | 1,377                     | 15.8                        | 8.3  | 3.1                       |
| 1963 | 7,410                       | 4,131                                  | 1,443                     | 15.4                        | 8.6  | 3.0                       |
| 1964 | 8,437                       | 4,826                                  | 1,472                     | 16.0                        | 9.2  | 2.8                       |
| 1965 | 9,226                       | 5,766                                  | 1,705                     | 15.9                        | 9.9  | 2.9                       |
| 1966 | 10,113                      | 6,705                                  | 2,019                     | 15.6                        | 10.3                                       | 3.1                       |
| 1967 | 11,108                      | 7,723                                  | 2,287                     | 15.9                        | 11.1                                       | 3.3                       |
| 1968 | 12,445                      | 9,040                                  | 2,703                     | 16.3                        | 11.9                                       | 3.5                       |
| 1969 | 14,691                      | 10,417                                 | 2,936                     | 17.5                        | 12.4                                       | 3.5                       |
| 1970 | 15,781                      | 11,681                                 | 3,632                     | 17.5                        | 12.9                                       | 4.0                       |
| 1971 | 17,553                      | 13,094                                 | 4,678                     | 17.8                        | 13.3                                       | 4.7                       |
| 1972 | 19,894                      | 14,790                                 | 4,661                     | 18.1                        | 13.4                                       | 4.2                       |
| 1973 | 23,244                      | 17,927                                 | 4,950                     | 18.0                        | 13.9                                       | 3.8                       |
| 1974 | 30,569                      | 22,196                                 | 6,340                     | 19.8                        | 14.4                                       | 4.1                       |
| 1975 | 32,724                      | 24,732                                 | 7,977                     | 18.8                        | 14.2                                       | 4.6                       |
| 1976 | 36,584                      | 28,862                                 | 8,881                     | 18.3                        | 14.4                                       | 4.4                       |
| 1977 | 37,652                      | 34,460                                 | 10,249                    | 17.0                        | 15.6                                       | 4.6                       |
| 1978 | 39,296                      | 39,101                                 | 11,262                    | 16.0                        | 15.9                                       | 4.6                       |
| 1979 | 44,703                      | 44,840                                 | 12,065                    | 15.9                        | 16.0                                       | 4.3                       |
| 1980 | 52,106                      | 50,786                                 | 13,250                    | 16.5                        | 16.1                                       | 4.2                       |
| 1981 | 67,180                      | 58,832                                 | 14,485                    | 18.6                        | 16.3                                       | 4.0                       |
| 1982 | 69,517                      | 64,999                                 | 16,425                    | 18.3                        | 17.1                                       | 4.3                       |
| 1983 | 72,276                      | 72,263                                 | 18,189                    | 17.6                        | 17.6                                       | 4.4                       |
| 1984 | 78,930                      | 78,980                                 | 20,740                    | 17.6                        | 17.6                                       | 4.6                       |
| 1985 | 86,100                      | 83,580                                 | 22,656                    | 17.7                        | 17.2                                       | 4.7                       |
| 1986 | 95,002                      | 87,773                                 | 22,051                    | 18.6                        | 17.1                                       | 4.3                       |
| 1987 | 104,312                     | 96,446                                 | 23,676                    | 18.7                        | 17.3                                       | 4.2                       |
| 1988 | 114,182                     | 108,466                                | 25,884                    | 18.7                        | 17.7                                       | 4.2                       |
| 1989 | 122,039                     | 117,080                                | 26,645                    | 18.6                        | 17.8                                       | 4.1                       |
| 1990 | 130,091                     | 125,767                                | 28,007                    | 19.2                        | 18.5                                       | 4.1                       |
| 1991 | 136,388                     | 125,825                                | 29,004                    | 20.0                        | 18.4                                       | 4.2                       |
| 1992 | 141,150                     | 127,431                                | 31,087                    | 20.2                        | 18.2                                       | 4.5                       |
| 1993 | 140,324                     | 133,228                                | 31,950                    | 19.4                        | 18.4                                       | 4.4                       |
| 1994 | 144,202                     | 144,013                                | 30,948                    | 18.8                        | 18.8                                       | 4.0                       |
| 1995 | 153,731                     | 150,906                                | 33,051                    | 19.0                        | 18.7                                       | 4.1                       |
| 1996 | 161,836                     | 159,074                                | 28,382                    | 19.4                        | 19.1                                       | 3.4                       |
| 1997 | 175,050                     | 167,065                                | 24,828                    | 20.0                        | 19.1                                       | 2.8                       |
| 1998 | 180,728                     | 170,721                                | 25,838                    | 20.2                        | 19.1                                       | 2.9                       |

