



Department of Finance
Canada

Ministère des Finances
Canada

2008–09



Your Tax Dollar

For the fiscal year ended March 31, 2009, Canada's federal government spent \$238.8 billion. That represents just under 15 per cent of our country's \$1.6-trillion economy.

Here's a quick overview of where that money went—and how it was raised.



Canada

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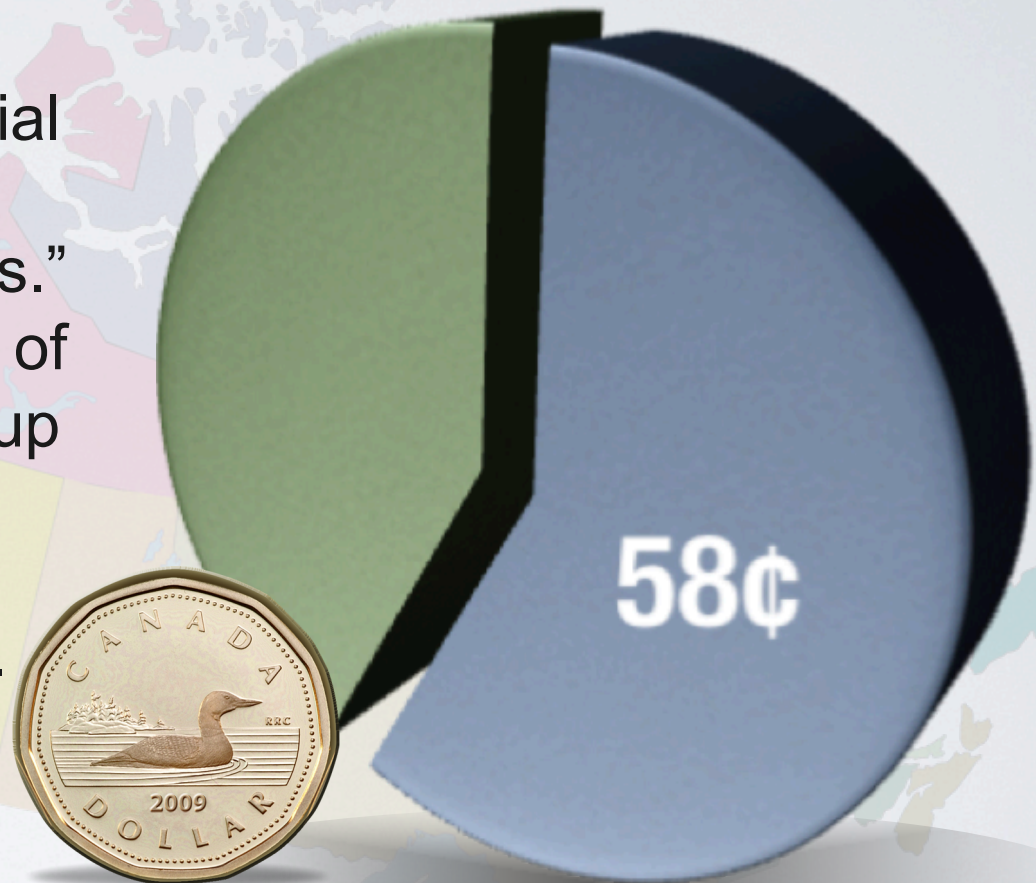
More about these numbers

The federal government calculates its financial results over a 12-month “fiscal year” that ends every March 31. This presentation is based on the Annual Financial Report of the Government of Canada for the most recent completed fiscal year, 2008–09.

Please note that numbers may not total 100 per cent due to rounding.

Transfer payments

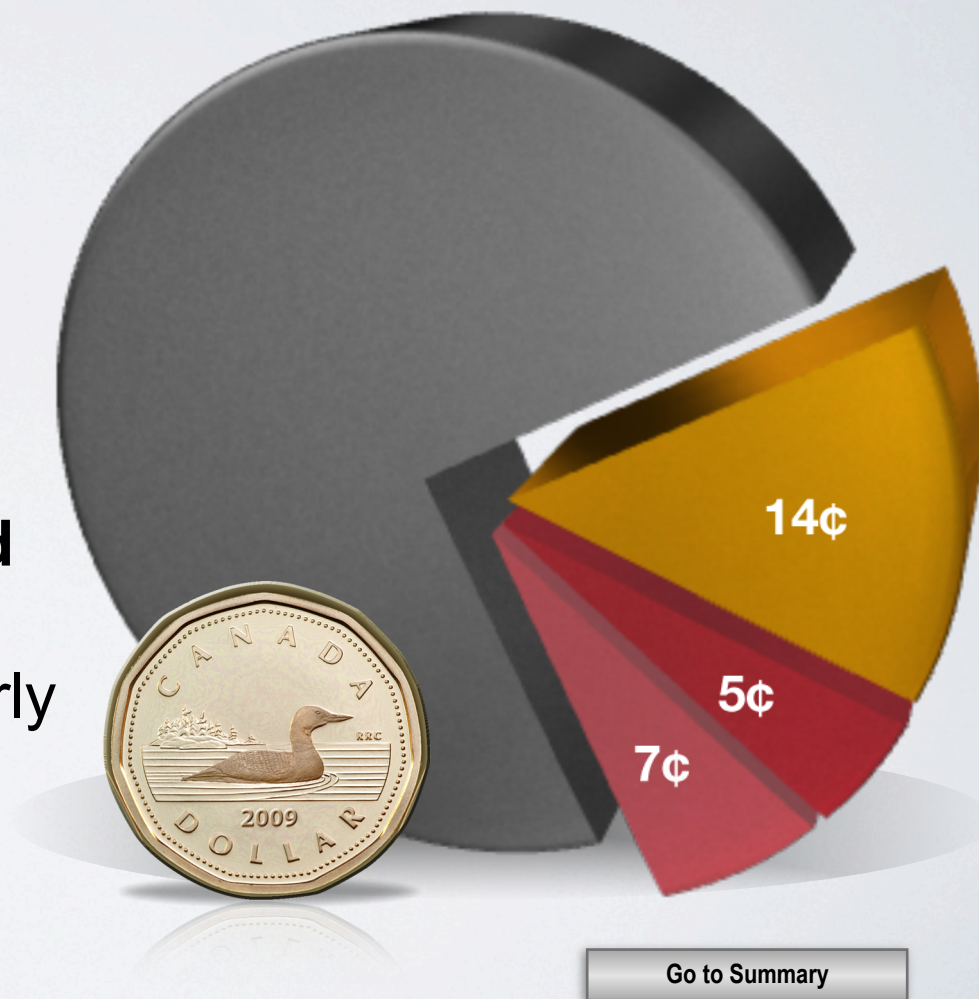
Payments that go directly to persons, to provincial and territorial governments, and to other organizations are called “transfers.” There are three major categories of transfers. Combined, they make up more than half of all federal spending — about **58 cents** of each dollar spent (\$138.3 billion).



Transfers to persons

The biggest transfer category was Major Transfers to Persons. These payments to people cost about **26 cents** of each dollar spent (\$61.6 billion).

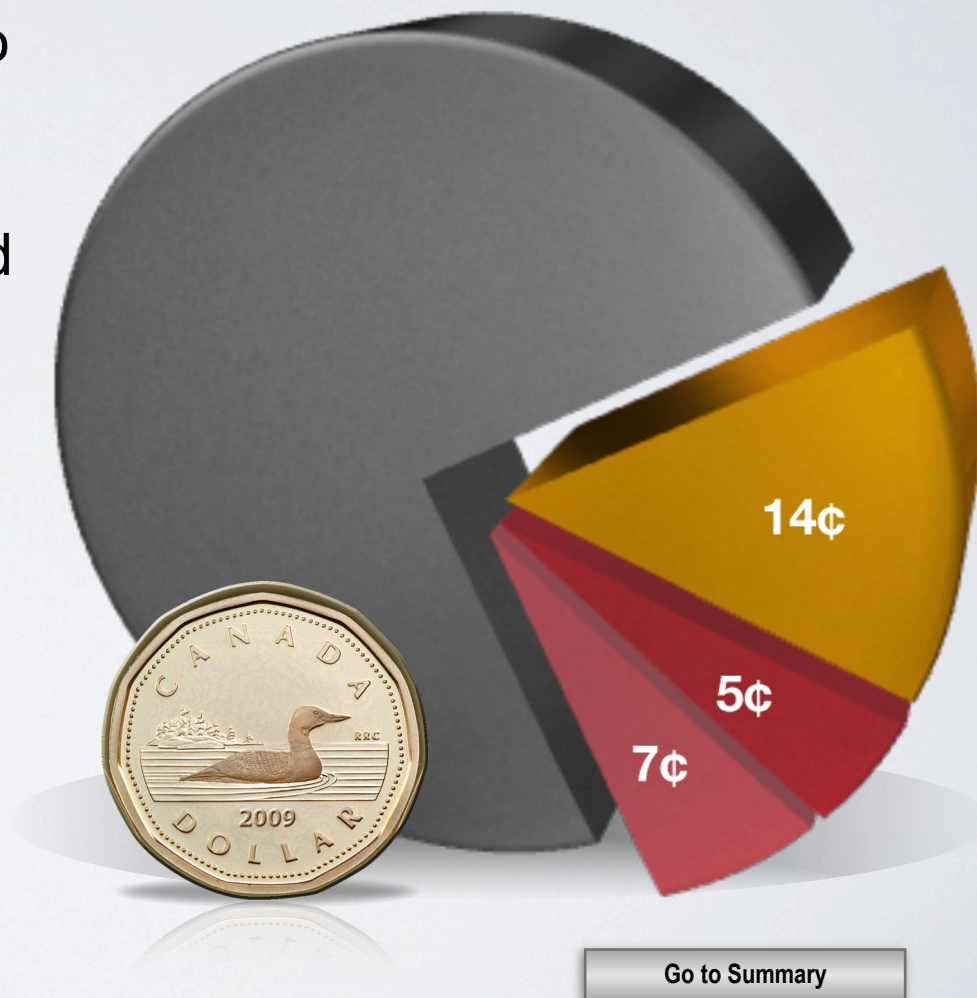
This included payments to eligible elderly Canadians through **Old Age Security** payments, the **Guaranteed Income Supplement** and the **Allowance for Spouses**. Total elderly benefits cost about \$33.4 billion, or **14 cents** of each dollar.



