



Catalogue no. 68-213-SIE

Public sector statistics - Supplement

2003



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Statistics Canada
Public Institutions Division

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Published by authority of the Minister responsible for Statistics Canada

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June 2003

Catalogue no.68-213-SIE, vol. 1, no. 1

Frequency: annual

ISSN 1708-1297

Ottawa

La version française de cette publication est disponible sur demande (n° 68-213-SIF au catalogue).

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Consumption taxes by level of government

Fiscal years	1999/00	2000/01	2001/02	2002/03
	(millions of dollars)			
Federal government	36,011	38,962	39,676	44,369
Goods services tax	25,627	27,801	27,864	31,317
Other liquor taxes	1,093	1,089	1,273	1,190
Tobacco Taxes	2,111	2,158	2,465	2,873
Racetrack betting tax	14	15	14	14
Gasoline and motive fuel taxes	4,786	4,807	4,758	5,014
Custom duties	2,104	2,807	3,018	3,203
Air transportation tax	3	0	0	379
Miscellaneous consumption taxes	273	285	284	379
Provincial governments	43,999	48,295	48,786	52,315
General sales tax	25,633	27,653	28,075	29,491
Alcoholic beverages and tobacco taxes	2,986	2,955	3,461	4,714
Amusement tax	612	575	562	560
Gasoline and motive fuel taxes	7,003	6,937	6,987	7,396
Remitted Liquor profits	2,747	3,479	3,178	3,221
Remitted gaming profits	4,183	5,787	5,506	5,859
Other consumption taxes	835	909	1,017	1,074
Local governments	78	84	91	91
General sales tax	63	69	76	75
Amusement tax	15	15	15	15
Total consumption taxes	80,088	87,341	88,553	96,775

Surplus (deficit) by level of government

Fiscal years	1995/96	1999/00	2000/01	2001/02	2002/03
(millions of dollars)					
<u>Federal government</u>	(33,211)	6,999	9,211	7,344	6,283
<u>Provincial and territorial governments</u>					
Newfoundland and Labrador	12	(258)	(272)	(465)	(275)
Prince Edward Island	28	10	(47)	(41)	(49)
Nova Scotia	(174)	94	278	(102)	15
New Brunswick	(130)	(326)	(9)	(26)	(142)
Quebec	(4,412)	(249)	1,077	(2,750)	(2,067)
Ontario	(6,986)	1,319	2,004	(1,053)	(1,210)
Manitoba	238	(83)	205	(191)	13
Saskatchewan	9	(10)	1,128	(480)	60
Alberta	1,255	2,683	7,648	(801)	1,512
British Columbia	(119)	(999)	612	(2,802)	(3,965)
Yukon	29	5	51	48	12
Northwest Territories (preceding the creation of Nunavut)	(26)
Northwest Territories	...	(64)	94	67	(56)
Nunavut	...	13	11	(1)	(77)
Total	(10,276)	2,135	12,780	(8,599)	(6,255)
<u>Local governments</u>					
Newfoundland and Labrador	15	29	6	5	32
Prince Edward Island	4	(0)	4	(1)	(1)
Nova Scotia	3	(21)	23	(22)	(62)
New Brunswick	(14)	(16)	(21)	(29)	(37)
Quebec	(601)	228	340	11	(206)
Ontario	858	1,166	(212)	385	426
Manitoba	(54)	93	83	16	25
Saskatchewan	(64)	11	23	24	75
Alberta	289	462	566	663	703
British Columbia	(234)	1,569	(142)	(164)	(223)
Yukon	(5)	8	(3)	(2)	(7)
Northwest Territories (preceding the creation of Nunavut)	1
Northwest Territories	...	(11)	5	2	(12)
Nunavut	...	1	(8)	1	(1)
Total	198	3,517	664	890	712
<u>Social security schemes</u>					
Canada Pension Plan	(1,205)	1,712	5,494	6,156	6,319
Québec Pension Plan	(705)	(207)	674	969	1,274
Total	(1,910)	1,505	6,167	7,125	7,593
Total surplus (deficit)	(45,199)	14,156	28,822	6,760	8,333

^p preliminary

... not applicable.

