



The Daily

Statistics Canada

Wednesday, June 13, 2001

For release at 8:30 a.m.

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- **Government finance: Revenue, expenditure and surplus, 2000/01** 2
The fiscal pendulum swung to a strong government surplus of \$25.7 billion in 2000/01, in tandem with robust growth in the economy. This has contributed to a \$70.9 billion shift in the government finances over the last six years.
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MAJOR RELEASES

Government finance: Revenue, expenditure and surplus

2000/01

The fiscal pendulum swung to a strong government surplus of \$25.7 billion in 2000/01, in tandem with robust growth in the economy. This has contributed to a \$70.9 billion shift in the government finances over the last six years.

For a fourth consecutive year, the federal government posted a surplus; it reached \$9.1 billion in 2000/01. Provincial and territorial governments recorded a surplus of \$11.4 billion, up from \$2.2 billion in 1999/2000.

However, local governments posted a deficit of \$443 million in 2000, down from a surplus of \$2.5 billion in 1999.

Just over half of the provinces and territories registered surpluses

Seven of Canada's 13 provincial and territorial governments registered surpluses in the 2000/01 fiscal year.

Alberta's surplus was almost \$7.8 billion, the largest of any province or territory. Quebec's was \$2.4 billion, and British Columbia's \$681 million.

The Alberta, Quebec, Ontario and Prince Edward Island governments recorded the largest growth in revenues from 1995/96 to 2000/01. Alberta revenues grew the most, 72.9% over that period.

The smallest growth in expenditures over the period was seen in Yukon, Newfoundland, Ontario and New Brunswick.

Local governments saw deficits as revenues edged down

Local governments in five provinces and three territories posted deficits for the financial year ending in December 2000. By far the largest deficit was incurred by local governments in Ontario, where spending surpassed revenue by \$889 million in 2000. Local government revenues in Ontario increased 9.2% over the five-year period, and spending rose 14.8%.

The largest surplus was posted by local governments in Alberta, an estimated \$428 million in 2000. Cumulative revenues during the five-year period rose 21.8% in Alberta. Spending by local governments fell in only three provinces: Newfoundland, Quebec and Nova Scotia.

Note to readers

For the first time, consolidated government revenue and expenditure statements are presented up to 2000/01, the most recent fiscal year. This represents two additional years of consolidated information.

The Financial Management System (FMS) is used to produce the government financial statistics presented in this release. FMS standardizes individual governments' accounts to provide consistent and comparable statistics. As a result, FMS statistics may differ from the figures published in individual government financial statements.

Consolidated government is the general term for the consolidation of the federal government, the provincial and territorial governments, local governments and the Canada and Quebec pension plans.

Fiscal years end at March 31 for the federal and the provincial/territorial governments; local governments operate on a calendar basis (December 31). For example, consolidated government figures for 2000/01 incorporate local governments' calendar year data for 2000.

Revenues: Corporate taxes and investment income drive record percentage increases

Consolidated government revenues were \$464.6 billion in 2000/01, up 31.8% from 1995/96. Personal income taxes, which represented the lion's share of revenues, rose 30.2% from 1995/96 to \$141.5 billion in 2000/01. Companies paid \$41.6 billion in federal and provincial/territorial corporate income taxes in 2000/01, up 76.2% from 1995/96.

Revenues from contributions to social insurance plans climbed a substantial 33.6% from 1995/96 to 2000/01; the major beneficiaries were the Canada and Quebec Pension Plans (+96.3%), as some premium rates went up and full-time employment increased.

From 1995/96 to 2000/01, federal revenues rose 33.2%, provincial and territorial revenues 26.1%, and local government revenues only 7.7%. By comparison, gross domestic product grew 31% over the same period.