Transfers to persons

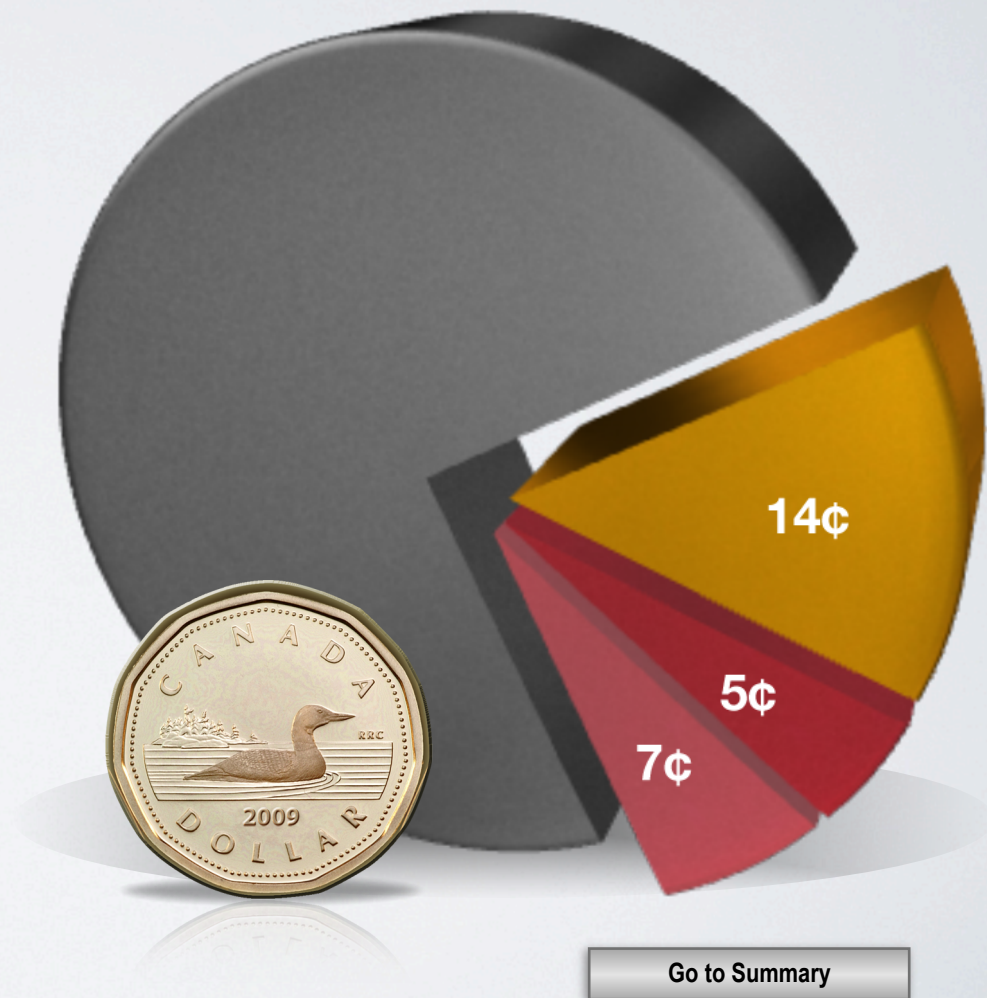
The other major transfer to people was **Employment Insurance** (EI) benefits to eligible unemployed workers (including for periods of unemployment due to sickness, pregnancy, parental leave and caring for gravely ill or dying family members).

And funding also went to programs that assist people to prepare for, find and maintain jobs. Altogether, EI payments cost almost **7 cents** of every dollar spent (\$16.3 billion). For information on EI premiums, see the section entitled “Where the money comes from.



Transfers to persons

"The federal government also provided \$11.9 billion in transfer payments to eligible families to help with the cost of raising children, through the **Canada Child Tax Benefit** and the **Universal Child Care Benefit**. These payments cost just under **5 cents** of every dollar spent.



Transfers to persons Families and children

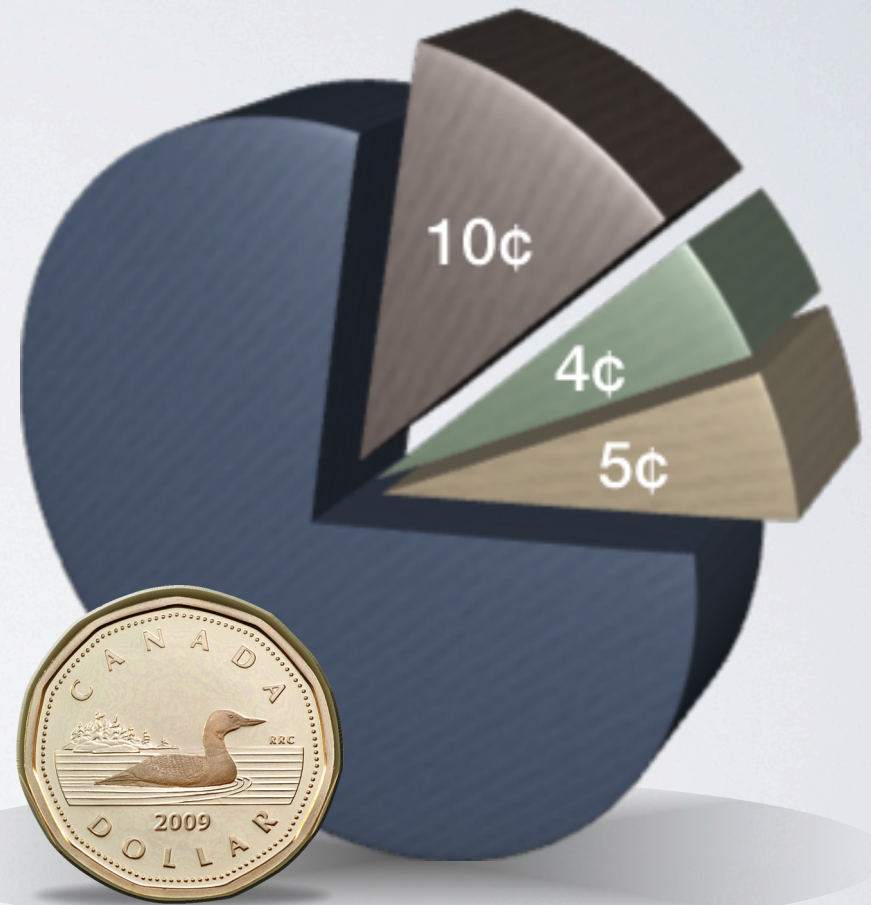
The federal government also provides assistance to low- and modest-income families—especially those with children—through the goods and services tax (GST) credit (\$3.6 billion). Since these payments are subtracted from (“netted against”) GST revenues, they are not included in the spending calculations presented to Parliament in each year’s federal budget.



Transfers to provincial and territorial governments

The second largest category of transfer payments was Major Transfers to Other Levels of Government. These payments—totalling about \$46.5 billion* last year—help provinces and territories pay for health care, post-secondary education and other programs for Canadians.

*Transfers to Quebec for the CHT/CST and Equalization are shown in the budget on the same basis as transfers to other provinces. However, since part of the Quebec transfer is made through lower federal taxes, or “abated,” this amount is subtracted from transfer for this presentation.

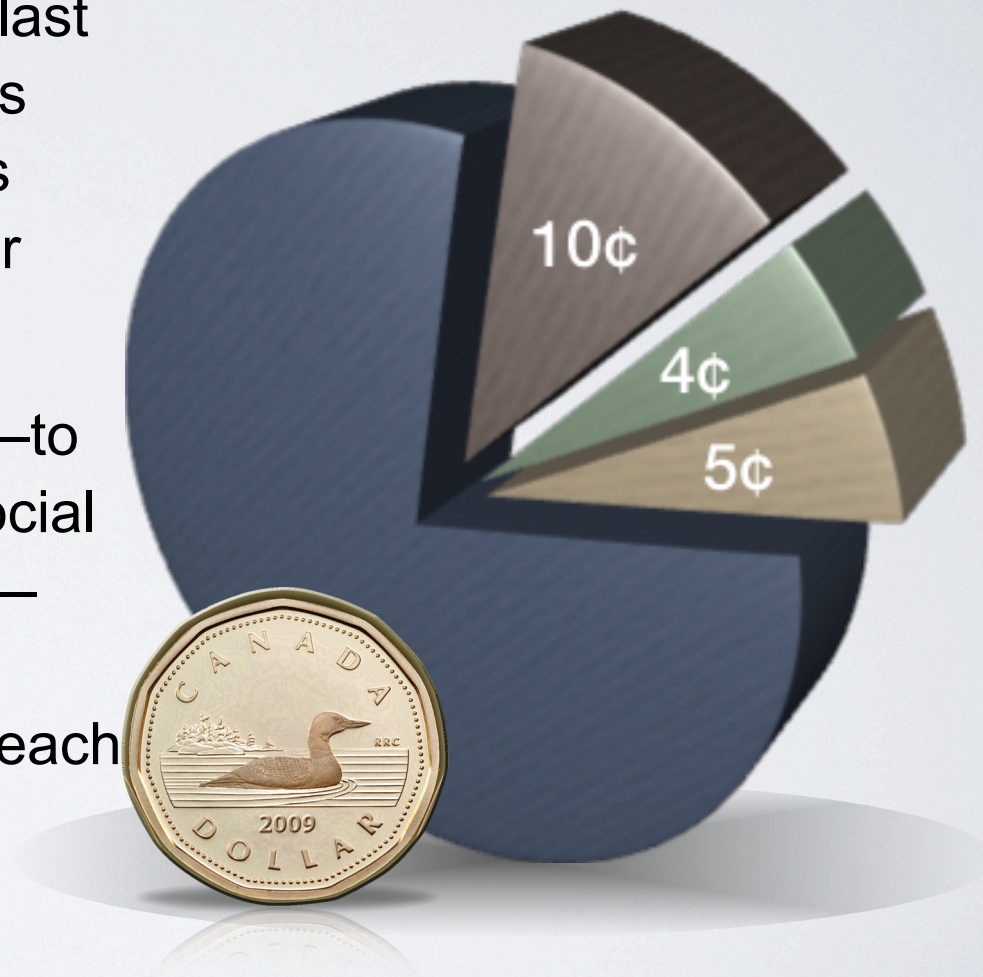


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Transfers to provincial and territorial governments

