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Best practices for defining the Canadian Public Sector

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Best practices for defining the Canadian Public Sector

1 Introduction

The ultimate goal of Government Finance Statistics (GFS) compilation is to disseminate data to policymakers and other users in order to assess government financial performance/position, and the impact of fiscal policy on the economy. To achieve this goal, the data should be:

- i. Comprehensive (coverage in terms of institutions, stocks, and flows);
- ii. Reliable (accuracy and integrity);
- iii. Accessible (availability, frequency, and timeliness);
- iv. Coherent (consistency and comparability over time and between jurisdictions);
- v. Intelligible (usability, metadata).

Strong compilation and dissemination practices ensure the overall quality of fiscal reporting, which in turn supports fiscal transparency and sound policies.

Typically, institutional and instrument coverage have the greatest impact on data quality and comparability.¹

The Government Finance Statistics Manual 2014 (GFSM 2014) states that in practice, GFS should cover all entities that materially affect fiscal policies.² This is to provide data users with a complete picture of public sector fiscal operations. Because of differing administrative arrangements across countries or over time, GFS data are only fully comparable at the consolidated general government level, thus reinforcing the importance of comprehensive institutional coverage.

The Canadian public sector produces a large number of fiscal reports that lack standardization. Finance and other departments at the federal and provincial-territorial levels, extrabudgetary³ units, public corporations⁴ including the central bank, cities, and research institutes produce a wide variety of reports in the form of public accounts, budgetary estimates, fiscal updates and outlook, financial statements, etc. Although useful, this information is based on the organizational structures and on the accounting and reporting practices of individual entities, resulting in a lack of consistency and uniformity across jurisdictions, and over time. It is not uncommon that for the same administration, institutional coverage changes from one period to another, making temporal analysis of fiscal policy very difficult. Similarly, most governments in Canada present their public accounts on a consolidated basis.⁵ This can greatly affect the comparability of data across jurisdictions and complicate the analysis of fiscal operations and financial position of governments.

Statistics Canada⁶ is mandated to compile and/or disseminate data for the core macroeconomic statistical frameworks.⁷ The Agency has adopted and implemented at various stages and at different times the revised internationally recognized guidelines, including the *System of National Accounts 2008 (2008 SNA)*, the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)* and the *GFSM 2014*.

1. Without neglecting the accounting rules in force (such as accrual accounting and valuation).

2. *GFSM 2014* 2.1

3. In Canada, the term *Autonomous Organizations* (or Special Funds) refers to extrabudgetary units as defined in the *GFSM 2014*.

4. In Canada, the term *Government Business Enterprises* (GBEs or Crown Corporations) refers to public corporations as defined in the *GFSM 2014*.

5. Budgetary government and separate legal entities controlled by the government (some extrabudgetary units and some public corporations). The consolidation principles can vary from one jurisdiction to another, and over time.