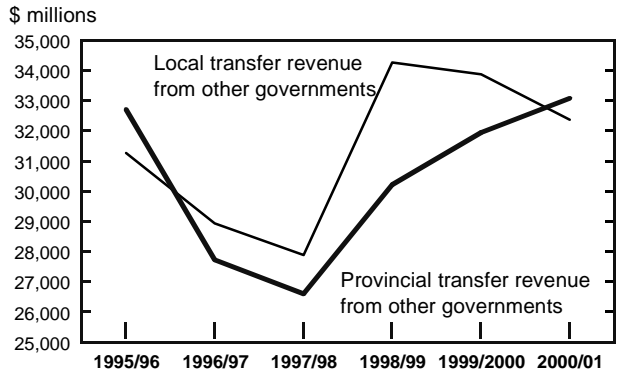
Total income taxes raised by the federal government rose 46.8% over the five-year period, while those raised by the provinces and territories went up 28.7%. Property taxes grew a moderate 14.3%.

Natural resources contributed to a surge in investment income in both Alberta and British Columbia. During the five-year period, oil and gas royalties collected by both governments more than doubled. Alberta collected \$10.7 billion in oil and gas royalties in 2000/01, up 119.0% from 1999/2000; British

Columbia collected \$1.8 billion, up 166.0%. British Columbia also posted a \$609 million increase in water royalties.

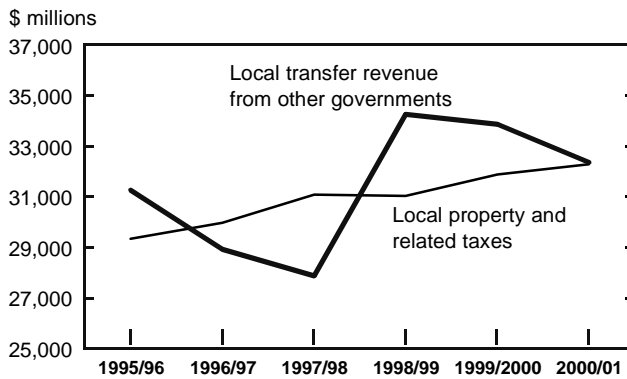
From 1995 to 2000, the growth in revenues outpaced the growth in spending among local governments in six provinces: Quebec, Saskatchewan, British Columbia, Manitoba, Newfoundland and Alberta.

Transfer revenue from other levels of government



Property taxes, the main source of local government revenue, rose 14.3% from 1995/96 to \$41.0 billion in 2000/01. Revenue in the form of transfers from higher levels of government, the second most important source, peaked in 1998/99 and declined in 1999/2000 and 2000/01.

Local transfer revenue from other governments compared with local property and related taxes



Expenditures: Health and social services up, debt charges down

Expenditures increased at a much slower pace. Over the five-year period, federal spending rose 3.4%,

provincial and territorial spending 13.5%, and local government spending 8.6%. The consolidated government expenditures reached \$438.9 billion in 2000/01, up 10.4%.

Services provided to the public, as measured by total expenditures less debt charges, reached \$380.9 billion in 2000/01, or \$12,390 per capita, an 8.4% increase over 1995/96. After accounting for inflation, this represents a 1.6% increase.

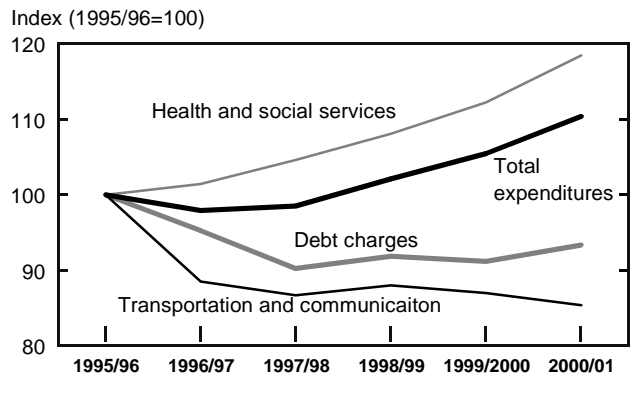
Expenditures on health and social services rose from \$171.2 billion in 1995/96 to \$202.7 billion in 2000/01, a rise of 18.4%; total expenditures increased 10.4%.

Provincial and territorial government transfers paid to educational, health and social service institutions rose 24.8% from 1995/96 to \$70.8 billion in 2000/01.

Federal transfers paid to the provinces reached \$32.0 billion in 2000/01; this matches their 1995/96 level, but is up 3.4% from 1999/2000, mostly because of transfers for the purchase of medical equipment and equalization payments.