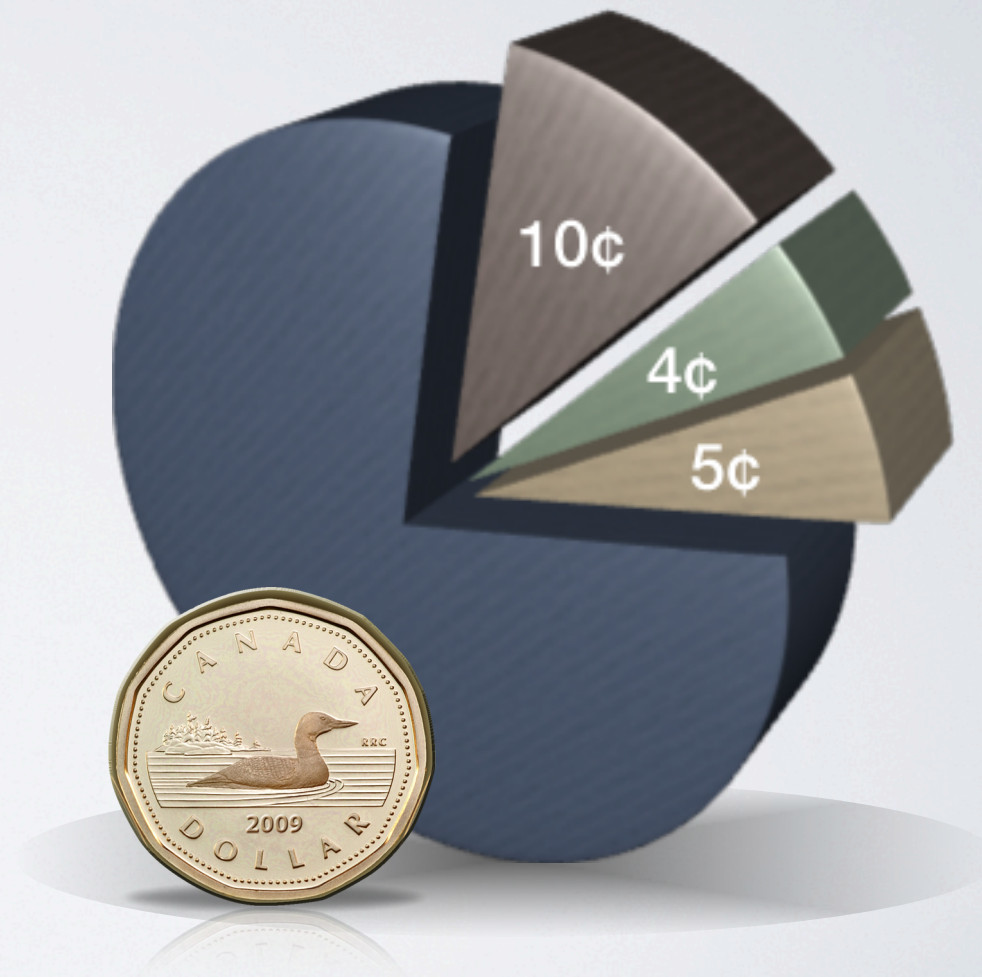
The **Canada Health Transfer** (CHT) last year provided provinces and territories with cash support for health programs equal to about **10 cents** of each dollar spent (\$22.8 billion).

The **Canada Social Transfer** (CST)—to support post-secondary education, social programs, and programs for children—gave provinces and territories cash funding representing over **4 cents** of each federal dollar spent (\$10.6 billion).



Transfers to provincial and territorial governments

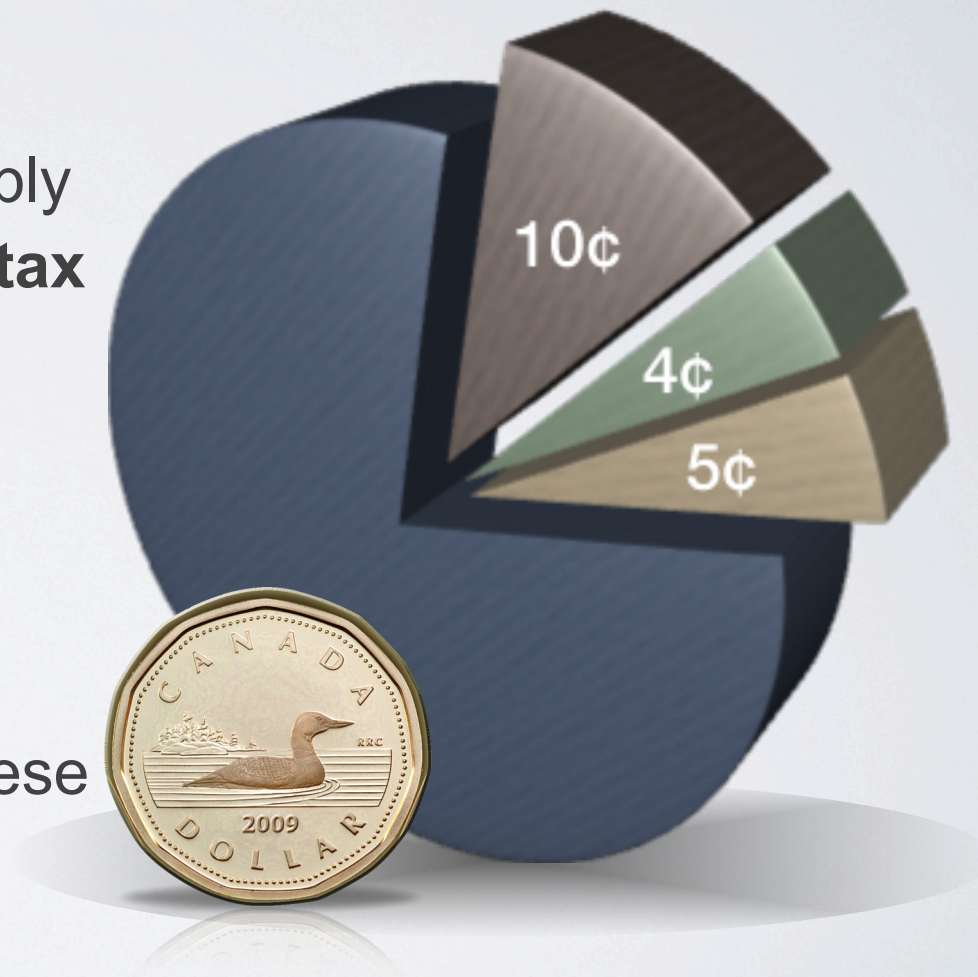
Further major transfers, including the **Equalization** and **Territorial Formula Financing** programs and the gas tax transfers to cities and communities, totalled **5 cents** of every dollar (\$13.2 billion). The Equalization and Territorial Formula Financing programs represent payments from Ottawa to less prosperous provinces, and to the three territories,



Transfers to provincial and territorial governments

to help them provide public services that are reasonably comparable to those in other provinces, at reasonably comparable levels of taxation. **Gas tax transfers** provide assistance to Canada's cities and communities for purposes of environmentally sustainable municipal infrastructure.

As a result of long-standing fiscal arrangements with the provinces, these total transfers exceed \$46.5 billion.



Transfers to provincial and territorial governments: **Health care**

Federal support for health care goes beyond cash payments under the Canada Health Transfer and the Equalization program.

For example, in 1977 the federal and provincial governments agreed to have provinces take over a share of federal taxes to supplement direct cash transfers. In 2008–09, these “tax points” added some \$21.7 billion to provincial finances for programs such as health care as well as post-secondary education and social assistance and social services.



Transfers to provincial and territorial governments: **Health care**

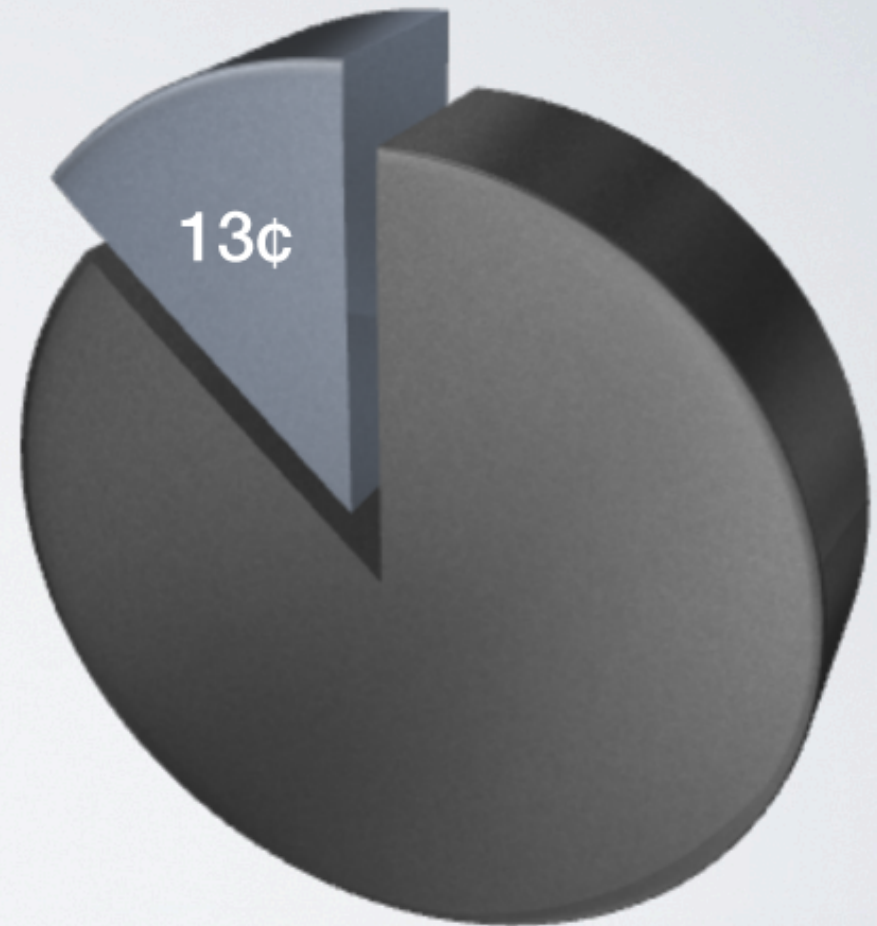
There is also health-related spending by the federal government itself, which contributed over \$6 billion last year.

This included funding for First Nations health services; health care for veterans; and programs for health protection, disease prevention, health information and health-related research.