6. The national statistical agency.

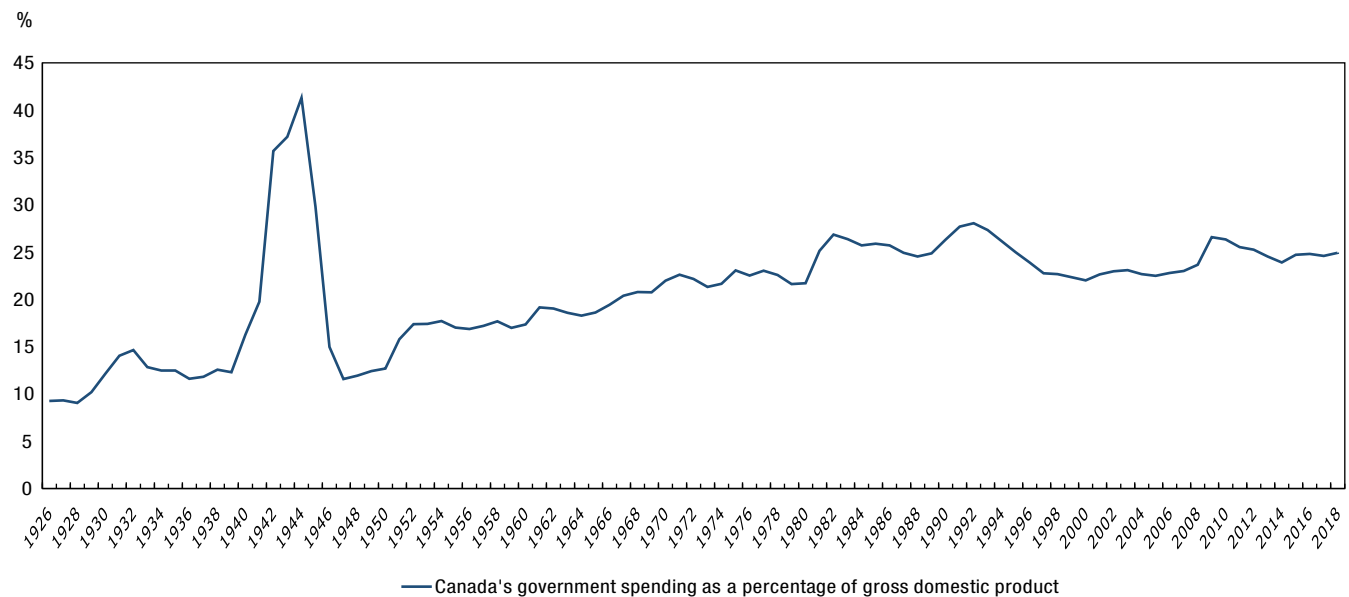
7. System of National Accounts (SNA), Government Finance Statistics (GFS), Balance of Payments and International Investment Position, and Monetary and Financial Statistics (MFS).

Institutional units are the building blocks of macroeconomic statistical systems. The identification and sector classification of units on a consistent and internationally comparable basis is crucial for the compilation and dissemination of coherent and meaningful macroeconomic statistics. In the next few sections of this paper, we will discuss some useful best practices and guidelines implemented at Statistics Canada for the delineation of the government sector and its subsectors.

2. Size Matters

Chart 1

Canada's government spending as a percentage of gross domestic product



Source: Statistics Canada, tables 36-10-0202-01 and 36-10-0222-01. Government spending includes final consumption expenditure plus gross investment in nonfinancial assets.

Governments weigh heavily on the Canadian economy, contributing to around 25% of GDP in recent year (Chart 1). Spending on social protection programs, combined with the universal health-care system and the public education system are contributing factors. The general government sector in Canada is complex;⁸ there are three levels of government (federal, provincial (10) and territorial (3) and its subsectors, and local governments), several large national and sub-national social security schemes,⁹ and over 5,700 institutional units for which GFS data must be compiled (Table 1).

Provincial and territorial governments represented the largest subsector in 2018 for all GFS main aggregates (revenue, expense, assets and liabilities). This subsector is characterized by extended responsibilities in the areas of health, education, social services, economic affairs and the management of natural resources. The consolidated general government revenues and expenses were around 40% of GDP, 122% for all assets and 106% for total liabilities. The most notable contribution of public corporations in Canada is in the management of government assets and liabilities, adding on a consolidated basis around 20% of GDP for both aggregates.

8. See Appendix 1 for a complete picture of the public sector in Canada.

9. The social security funds subsector only comprises nation-wide schemes (Canada Pension Plan – CPP, Quebec Pension Plan – QPP) managed by autonomous funds which are institutional units. Several other national and subnational schemes are reported under federal and provincial-territorial governments.