Spending on debt charges declined significantly, 6.6% to \$57.9 billion in 2000/01, due mostly to lower long-term interest rates. Debt charges fell substantially at the federal and local government levels, but stayed relatively constant for provincial and territorial governments.

Consolidated government expenditures by function



Share of government wages and salaries to total salaries shrank

Wages and salaries paid by the governments reached \$101.1 billion in 2000, up 6.1% from 1999. This amount, which included \$2.2 billion of pay equity payments to federal government employees, accounted

for 23% of all government expenditures. Government payrolls also represented 19% of all wages and salaries paid to salaried employees in Canada in 2000, compared with 22% in 1995.

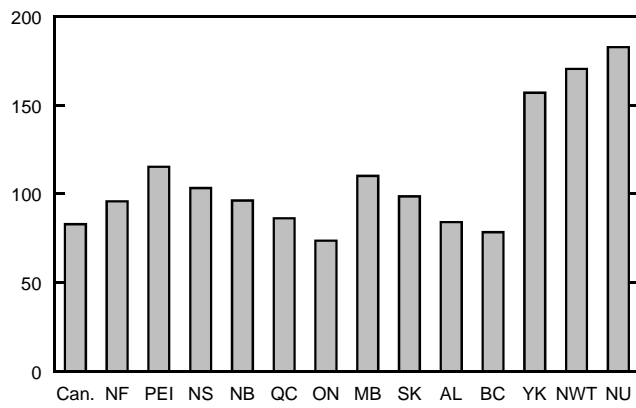
There were 83 government employees per 1,000 people in 2000, the same number as in 1969. The highest level was recorded in 1991, 97 employees per 1,000.

Employment ratios for all levels of government tend to be larger in the small provinces and territories. In 2000, Ontario's ratio was 74 per 1,000, compared with 183 in Nunavut.

Related CANSIM tables and matrices will be available soon.

Data are also available by custom and special tabulations. For more information, or to enquire about the concepts, methods or data quality of this release, contact Joanne Rice (613-951-4354; joanne.rice@statcan.ca), Public Institutions Division.

Government employment per 1,000 inhabitants, 2000



Surplus (deficit) by level of government

| | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 |
|---|-------------|---------|---------|---------|-----------|---------|
| | \$ billions | | | | | |
| Consolidated government | (45.2) | (22.6) | (1.2) | (3.7) | 13.0 | 25.7 |
| Federal, provincial, territorial, and local governments | (43.3) | (20.2) | 0.8 | (3.4) | 11.5 | 20.0 |
| Federal government | (33.2) | (13.5) | 4.5 | 2.6 | 6.7 | 9.1 |
| Provincial government | (10.3) | (6.7) | (3.3) | (10.6) | 2.2 | 11.4 |
| Local government | 0.2 | (0.0) | (0.4) | 4.6 | 2.5 | (0.4) |
| Canada and Quebec pension plans | (1.9) | (2.4) | (2.0) | (0.4) | 1.5 | 5.7 |