Other organizations

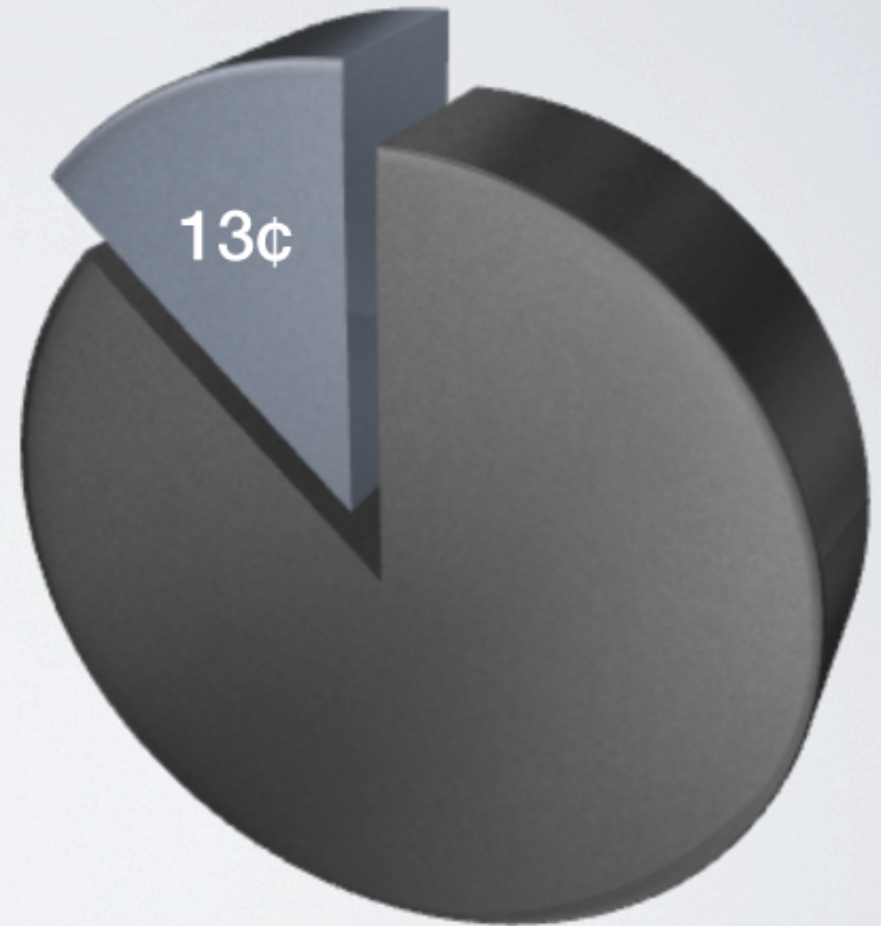
Other transfer programs by departments provide funds to individuals, governments and other organizations and groups. Last year, spending on these federal grants, contributions and subsidies added up to \$30.2 billion, or about **13 cents** of each dollar spent. This included: over **\$7.4 billion** in transfers for First Nations and Aboriginal peoples; about **\$1.8 billion** in assistance to farmers and other food producers; roughly **\$4.5 billion**



Other organizations

in foreign aid and other international assistance; and over **\$6.2 billion** in support for research and development, infrastructure, regional development and assistance to businesses.

Other funding went to student assistance programs, health research and promotion, the arts, amateur sports, and multiculturalism and bilingualism.

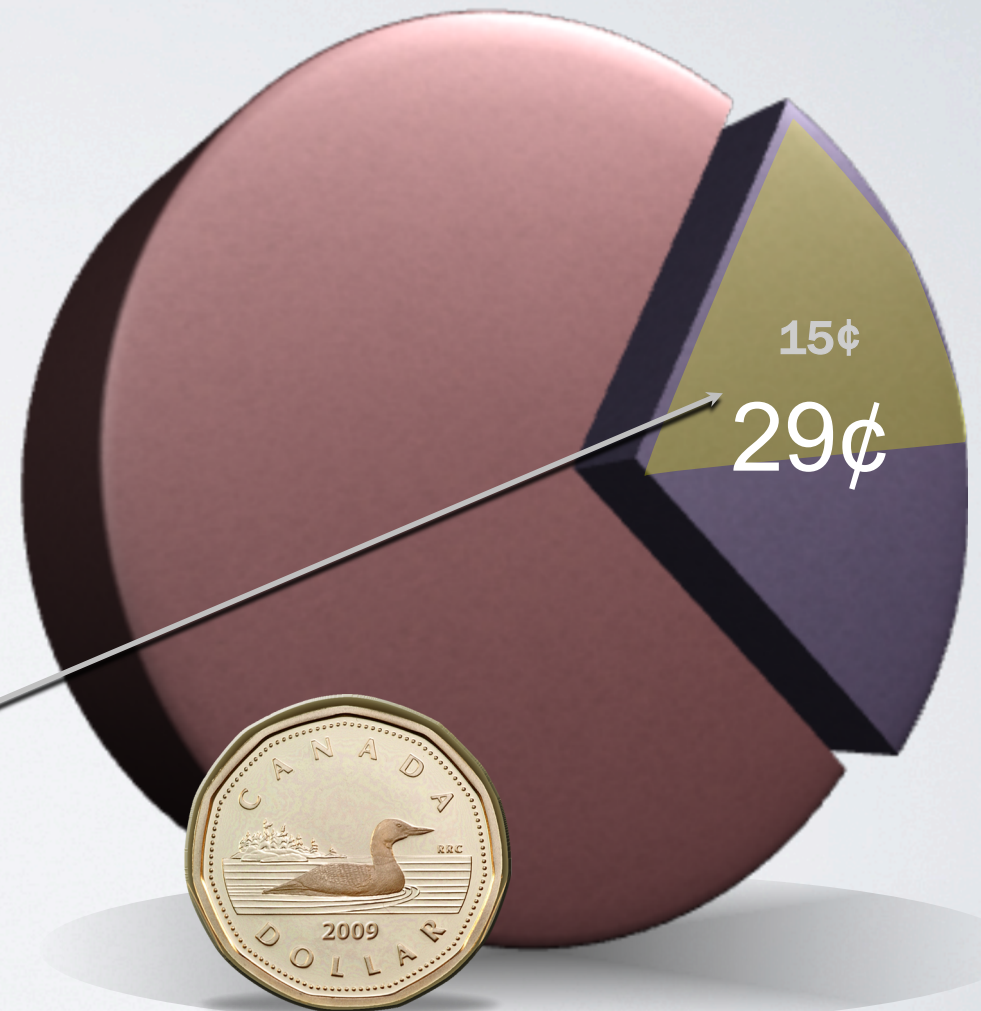


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Other program expenses

After transfers, the bulk of federal tax dollars went to cover the operating costs of government itself: the more than 130 departments, agencies, Crown corporations and other federal bodies that provide programs and services for Canadians.

A large share of this spending—close to **15 cents** of each dollar—went to just three organizations.

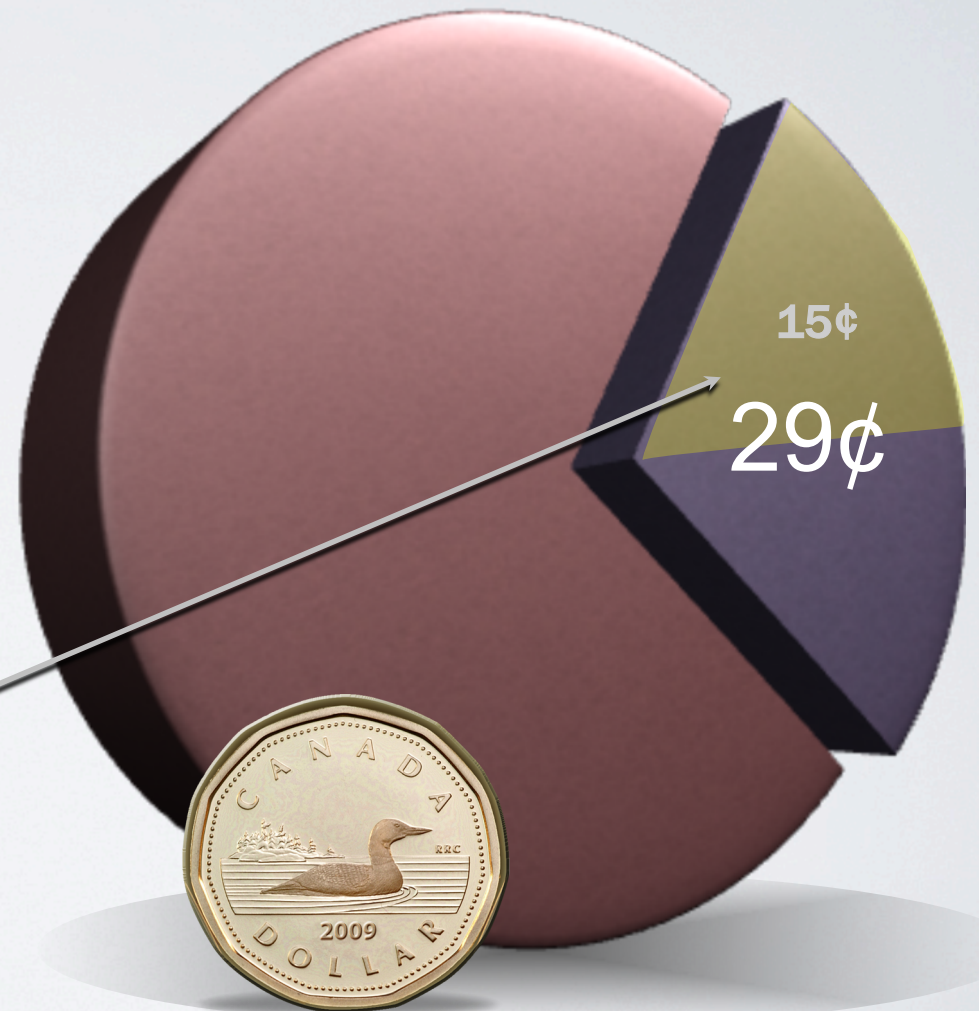


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Other program expenses

Last year, these operating costs (such as salaries and benefits, facilities and equipment, and supplies and travel) made up **29 cents** of each dollar spent (\$69.6 billion).

A large share of this spending—close to **15 cents** of each dollar—went to just three organizations.



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Defence

First, spending last year by National Defence on Canada's military forces made up **8 cents** of each dollar spent (\$18.8 billion).