Table 1
Canada's public sector financial overview, 2018

	Federal government (A)	Provincial-territorial governments (B)	Local governments (C)	Canada and Quebec pension plans (D)	Consolidation (E)	General government (F) = A+B+C+D+E	Government business enterprises (G)	Consolidation (H)	Public sector (I) = F+G+H
percentage of gross domestic product									
Transactions									
Revenue	15.1	21.8	8.2	3.5	-8.0	40.6	6.7	-2.5	44.8
Expense	15.1	22.5	7.5	3.0	-8.0	40.0	6.8	-2.5	44.3
Net operating balance	0.0	-0.6	0.7	0.6	0.0	0.6	-0.1	0.0	0.5
Stocks									
Assets	23.5	55.4	25.7	26.1	-8.4	122.3	47.9	-27.1	143.1
Nonfinancial	3.7	25.2	19.7	0.0	0.0	48.6	12.3	0.0	60.9
Financial	19.8	30.2	6.0	26.1	-8.4	73.7	35.5	-27.1	82.2
Liabilities	49.0	52.7	7.6	4.9	-8.4	105.8	46.9	-27.1	125.6
Net financial worth	-29.2	-22.5	-1.6	21.2	0.0	-32.1	-11.4	0.0	-43.5
Net worth	-25.5	2.7	18.1	21.2	0.0	16.5	1.0	0.0	17.5
number									
Number of units	59	1017	4683	2	...	5761	326	...	6087

... not available

Note: The figures for Canada's public sector have been derived by consolidating the major transactions and debtor-creditor relationships between the general government units and the GBEs. Provincial and territorial governments in this table includes universities, colleges and health institutions. Local governments includes school boards.

Source: Statistics Canada, Tables [36-10-0222-01](#) (GDP), [10-10-0016-01](#) (A), [10-10-0017-01](#) (B), [10-10-0020-01](#) (C), [10-10-0022-01](#) (D), [10-10-0147-01](#) (F), [10-10-0023-01](#) (G).

Canada has a strong and well-organized institutional setting that has been implemented over the years to support and develop the compilation of comprehensive GFS. This is important given the size and fiscal importance of the public sector and its subsectors in Canada. A complete set of GFS and COFOG¹⁰ data (unconsolidated and consolidated) is disseminated for all levels of government and its subsectors, by province/territory,¹¹ including public corporations for all levels, and by industry classification.

The Canadian GFS program's foundation is a diligently maintained register of public sector units, using consistent and internationally recognized sector classification rules. Identifying and classifying institutional units is of crucial importance for the definition of the government perimeter (and other sectors), as well as for data comparability with other countries and for data consistency with the other macroeconomic data sets.

In Canada, GFS is a legislated input for the administration of the *Fiscal Arrangement Act*. The Canadian federal government provides significant financial support to provincial and territorial governments to assist them in the provision of programs and services¹² through four main transfer programs:

1. The Canada Health Transfer;
2. Canada Social Transfer;
3. Equalization Payments; and
4. Territorial Formula Financing.

In 2018, those transfers amounted to CAD \$75.4 billion, or CAD \$2,038 per capita.¹³ The Equalization program enables less prosperous provincial governments to provide public services that are reasonably comparable to those in other provinces, at reasonable comparable levels of taxation (fiscal capacity). Equalization takes into account GFS taxes, dividends (from public corporations), and rent revenues (from natural resources). The comprehensiveness of the GFS institutional coverage, as well as the sectorization of the institutional units can affect the calculation of the provinces' fiscal capacity. Considering the importance of fiscal arrangements in Canada, it is not a surprise that the GFS estimates and the sector classification of public sector units are closely scrutinized by data users. This is magnified by the fact that the institutional coverage of GFS data may vary considerably from that in fiscal reports published by government units.