Consolidated government revenues and expenditures¹

| | 1995/96 | 1999/2000 | 2000/01 | 1995/96–2000/01 | 1999/2000–2000/01 |
|--|--------------|--------------|--------------|-----------------|-------------------|
| | \$ billions | | | % change | |
| Total revenues | 352.4 | 432.3 | 464.6 | 31.8 | 7.5 |
| Own-source revenue | 352.4 | 432.3 | 464.6 | 31.8 | 7.5 |
| Income taxes | 134.3 | 176.4 | 187.7 | 39.7 | 6.4 |
| Personal income tax — gross | 108.6 | 137.2 | 141.5 | 30.2 | 3.1 |
| Corporation income tax — gross | 23.6 | 35.3 | 41.6 | 76.2 | 17.8 |
| Other income taxes | 2.1 | 3.8 | 4.6 | 121.8 | 20.7 |
| Consumption taxes | 67.0 | 80.7 | 85.4 | 27.6 | 5.8 |
| Property and related taxes | 35.8 | 40.0 | 41.0 | 14.3 | 2.6 |
| Other taxes | 13.7 | 15.2 | 16.1 | 17.3 | 5.3 |
| Health insurance premiums | 1.6 | 2.0 | 2.1 | 31.7 | 6.4 |
| Contributions to social insurance plans | 43.3 | 52.4 | 57.8 | 33.6 | 10.4 |
| Sales of goods and services | 25.1 | 29.9 | 32.7 | 30.3 | 9.4 |
| Investment income | 26.3 | 29.0 | 37.0 | 40.8 | 27.5 |
| Other revenue from own sources | 5.4 | 6.7 | 4.8 | (10.3) | (28.8) |
| Total expenditures | 397.6 | 419.3 | 438.9 | 10.4 | 4.7 |
| General government services | 12.2 | 13.6 | 16.4 | 35.0 | 20.9 |
| Protection of persons and property | 29.3 | 32.0 | 32.6 | 11.2 | 2.0 |
| Transportation and communication | 19.7 | 17.1 | 16.8 | (14.6) | (1.8) |
| Health and social services | 171.2 | 192.1 | 202.7 | 18.4 | 5.5 |
| Education | 55.6 | 60.5 | 61.7 | 11.0 | 2.1 |
| Resource conservation and industrial development | 15.0 | 13.3 | 13.7 | (9.1) | 2.8 |
| Environment | 8.7 | 8.9 | 9.0 | 3.4 | 0.5 |
| Recreation and culture | 9.2 | 9.6 | 10.0 | 8.7 | 4.1 |
| Labour, employment and immigration | 2.8 | 3.4 | 2.9 | 2.9 | (14.0) |
| Housing | 3.9 | 3.7 | 4.1 | 3.0 | 10.9 |
| Foreign affairs and international assistance | 4.0 | 4.3 | 4.5 | 14.9 | 6.7 |
| Regional planning and development | 1.6 | 1.9 | 2.1 | 36.3 | 11.0 |
| Research establishments | 1.9 | 2.2 | 2.4 | 25.1 | 8.6 |
| Debt charges | 62.1 | 56.6 | 57.9 | (6.6) | 2.4 |
| Other expenditures | 0.6 | 0.3 | 2.0 | 264.4 | 563.4 |

¹ Includes federal, provincial, territorial and local governments and the Canada and Quebec pension plans.

Consolidated revenue, expenditure, and surplus (deficit)

| | 2000/01 | | | 1995/96 to 2000/01 | | |
|---|----------------|----------------|---------------|--------------------|-------------|----------------------|
| | Revenue | Expenditure | Surplus | Revenue | Expenditure | Revenue-expenditures |
| | | \$ millions | | | & change | |
| Federal government | 193,905 | 184,837 | 9,069 | 33.2 | 3.4 | 29.8 |
| Provincial/territorial governments¹ | 230,462 | 219,102 | 11,360 | 26.1 | 13.5 | 12.6 |
| Newfoundland | 4,347 | 4,377 | (30) | 8.1 | 9.2 | (1.1) |
| Prince Edward Island | 1,044 | 1,075 | (31) | 20.0 | 27.7 | (7.6) |
| Nova Scotia | 6,522 | 6,470 | 52 | 17.9 | 13.4 | 4.5 |
| New Brunswick | 5,716 | 5,796 | (81) | 11.1 | 9.9 | 1.2 |
| Quebec | 60,205 | 57,780 | 2,426 | 25.5 | 10.3 | 15.2 |
| Ontario | 74,313 | 73,988 | 325 | 23.1 | 9.8 | 13.2 |
| Manitoba | 8,686 | 8,707 | (21) | 14.3 | 18.2 | (4.0) |
| Saskatchewan | 7,765 | 7,482 | 283 | 17.4 | 13.3 | 4.1 |
| Alberta | 30,240 | 22,446 | 7,794 | 72.9 | 38.3 | 34.6 |
| British Columbia | 29,789 | 29,109 | 681 | 17.2 | 14.0 | 3.2 |
| Yukon | 541 | 560 | (19) | 0.1 | 9.6 | (9.5) |
| Northwest Territories ² | 957 | 942 | 15 | (35.3) | (37.4) | 2.1 |
| Nunavut ² | 672 | 708 | (35) | ... | ... | ... |
| Local governments | 78,849 | 79,291 | (443) | 7.7 | 8.6 | (0.9) |
| Newfoundland | 968 | 941 | 28 | (2.2) | (3.6) | 1.4 |
| Prince Edward Island | 191 | 187 | 4 | 16.0 | 16.3 | (0.3) |
| Nova Scotia | 1,659 | 1,672 | (13) | (3.8) | (2.8) | (1.0) |
| New Brunswick | 596 | 628 | (33) | 6.4 | 9.5 | (3.1) |
| Quebec | 16,738 | 16,679 | 59 | 0.7 | (3.1) | 3.9 |
| Ontario | 36,234 | 37,122 | (889) | 9.2 | 14.8 | (5.6) |
| Manitoba | 2,624 | 2,613 | 11 | 3.0 | 0.5 | 2.5 |
| Saskatchewan | 2,250 | 2,258 | (8) | 13.6 | 10.4 | 3.2 |
| Alberta | 8,537 | 8,109 | 428 | 21.8 | 20.6 | 1.1 |
| British Columbia | 8,685 | 8,690 | (5) | 6.4 | 3.5 | 2.9 |
| Yukon | 49 | 64 | (16) | (9.5) | 8.9 | (18.4) |
| Northwest Territories ² | 211 | 216 | (5) | (0.2) | 2.5 | (2.7) |
| Nunavut ² | 107 | 112 | (5) | ... | ... | ... |