Chart 1
Federal government net debt

Billions of dollars

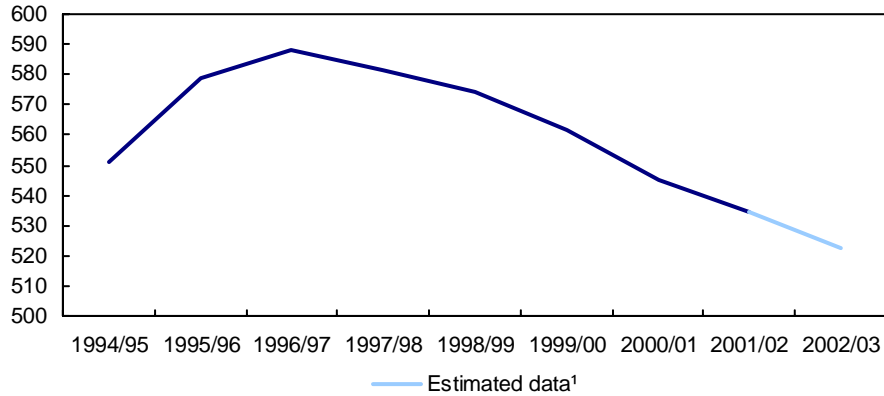


Chart 2
Provincial and territorial governments net debt, Canada

Billions of dollars

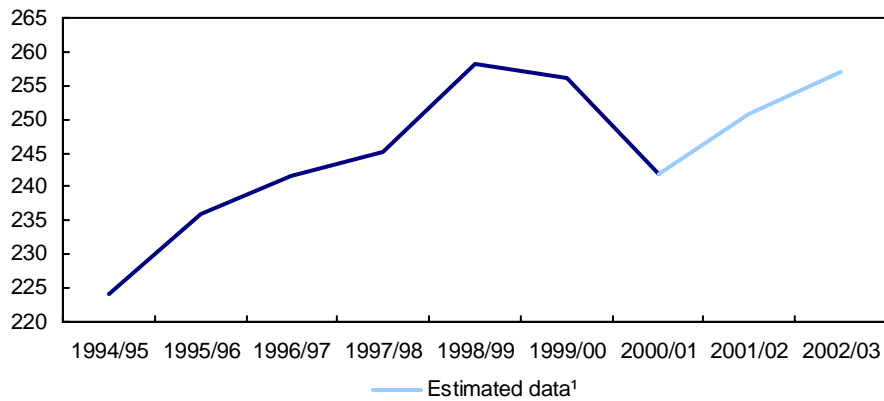
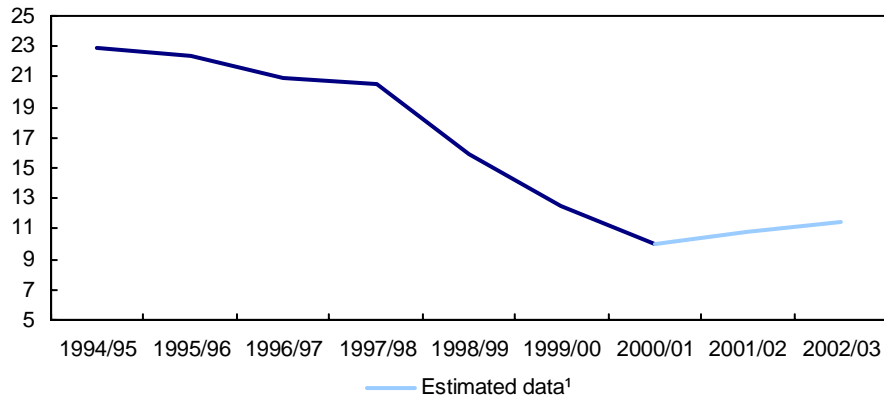