10. Classification of the Functions of Government.

11. Except for the federal government and for the social security funds subsector.

12. Health care, education, social assistance, childhood development, etc.

13. See Appendix 2 for a complete picture of the fiscal arrangements in Canada.

3. Best practices

3.1 Institutional arrangements and legal framework

The Public Sector Statistics Division¹⁴ (PSSD) at Statistics Canada has been the central GFS compiler for more than 50 years. The core mandate of the division is to compile and disseminate public sector financial information and to produce the legislated input for the administration of the *Fiscal Arrangement Act*. In 2014, PSSD released its first set of statistics, from source data, under the *GFSM 2001/2014* standards. The activities conducted by PSSD are covered and supported by the *Statistics Act*.¹⁵

There are significant data quality gains to be made by grouping the compilation of core macroeconomic statistics under the same direction. PSSD is part of the Canadian System of Macroeconomic Accounts (CSMA)¹⁶ and works closely with the SNA and balance of payments compilers. GFS annual and sub-annual estimates are important inputs for the compilation of the government sectoral accounts and for the GDP calculation.

Significant efforts have been made to improve the integration and the harmonization of government data since the implementation of *GFSM 2014* and *2008 SNA* in the CSMA. This applies to concepts, classifications, methodologies, but also, to institutional units sector classification. The alignment between PSSD and the CSMA is also characterized by several working groups, committees, joint projects and research activities, data sharing agreements and tools,¹⁷ etc. Similarly, comprehensive (historical) data revisions¹⁸ are implemented in a standardized and simultaneous manner.

3.2 Resources and operations

In the CSMA, there is a team ('the classification unit') dedicated to updating, maintaining, classifying, and disseminating the public sector universe¹⁹ PSU). This dedicated team of frame specialists and advisors is hosted in PSSD. All entities in the PSU are reviewed through a classification process based on the following concepts and criteria:

- i. Residence;
- ii. Institutional unit test;
- iii. Control;
- iv. Market vs nonmarket producer (of goods and services).

The legal authority, mandate, operating structure, financial transactions and any other special circumstances of each entity are examined to ensure that it meets the inclusion criteria for a public sector unit. Such a classification process has been in existence in PSSD since 1969. It has evolved over the years into a detailed, systematic, and consistent process, in line with the prescriptions of the *SNA/GFSM*.

14. Formerly the Public Institutions Division.

15. The *Statistics Act* is an Act of the Parliament of Canada passed in 1918 which created the Dominion Bureau of Statistics, now called Statistics Canada since 1971.

16. The other divisions are: National Economic Accounts Division - NEAD (sectoral accounts, expenditure and revenue based GDP), Industry Accounts Division - IAD (Supply-Use Tables, value added GDP), and International Accounts and Trade Division - IATD (Balance of Payments, International Investment Position and International Trade Statistics).