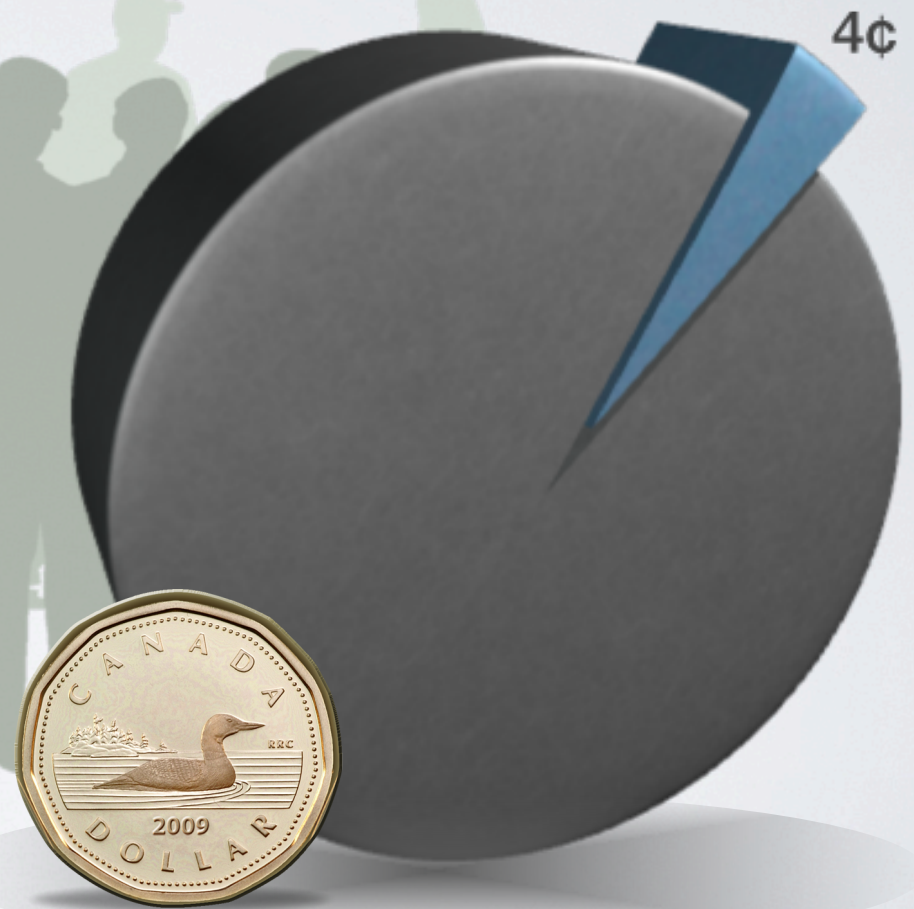


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Public safety

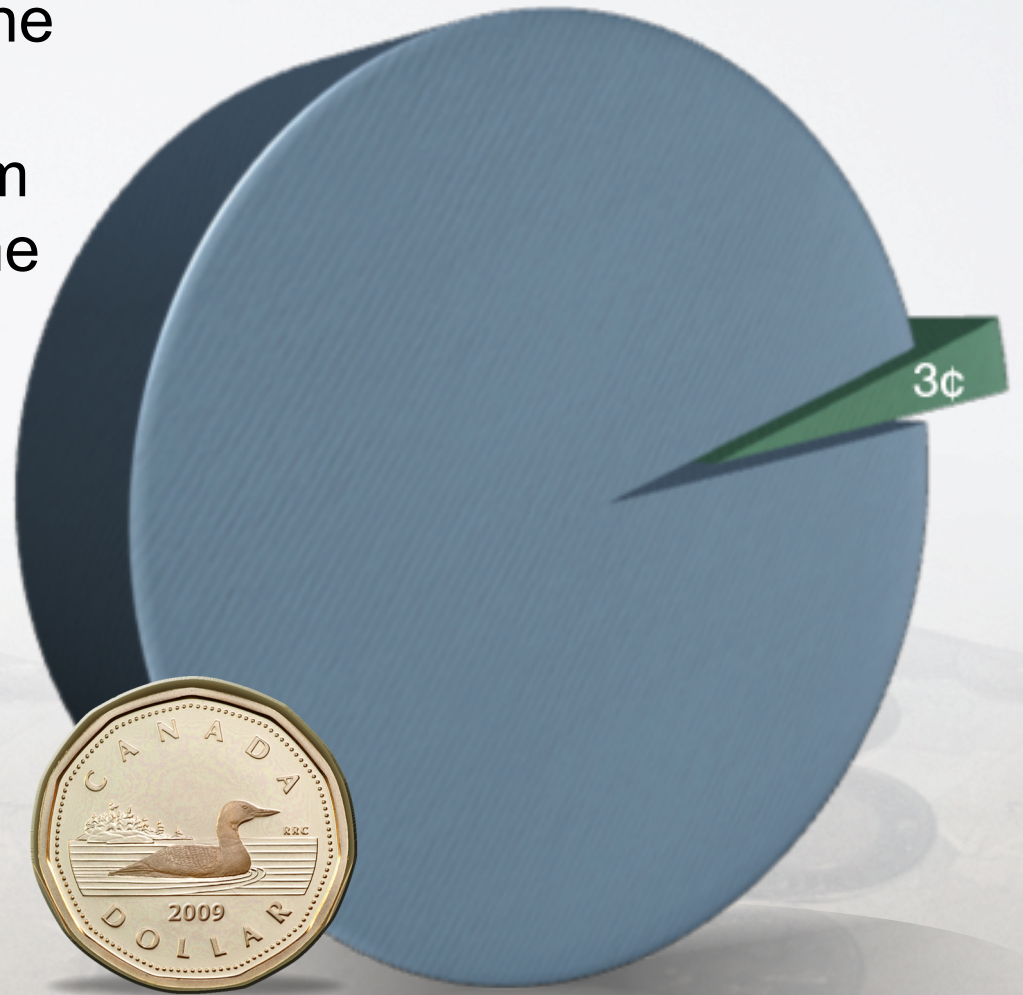
Next, operating costs of Public Safety and Emergency Preparedness represented close to **4 cents** of each dollar spent (\$8.9 billion).

This includes funding for the Royal Canadian Mounted Police, the federal prison system, and border traffic and security operations.



Canada Revenue Agency

And third, there was funding for the Canada Revenue Agency, which administers the federal tax system (and also collects personal income taxes for all provinces except Quebec). Its operations cost **3 cents** of each dollar spent (\$7.1 billion).



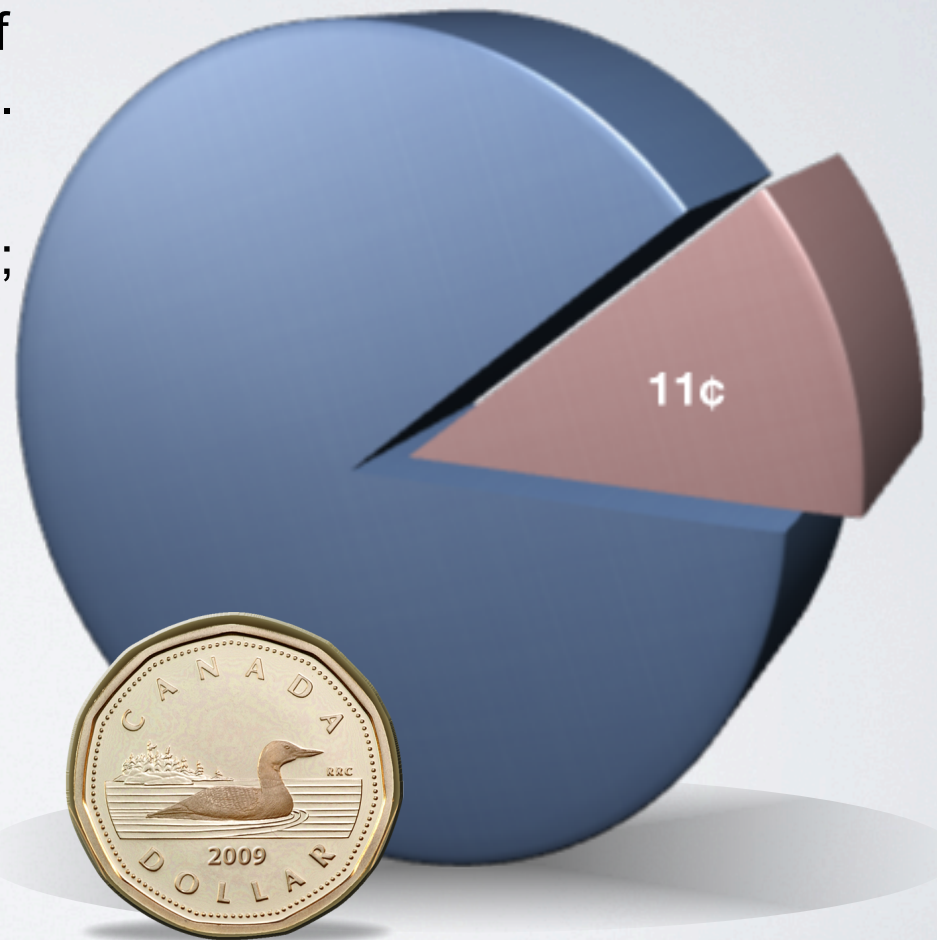
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Other operations

A further \$26.8 billion—roughly **11 cents** of each dollar—was spent on the operations of the other federal departments and agencies.

These included major departments such as: Environment; Fisheries and Oceans; Health; Human Resources and Skills; Industry; Justice; Natural Resources; Public Works; Transport; and Veterans Affairs.