Chart 3
Local governments net debt, Canada

Billions of dollars



1. Net debt estimated data are derived from the quarterly financial flows estimates of the national accounts.

Governments with a financial surplus¹

Fiscal years	1995/96	1999/00	2000/01	2001/02	2002/03
<u>Federal government</u>					
Number	0	1	1	1	1
Value of the surplus (billions of \$)	0.0	7.0	9.2	7.3	6.3
<u>Provincial and territorial governments</u>					
Number	5	6	10	2	4
Value of the surpluses (billions of \$)	1.2	4.1	13.1	0.1	1.6
<u>Local governments</u>					
Number	6	9	8	8	5
Value of the surpluses (billions of \$)	0.5	3.6	1.0	1.1	1.3
<u>Canada Pension Plan (CPP)</u>					
Number	0	1	1	1	1
Value of the surplus (billions of \$)	0.0	1.7	5.5	6.2	6.3
<u>Quebec Pension Plan (QPP)</u>					
Number	0	0	1	1	1
Value of the surplus (billions of \$)	0.0	0.0	0.7	1.0	1.3
<hr/>					
Value of all surpluses (billions of \$)	1.7	16.4	29.5	15.7	16.7
Value of all deficits (billions of \$)	(55.6)	(2.2)	(0.7)	(8.9)	(8.4)
Total government surplus (deficit) in Canada (billions of \$)	(53.8)	14.2	28.8	6.8	8.3
Total number of governments with a surplus	11	16	20	12	11
Percentage of governments with a surplus	41%	55%	69%	41%	38%
<hr/>					
Number of governments including CPP and QPP	27	29	29	29	29

¹ As of 1999/00, there were 29 governments of which 1 federal, 13 provincial and territorial, 13 local plus the Canada and Quebec Pension plans. The difference with previous years is due to the creation of Nunavut, which increased the number of governments at both the territorial and local levels.

FMS functional expenditure definitions

Additional information relating to the definitions contained in this document is available in catalogue 68F0023XIB, *Financial Management System 2002*. This manual can also be [downloaded](#) free of charge from the Statistics Canada Internet web site.

- 6.17 The Financial Management System classifies government expenditures by function. There are 17 functions and 73 sub-functions to which expenditures are allocated in the FMS (see Annex III). An expenditure function is defined as a classification that identifies the principal purpose for which an expenditure is made rather than the activity involved. The following examples illustrate this definition:
- (a) Expenditures on the transport of pupils to and from school are classified as "Education" and not "Transportation"; because the main purpose of the expenditures are to permit pupils to receive educational services.
 - (b) In general, government transfers to universities are of two kinds: transfers for operating and capital expenditures and transfers for research. In the first case, transfers for operations and capital formation are classified to "Education" because the principal purpose of the transfers are to enable universities to provide educational services. In the second case, transfers for research are classified according to the purpose for which research and investigation are made. If the research grants are used by university researchers to improve existing or develop new hospital equipment, the transfer payments are classified to "Health" and not "Education." On the other hand, if the research is devoted to improve methods of instruction, the transfer payments are classified to "Education."
- 6.18 **General government services** – This classification comprises of three sub-functions. They are:
- (a) Executive and Legislature
 - (b) General Administration
 - (c) Other General Government Services
- Prior to the 1997 Historical Revision, the government contributions as an employer to employee pension plans were classified to the sub-function "Contributions to Pension Plans not Operated by Government and Payments under Government Operated Pension Plans." Because they are now assigned to the function to which they relate, this sub-function was deleted.
- 6.19 **Protection of persons and property** – Includes outlays for services provided to ensure the security of persons and property. Protection extends beyond safeguard from external aggression and criminal action; it includes measures to protect the individual from negligence and abuse, and activities to ensure the orderly transaction of affairs of the community. The category is broken down into the following seven sub-functions:
- (a) National Defence
 - (b) Courts of Law
 - (c) Correction and Rehabilitation Services
 - (d) Policing
 - (e) Firefighting
 - (f) Regulatory Measures
 - (g) Other Protection of Persons and Property
- 6.20 **Transportation and communications** – This category is divided into seven sub-functions which cover outlays for all phases of the acquisition, construction, operation and maintenance of the relevant transportation and communications facilities and equipment as well as expenditures pertaining to related engineering and technical surveys. This function now includes the government transfers to own business enterprises engaged in the transportation activities, especially public transit and railway services which were previously included in the ex-function "Transfers to Own Enterprises." With the establishment of the Canada Post Corporation in 1981 and the inclusion of the Corporation into the government business enterprises universe of the public sector, the operations of the postal services ceased to be classified as government expenditures in the Financial Management System. Consequently, the sub-function "Postal Services" was deleted. In addition to these general outlays, each sub-function accounts for particular expenditures as follows:
- (a) Air Transport
 - (b) Road Transport
 - (c) Public Transit
 - (d) Rail Transport
 - (e) Water Transport
 - (f) Pipelines
 - (g) Telecommunications
 - (h) Other Transportation and Communications