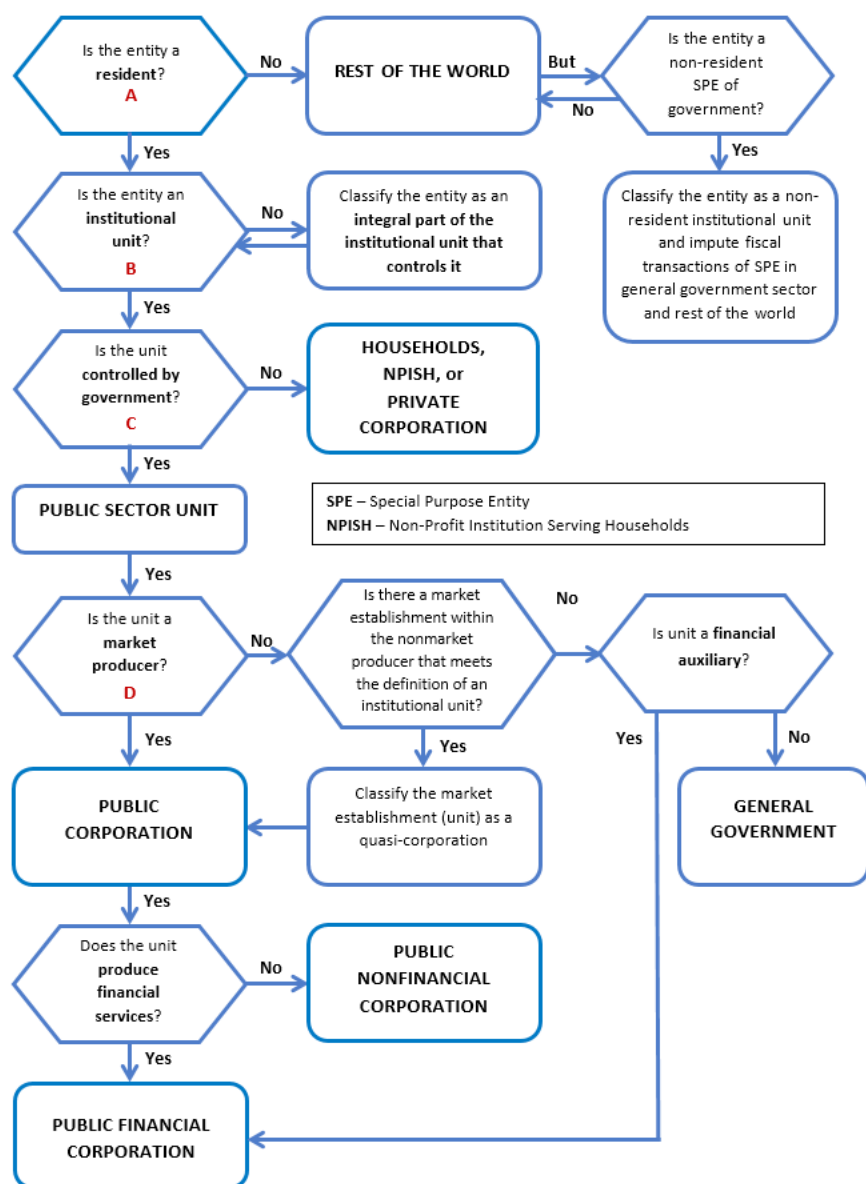
17. Such as connectivity between the different data production systems, shared micro data 'warehouse', development of an integrated macroeconomic accounts processing system, etc.

18. Implementation of new statistical standards, reclassifications, major changes to institutional units sectoring, etc.

19. Coverage/perimeter of the public sector and its subsectors.

All public sector entities' classification and sectorization decisions are documented in a standardized template.²⁰ The template discloses the important information used to justify the underlying entity classification on the basis of the criteria ((i), (ii), (iii), (iv)) listed above. Each decision also provides other useful and relevant information for other statistical programs in Statistics Canada, such as the industrial²¹ and SNA sectoral classification. All classification decisions are peer-reviewed and need to be approved by the proper designated authority. Different types of event can justify the need for a (new or updated) classification decision for an entity: creation, amalgamation, significant change in the mandate or activities, dissolution, and historical statistical revisions. The classification templates represent important metadata on the methodology used for the PSU as well as for the sector classification of the entities at the base of the Canadian GFS.