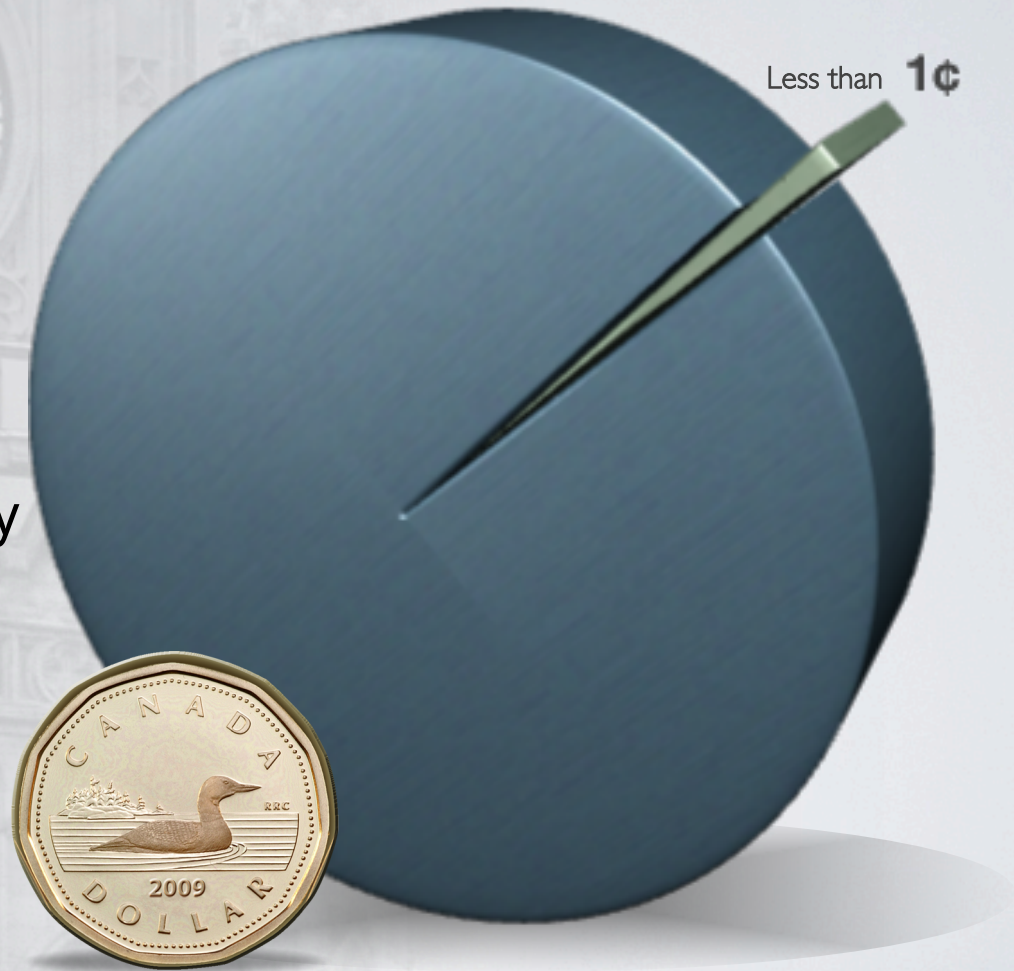
As well, funding went to federal agencies such as the Canadian Food Inspection Agency, Parks Canada and the Canadian International Development Agency.



Paying for Parliament

One of the smallest slices of federal operating spending goes to Parliament itself—the House of Commons, the Senate and the Library of Parliament.

Last year, the combination of salaries and benefits for Members of Parliament, Senators and parliamentary staff, and spending on facilities and services, totalled about \$547 million. That's less than **one-quarter of a cent** of every dollar spent.



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Crown corporations

The last portion of Other Program Expenses were those incurred by Crown corporations (organizations owned directly or indirectly by the Government). This cost \$8.1 billion, or a bit over **3 cents** of each dollar.

But the bulk of this spending was by just three organizations: the Canada Mortgage and Housing Corporation, which helps support home ownership and affordable housing, cost **\$2.2 billion**;

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Crown corporations

the Canadian Broadcasting Corporation cost **\$1.8 billion**; and Atomic Energy of Canada Limited cost **\$1.3 billion**.

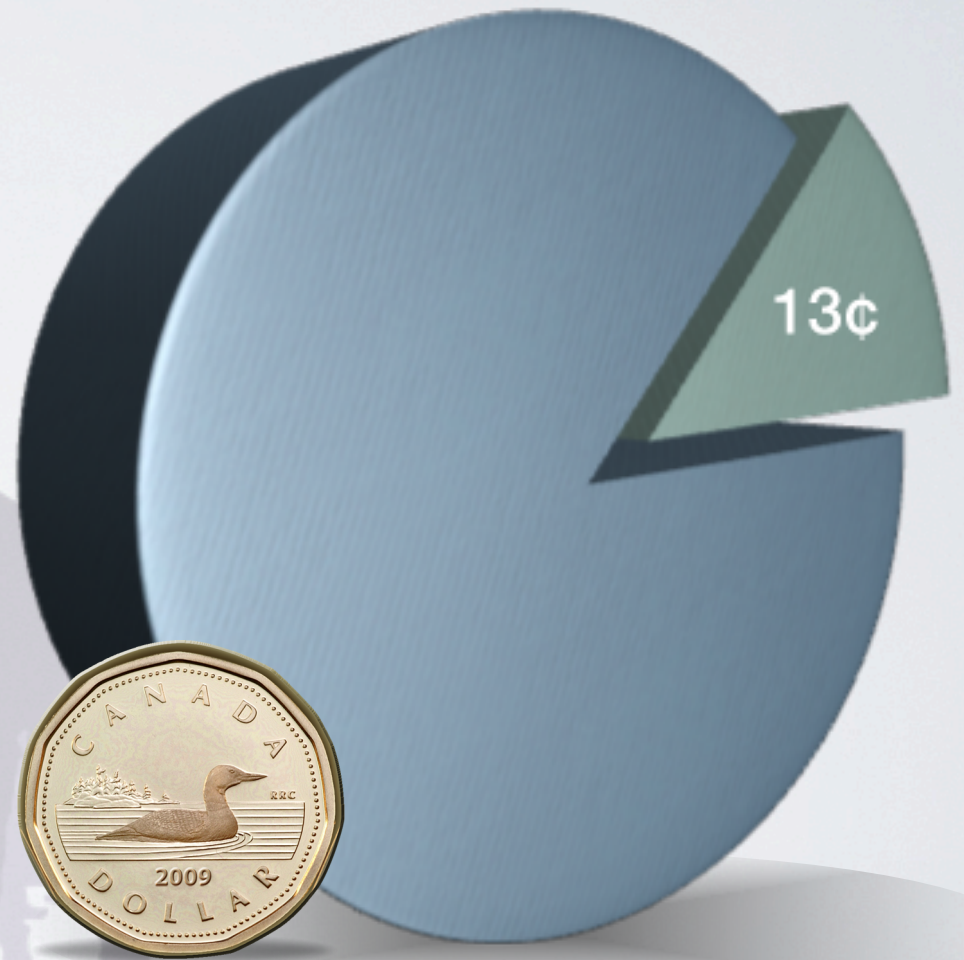
Funding was also provided to cultural organizations (including the National Gallery of Canada, the Canadian Museum of Civilization and the Canada Council for the Arts), to enterprises like VIA Rail, and to the Canadian Tourism Commission.



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Public debt charges

The final category of federal spending was interest charges on Canada's public debt (that is, money borrowed by the federal government over the years, which has not yet been repaid to the lenders). These payments—to institutions and people who hold federal bonds, Treasury bills and other forms of the debt—cost \$31.0 billion. That's nearly **13 cents** of every dollar spent.

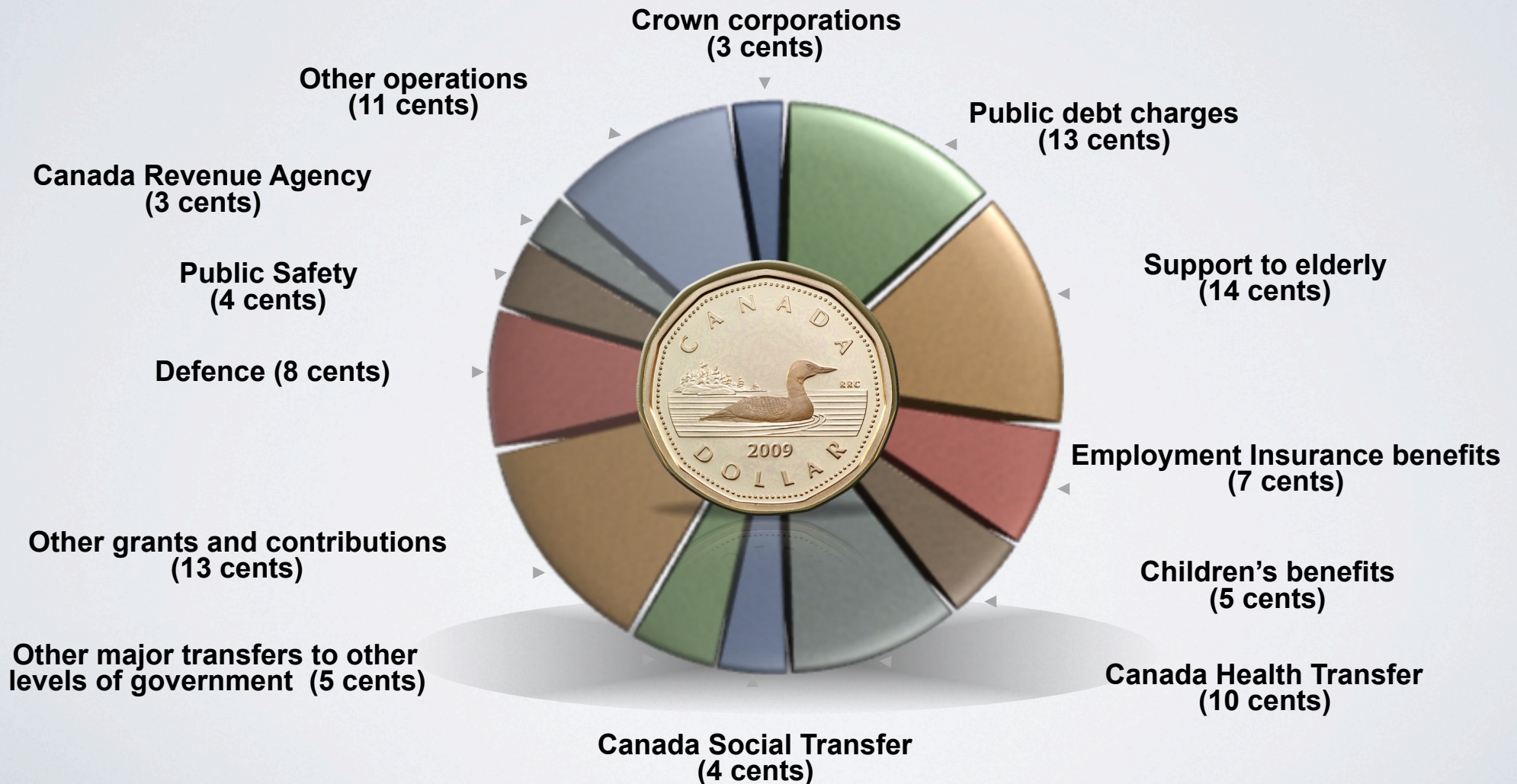


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Where your Tax Dollar goes – Summary

That's our brief summary of federal spending for 2008–09.