6.21 **Health** – Includes expenditures made to ensure that necessary health services are available to all citizens. Residential care facilities and other health and social services institutions providing medical care and professional nursing supervision are considered as institutions providing health services while those providing room and board with no or limited medical care and nursing supervision are considered as institutions providing social services (see also paragraph 6.22). Also included are expenditures of hospitals' ancillary enterprises, i.e., entities that exist to provide goods and services to patients, staff and others (food services, parking, etc.). This function is composed of four sub-functions.

- (a) Hospital Care
- (b) Medical Care
- (c) Preventive Care
- (d) Other Health Services

6.22 **Social services** – Covers actions taken by a government, either alone or in co-operation with the citizenry, to offset or to forestall situations where the well-being of individuals or families is threatened by circumstances beyond their control. It goes beyond the concept of welfare which covers assistance (transfers) and services to individuals who are so disadvantaged that the universal social security services are inadequate to provide for their well-being or who fail to qualify for support from those services. The function comprises the following six sub-functions:

- (a) Social Assistance
- (b) Workers' Compensation Benefits
- (c) Pension Plan Benefits and Other Expenditures
- (d) Veterans Benefits
- (e) Motor Vehicle Accident Compensations
- (f) Other Social Services

Examples of services mentioned above include the operations of specialized institutions (i.e., residential care facilities) that provide lodging and board to elderly persons, children and families; provision of legal aid; home care services; transport services; services and goods provided to elderly, disabled and survivors to enable them to participate in leisure and cultural and social activities; counseling services; nursery and daycare services; essential goods such as food, clothing, fuel, etc.; rehabilitation services (for alcohol, drug, etc.) and other similar services.

6.23 **Education** – Includes the costs of developing, improving and operating educational systems and the provision of specific education services. Also included are expenditures of colleges and universities' ancillary enterprises, i.e., entities providing goods and services to students, staff and others (bookstores, food services, residences, parking). It is sub-divided into the following four sub-functions:

- (a) Elementary and Secondary Education
- (b) Post-secondary Education
- (c) Special Retraining Services
- (d) Other Education

6.24 **Resource conservation and industrial development** – This function includes a wide array of services related to the conservation and development of natural resources and the development and promotion of industries. This function has nine sub-functions:

- (a) Agriculture
- (b) Fish and Game
- (c) Oil and Gas
- (d) Forestry
- (e) Mining
- (f) Water Power
- (g) Tourism Promotion
- (h) Trade and Industry
- (i) Other Resource Conservation and Industrial Development

6.25 **Environment** – While certain components of this function are similar to some sub-functions of "Protection of Persons and Property" and others with sub-function of "Health," they are grouped in this function through their common aim of ensuring the most favorable environment for people and of minimizing the deleterious effects of modern living on that environment. There are four sub-functions:

- (a) Water Purification and Supply, Sewage Collection and Disposal
- (b) Garbage and Waste Collection and Disposal
- (c) Pollution Control
- (d) Other Environmental Services