Source: National Accounts.

| <i>Provincial-territorial revenues and program spending</i> |                                 |                      |                                     |                      |
|---|---------------------------------|----------------------|-------------------------------------|----------------------|
| National Accounts basis                                     |                                 |                      |                                     |                      |
| Year  | Total revenues<br>(\$ millions) | Program expenditures | Total revenues<br>(per cent of GDP) | Program expenditures |
| 1961  | 4,195                           | 3,656                | 10.2                                | 8.9                  |
| 1962  | 5,107                           | 4,131                | 11.4                                | 9.2                  |
| 1963  | 5,574                           | 4,598                | 11.6                                | 9.6                  |
| 1964  | 6,298                           | 5,202                | 12.0                                | 9.9                  |
| 1965  | 7,471                           | 5,907                | 12.9                                | 10.2                 |
| 1966  | 8,724                           | 7,172                | 13.4                                | 11.0                 |
| 1967  | 10,010                          | 8,591                | 14.3                                | 12.3                 |
| 1968  | 11,743                          | 9,903                | 15.4                                | 13.0                 |
| 1969  | 13,353                          | 11,282               | 15.9                                | 13.4                 |
| 1970  | 15,313                          | 13,745               | 16.9                                | 15.2                 |
| 1971  | 17,772                          | 15,630               | 18.0                                | 15.8                 |
| 1972  | 19,451                          | 17,171               | 17.7                                | 15.6                 |
| 1973  | 22,877                          | 19,475               | 17.7                                | 15.1                 |
| 1974  | 28,536                          | 24,012               | 18.5                                | 15.6                 |
| 1975  | 32,709                          | 30,402               | 18.8                                | 17.5                 |
| 1976  | 37,743                          | 34,722               | 18.8                                | 17.3                 |
| 1977  | 44,709                          | 40,131               | 20.2                                | 18.1                 |
| 1978  | 50,363                          | 43,753               | 20.5                                | 17.8                 |
| 1979  | 56,905                          | 49,365               | 20.3                                | 17.6                 |
| 1980  | 64,036                          | 58,576               | 20.3                                | 18.6                 |
| 1981  | 73,317                          | 65,902               | 20.3                                | 18.3                 |
| 1982  | 81,424                          | 76,668               | 21.4                                | 20.2                 |
| 1983  | 90,452                          | 84,065               | 22.0                                | 20.4                 |
| 1984  | 99,720                          | 88,159               | 22.2                                | 19.6                 |
| 1985  | 106,236                         | 94,132               | 21.9                                | 19.4                 |
| 1986  | 109,824                         | 101,096              | 21.5                                | 19.8                 |
| 1987  | 120,122                         | 106,688              | 21.5                                | 19.1                 |
| 1988  | 134,350                         | 116,466              | 22.0                                | 19.0                 |
| 1989  | 143,725                         | 125,718              | 21.9                                | 19.2                 |
| 1990  | 153,774                         | 137,687              | 22.7                                | 20.3                 |
| 1991  | 154,829                         | 150,110              | 22.7                                | 22.0                 |
| 1992  | 158,518                         | 160,955              | 22.7                                | 23.0                 |
| 1993  | 165,178                         | 161,316              | 22.8                                | 22.3                 |
| 1994  | 174,961                         | 161,988              | 22.8                                | 21.1                 |
| 1995  | 183,957                         | 164,731              | 22.8                                | 20.4                 |
| 1996  | 187,456                         | 162,370              | 22.5                                | 19.5                 |
| 1997  | 191,893                         | 163,589              | 22.0                                | 18.7                 |
| 1998  | 196,559                         | 168,249              | 21.9                                | 18.8                 |

Source: National Accounts.

***Breakdown of provincial-territorial revenue, excluding federal cash transfers – 1998***

**National Accounts basis**

| Revenue Category                          | \$ millions | Per cent of total revenues,<br>excluding federal cash transfers |
|---|-------------|---|
| Personal income tax                       | 50,260      | 30  |
| Corporate income tax                      | 10,813      | 6   |
| Social insurance contributions            | 7,742       | 5   |
| Liquor and gaming profits                 | 7,314       | 4   |
| Motor vehicle and other licenses          | 3,764       | 2   |
| Royalties and other investment income     | 20,698      | 12  |
| Property taxes                            | 2,959       | 2   |
| Sales of goods and services               | 14,450      | 8   |
| Sales tax                                 | 26,755      | 16  |
| Other                                     | 25,966      | 15  |
| Revenue, excluding federal cash transfers | 170,721     | 100   |

Source: National Accounts.