Click on colour segment for more information

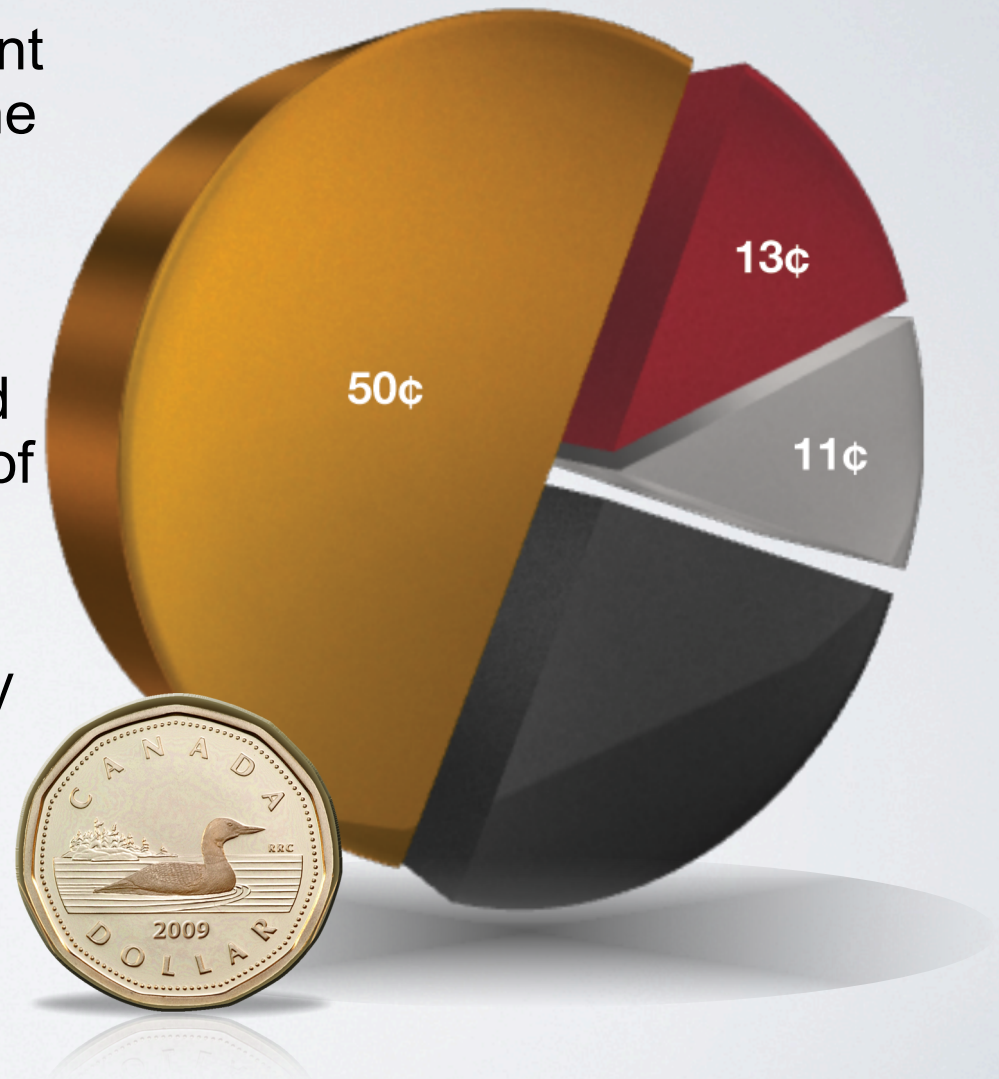


Where the money comes from

During 2008–09, the federal government recorded \$233.1 billion in revenues. The government's revenues came from a variety of taxes and other sources.

Personal income tax is the biggest revenue source. Last year, it generated \$116.0 billion. That's almost **50 cents** of every dollar collected.

Corporate income tax raised about \$29.5 billion, close to **13 cents** of every dollar collected. Revenues from the Goods and Services Tax totalled \$25.7 billion, or **11 cents** of every dollar collected.

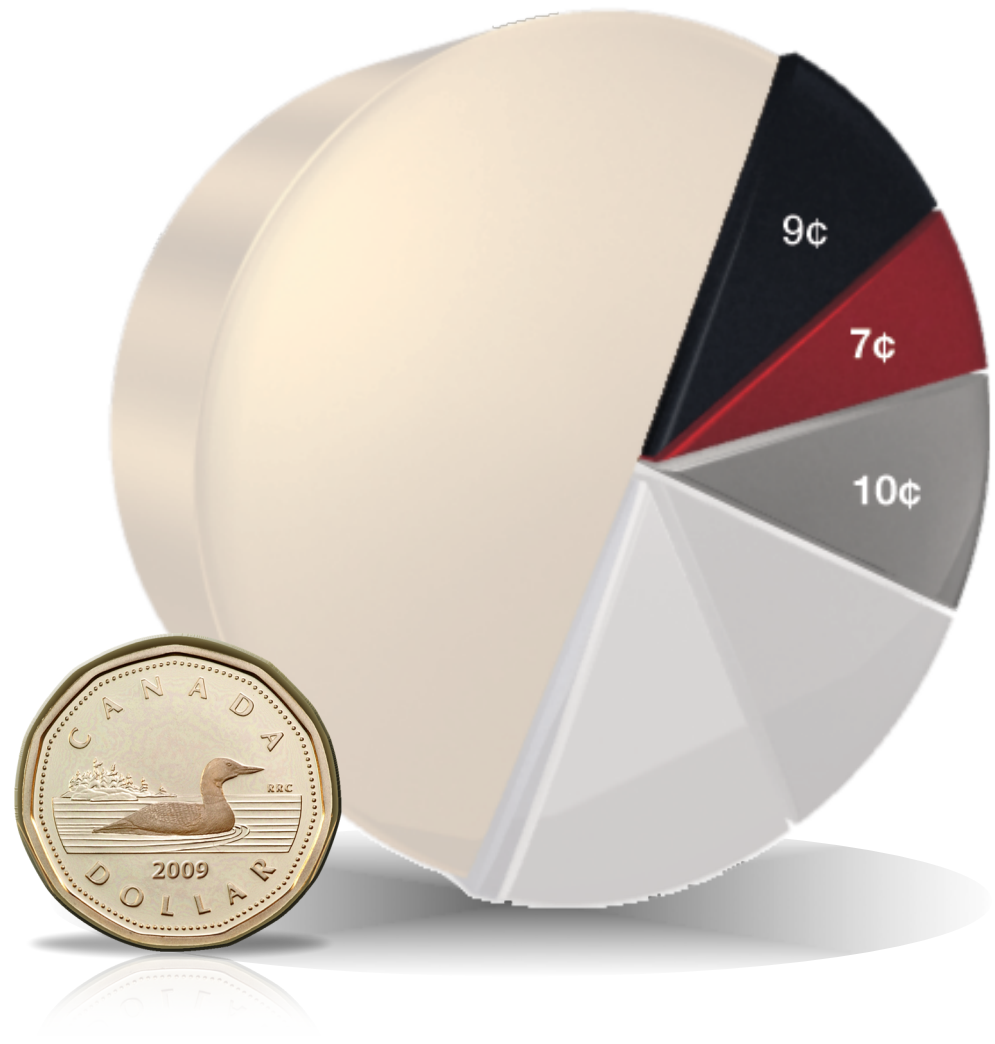


Where the money comes from

A number of other taxes—such as non-resident withholding taxes, customs import duties, energy taxes and excise taxes and duties on alcohol and tobacco—made up \$20.4 billion, or **9 cents** of every dollar collected.

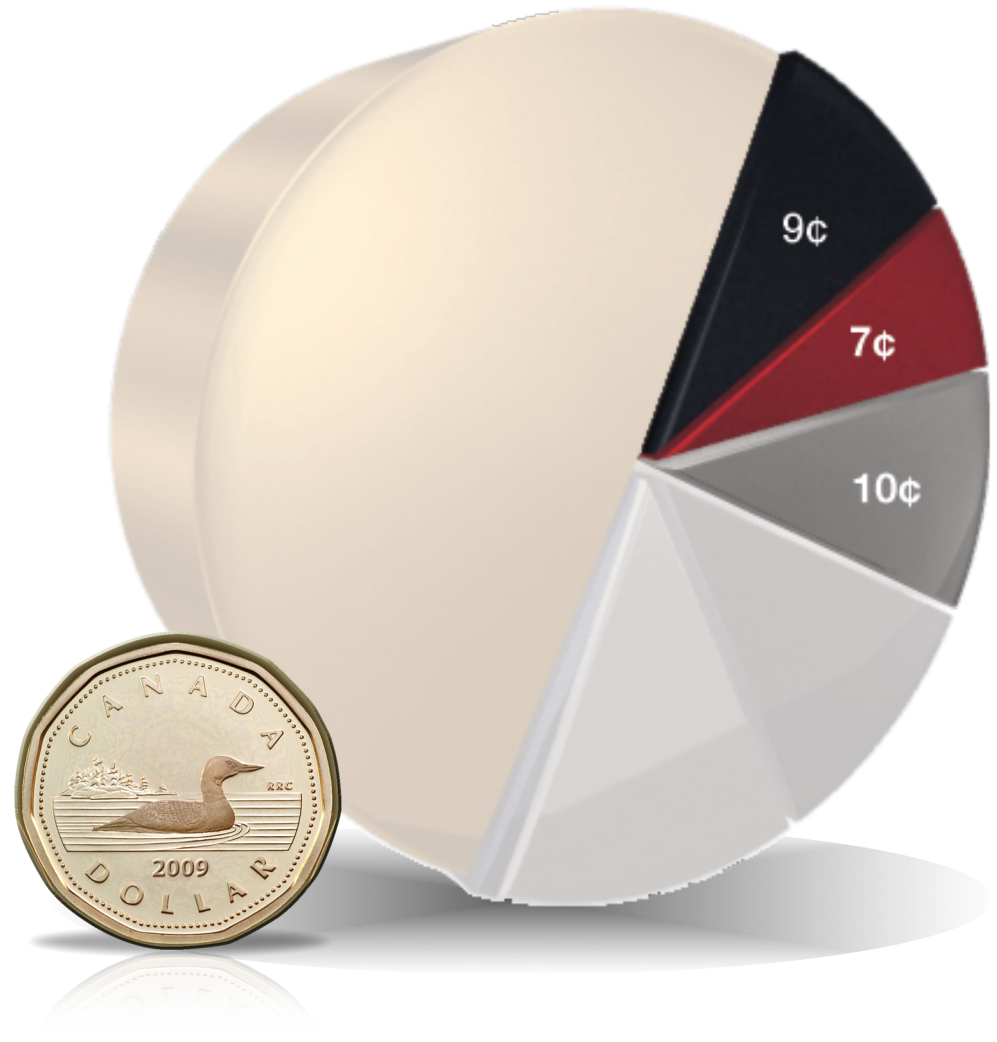
As well, Employment Insurance premiums contributed \$16.9 billion to federal revenues*, or just over **7 cents** of every dollar collected.