- 6.26 **Recreation and culture** – The purpose of this function is to portray government participation in the field of leisure either through developing, improving or operating leisure facilities or through assistance payments to individuals and private organizations engaged in promoting leisure activities. The principal sub-functions are "Recreation," and "Culture." These sub-functions, however, are not mutually exclusive; frequently a given set of installations serves both recreation and culture ends. In such cases expenditures are allocated to the sub-function relating to major or predominant use made of the installations. The particular sub-functions are as follows:
- (a) Recreation
 - (b) Culture
 - (c) Broadcasting
 - (d) Other Recreation and Culture
- 6.27 **Labour, employment and immigration** – This function includes outlays related to the development and promotion of labour relations and fair employment conditions, as well as to various immigration programs. The function has three sub-functions:
- (a) Labour and Employment
 - (b) Immigration
 - (c) Other Labour, Employment and Immigration
- 6.28 **Housing** – This function now includes all government outlays on housing with the exception of transfers to individuals made to help alleviate their current rental cost (rent supplement) which are allocated to the sub-function "Social Assistance" (see paragraph 6.22 above). It also covers the expenditures of CMHC (which for its housing operations is considered to be a special fund of the federal government) and provincial housing authorities which, prior to the 1997 Historical Revision, were classified as government business enterprises. The function "Housing" has three sub-functions:
- (a) Housing Operations
 - (b) Housing Assistance
 - (c) Other Housing
- 6.29 **Foreign affairs and international assistance** – Provides for expenditures pertaining to the formal relations of Canada with other sovereign states. It accounts for contributions made to foster economic development and to improve social conditions in foreign lands, e.g., the expenditures of the Canadian International Development Agency. Expenditures on trade or immigration promotion abroad and cultural exchange with foreign countries are respectively classified under "Trade and Industry," "Immigration" and "Culture."
- 6.30 **Regional planning and development** – Covers expenditures related to community and region development affairs and services. There are three sub-functions under this function:
- (a) Planning and Zoning
 - (b) Community and Regional Development
 - (c) Other Regional Planning and Development
- 6.31 **Research establishments** – This function provides for expenditures pertaining to organizations like the National Research Council of Canada and certain provincial research establishments whose prime purpose is pure or applied scientific research and the promotion of developments resulting from such activities. Also included are grants to individuals and non-government establishments engaged in similar types of research as well as refundable tax credits for research and development. It does not cover the expenditures of the Medical Research Council which is allocated to the function "Health."
- 6.32 **General purpose transfers to other government sub-sectors** – As in the case of revenue, intergovernment transfers are classified and specified by level of government sub-sectors. The main federal general purpose transfers paid are described in Paragraph 6.15. Transfers paid in lieu of property taxes, which prior to the 1997 Historical Revision, were reported under this caption, are now functionalized. Also included in this function are the Canada Health and Social Transfer (CHST) which has replaced the EPF and CAP transfers previously classified as specific purpose transfers and Quebec's transfer to the federal government of the proceeds of the 3.0 personal income tax points granted to Quebec under the old Youth Allowances Program. Specific purpose transfers are not included here. Because they are made on the condition that the recipient carries out specific programs, they are included in the related expenditures function.
- 6.33 **Debt charges** – This category is sub-divided into "Interest" and "Other Debt Charges." It excludes debt retirement as well as realized and unrealized gains and losses on foreign exchange which are now classified as part of the Financing Account, and not considered as expenditures.
- (a) Interest
 - (b) Other Debt Charges
- 6.34 **Other expenditures** – This category provides for expenditures which cannot be allocated to any of the other functions. It is occasionally used in the estimate cycles to include contingency reserves which are there mainly to handle unforeseen changes in the economy. It also includes the balancing adjustments as a result of consolidating components of the public sector. See paragraph 8.05 for details on these consolidation balancing adjustments.