¹ The sum of each province/territory is greater than the total for all provinces/territories, as the data does not permit the elimination of interprovincial sales of goods and services at the provincial/territorial level.

² As Nunavut was created in 1999/00, thus comparisons with 1995/96 are impossible.

... Figures not appropriate or not applicable.



OTHER RELEASES

Employment dynamics

1997-98

The number of businesses that employ people edged up from 955,000 in 1997 to 969,000 in 1998, according to a database that tracks all businesses that issue T4 slips.

The net 1.5% increase resulted from the appearance of 148,000 employers that were newly identified on the database in 1998, offset by the termination of 134,000 employers that existed in 1997 but not in 1998. About 822,000 firms were present in both 1997 and 1998.

These data provide approximate measures for the entry and exit of employers and lend insight into how employer firms create and shed jobs.

Firms in 1998 employed about 12,952,000 part-time and full-time employees on average during the year, about 672,000 more than in 1997. Newly-identified employers added 516,000 jobs; a loss of 399,000 jobs was attributed to firms that terminated, and firms that were present in both 1997 and 1998 contributed a net addition of 556,000 jobs.

Employment dynamics (61F0020XCB, \$500) is now available for reference period 1997-98. See *How to order products*.

Employment dynamics is a compilation of statistical tables on employment, payroll and the number of businesses with employees for Canada, the provinces and territories. Primarily, the tables are used to analyse how businesses of different sizes contribute to employment change. From 1983, net year-over-year changes in total employment are broken down according to: job gains attributed to newly identified employers; job losses attributed to firms that ceased to be identified as employers; job gains attributed to continuing employers that increased their respective employment levels; and job losses attributed to continuing employers that decreased their respective employment levels.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Jamie Brunet (613-951-6684; jamie.brunet@statcan.ca), Small Business and Special Surveys Division. ■

NEW PRODUCTS

Aviation service bulletin, Vol. 33, no. 5
Catalogue number 51-004-XIB (\$8/\$82).

Employment dynamics, 1997-1998
Catalogue number 61F0020XCB (\$500).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

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Catalogue 11-001E (F) (single) 11-001E/11-001E-001-001



Statistics Canada

Thursday, June 3, 1997
For release at 9:30 a.m.

MAJOR RELEASES



- **Urban transit, 1995** 2
Discusses the attitudes on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 4.5 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was noticeably weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

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PUBLICATIONS RELEASED

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Statistics Canada's official release bulletin

Catalogue 11-001E.

Published each working day by the Communications Division, Statistics Canada, 10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

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