*To enhance the independence of premium rate setting and to ensure that EI premiums are used exclusively for the EI program, the Government is creating a new, independent Crown corporation, the Canada Employment Insurance Financing Board (CEIFB).

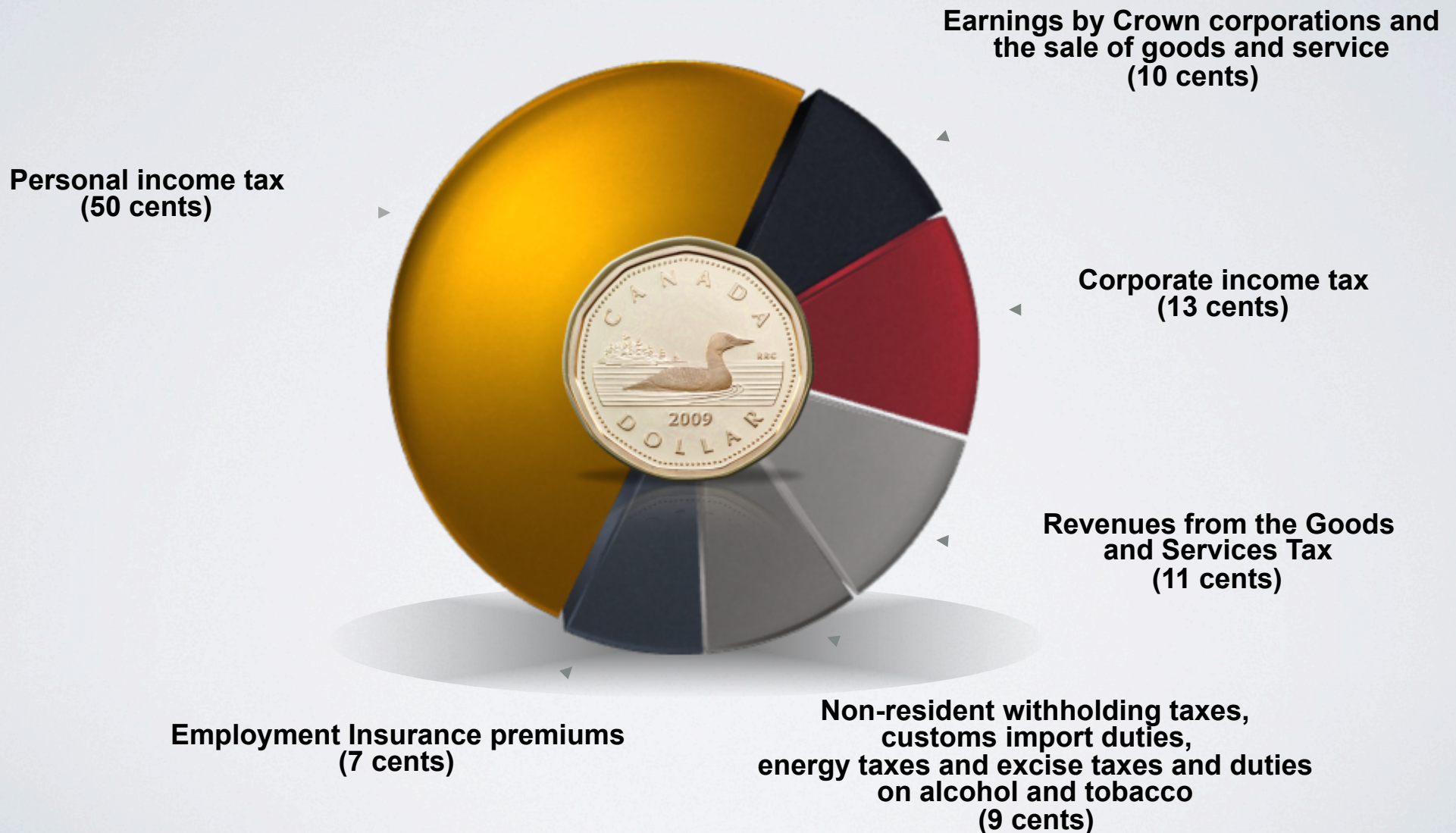


Where the money comes from

And other revenues—such as earnings by Crown corporations and the sale of goods and services—provided the remaining \$24.6 billion, or **10 cents** of every dollar collected.



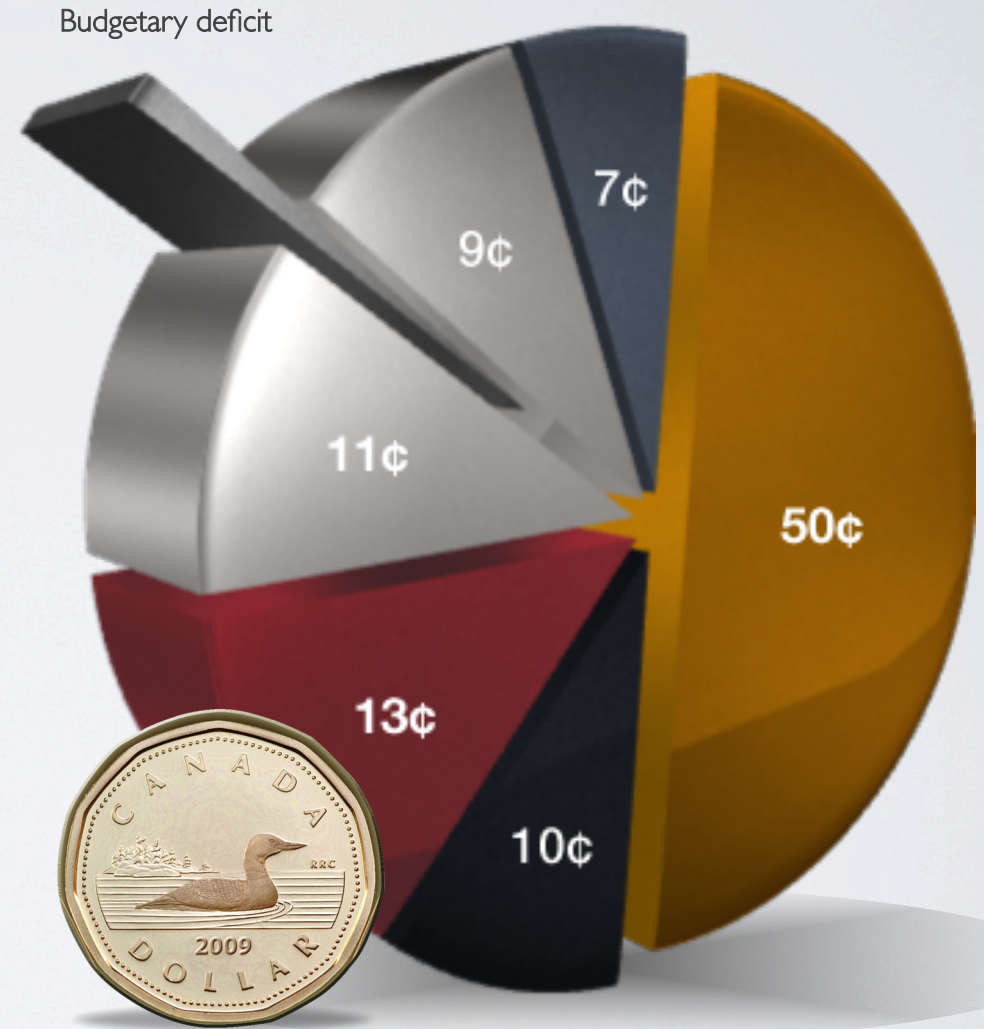
Where the money comes from— Summary



The budgetary deficit

The **\$5.8-billion** difference between the government's total expenses of \$238.8 billion and total revenues of \$233.1 billion is the 2008–09 budgetary deficit. The budgetary deficit represents an increase in the federal debt (accumulated deficit).

So that's the story of where your federal tax dollar goes, and how it is raised. If you want more detailed information, we've provided a series of useful links.



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Useful links

More information on Government of Canada finances is available from these sources:

Public Accounts

The Annual Financial Report of the Government of Canada provides overall financial data on federal revenues and spending on a full accrual accounting basis for the most recent complete fiscal year. It is available through the Finance Canada website under Publications at www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html.

Fiscal Reference Tables

Along with the Annual Financial Report, Finance Canada also publishes its annual Fiscal Reference Tables. Financial information on the provinces and territories is also included. The tables are available through the Finance Canada website under Publications at <http://www.fin.gc.ca/pub/frt-trf/index-eng.asp>.

The Fiscal Monitor

Produced by Finance Canada, this monthly newsletter highlights the most recent financial results of the Government. It is available on the Finance Canada website under Publications at www.fin.gc.ca/pub/fm-rf-index-eng.asp.

Useful links

Annual Financial Report

The Public Accounts of Canada contain the Government's audited financial statements for the most recent fiscal year, and details of financial operations by each ministry. It is available through the Public Works and Government Services Canada website at

www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html.

Debt Management Report

The annual Debt Management Report covers key elements of the federal debt strategy, and strategic and operational aspects of the Government's debt program and cash management activities over the past year. It is available on the Finance Canada website under Publications at www.fin.gc.ca/dtman/2007-2008/dmr08-eng.asp.

Canada Revenue Agency

While the Department of Finance is responsible for setting federal tax policy, it is the Canada Revenue Agency (CRA) that manages the actual revenue collection for the federal government. A quick overview of CRA operations (and access to the agency's annual operating report and Internet home page) is available at

www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html.



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