Provincial and territorial tax rates as of January 1, 2003

	Newfound- land and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba
Personal income tax¹							
<i>Low income rate (%)</i>	10.57	9.8	9.77	9.68	13.4	6.05	10.9
<i>Middle income rate (%)</i>	16.16	13.8	14.95	14.82	16.7	9.15	14.9
<i>High income rate (%)</i>	18.02	16.7	16.67	16.52/17.84	20	11.16	17.4
<i>High income surtax (%)</i>	9	10	10	-	-	20/36	-
<i>Basic personal amount (\$)</i>	7,410	7,412	7,231	7,756	9,020 ²	7,817	7,412
<i>Indexation (year)</i>	-	-	-	2001	2003	2001	- ⁷
Corporate income tax							
<i>General rate (%)</i>	14	16	16	13.0	8.9-16.25	11-12.5	16.0
<i>Small business rate (%)</i>	5	7.5	5	3	9	5.5	5
Sales tax							
<i>(%)</i>	8	10	8	8	7.5	8	7
Gasoline tax^{3,4}							
<i>(¢/litre)</i>	16.5	14.0	15.5	14.5	15.2 ⁵	14.7	11.5
Tobacco tax⁴							
<i>(¢/cigarette)</i>	13.50	11.45	10.52 ⁸	11.75	9.05	8.60	14.50
Capital tax							
<i>General/banks (%)</i>	0/4	0/3	0.25/3	0.3/3	0.6/1.2	0.3/0.6-0.9	0.3-0.5/3
Payroll tax							
<i>(%)</i>	2	-	-	-	2.70-4.26	1.95	2.15
Health premiums							
<i>singles/families (\$/month)</i>	-	-	-	-	-	-	-
Insurance premiums⁶							
<i>(%)</i>	4	3	3/4	2/3	2/3	2/3-3.5	2/3

¹ The tax rates have been adjusted to reflect the Quebec abatement and are Finance Canada estimates. However, several other idiosyncrasies of the Quebec personal income tax regime make comparisons to other provinces difficult.

² Composed of a basic personal/spousal amount of \$6,150 and a flat amount of \$2,870 replacing various tax deductions and credits.

³ Gasoline tax for motor vehicles.

⁴ Does not include federal and provincial sales tax, where applicable.

⁵ For Quebec, an additional 1.5 ¢/litre is imposed on the greater Montreal area to finance urban transit. For British Columbia, an additional 4 ¢/litre is imposed on the greater Vancouver area (urban transit tax), along with an additional 2.5 ¢/litre in Victoria.

⁶ The lower rate applies to life, sickness and accident insurance.

⁷ Reviewed annually and announced in the budget.

⁸ The Nova Scotia tobacco tax is increased to 13.02 ¢/cigarette, effective January 9, 2003.

⁹ Saskatchewan has an M & P rate of 10%.

Source: Finance Canada

Provincial and territorial tax rates as of January 1, 2003

	Saskat- chewan	Alberta	British Columbia	Yukon	Northwest Territories	Nunavut	Federal
Personal income tax¹							
Low income rate (%)	11.0	10	6.05	7.04	7.2	4.0	16
Middle income rate (%)	13.0	10	9.15	9.68	9.9	7.0	22
High income rate (%)	15.0	10	11.7/13.7/14.7	11.44/12.7	11.7/13.05	9.0/11.5	26/29
High income surtax (%)	-	-	-	5	-	-	-
Basic personal amount (\$)	8,000	13,525	8,168	7,634	11,050	10,000	7,756
Indexation (year)	2004	2002	2001	2001	-	2001	2000
Corporate income tax							
General rate (%)	17 ⁹	13.0	13.5	15	12	12	21-27
Small business rate (%)	6	4.5	4.5	6	4	4	12-21
Sales tax							
(%)	6	-	7.5	-	-	-	7
Gasoline tax^{3,4}							
(¢/litre)	15.0	9.0	11.0 ⁵	6.2	10.7	6.4	10.0
Tobacco tax⁴							
(¢/cigarette)	16.00	16.00	15.00	16.2	16.6	15.60	7.93
Capital tax							
General/banks (%)	0.6/0.7-3.25	-	0.3/1-3	-	-	-	0.23/1.15-1.4
Payroll tax							
(%)	-	-	-	-	1	1	-
Health premiums							
singles/families (\$/month)	-	44/88	36/72	-	-	-	-
Insurance premiums⁶							
(%)	3/4	2/3	2/3	2	3	3	-

¹ The tax rates have been adjusted to reflect the Quebec abatement and are Finance Canada estimates. However, several other idiosyncrasies of the Quebec personal income tax regime make comparisons to other provinces difficult.

² Composed of a basic personal/spousal amount of \$6,150 and a flat amount of \$2,870 replacing various tax deductions and credits.

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Source: Finance Canada