Figure 1
The Public Sector Universe sector classification process

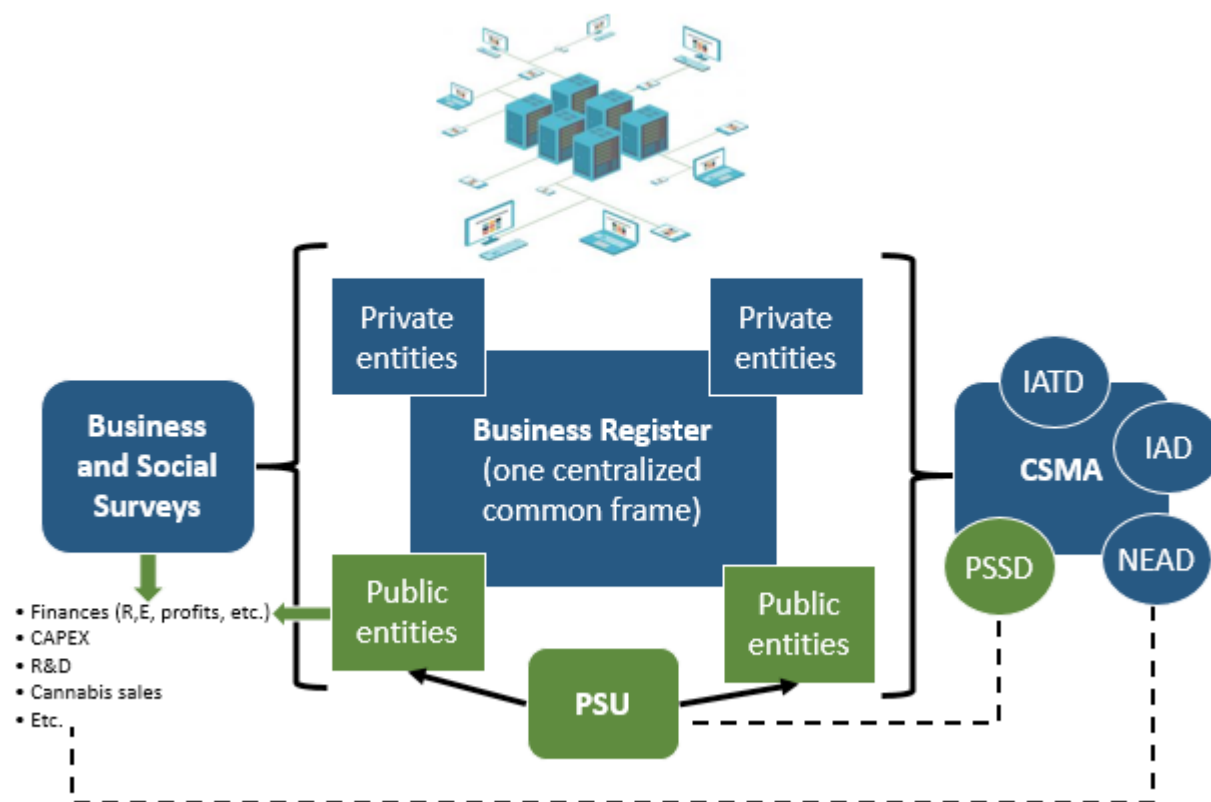


20. See Appendix 3 for an example of the template.

21. North American Industrial Classification System (NAICS).

The PSU at Statistics Canada is the one-stop shop for the official list of all public sector entities operating in the country. As the gatekeeper of the frame, the classification unit is responsible to maintain up-to-date the institutional coverage in the GFS production system (Keynes)²² and the Business Register System (BRS). The BRS, developed internally, is a centralized repository of all businesses across Canada. The system is the main source of information²³ for the production of data on Canadian businesses (incorporated and unincorporated), including public corporations, and other organizations (such as government units). It is also used to record ownership relationships between institutional units within Canada and also with those in the rest of the world. It is imperative that the information between the two databases (Keynes and BRS) are synchronized for the PSU. This allows for consistency and comparability to all users of the public sector frame.

Figure 2
The Business Register system



22. Keynes is the Canadian GFS data production and compilation system. The system stores the PSU frame and all GFS estimates based on the PSU. It includes all data that are collected from electronic administrative sources (such as general ledgers for budgetary governments) as well as financial statements that are captured for the other units.

23. Revenues, expenses, assets, liabilities, number of employees, industrial classifications, etc.

The integrated BRS and PSU establishes one centralized common frame for surveys and administrative data that feeds the compilation of the main CSMA aggregates.²⁴ This integrated and comprehensive statistical infrastructure improves the overall data consistency within the accounts. To illustrate this integration and the interaction between the centralized frame and the compilation of macroeconomic statistics, it would be useful to use a practical example. The gross fixed capital formation (GFCF) in the CSMA is compiled using the Capital and Repair Expenditures Survey (CAPEX). This survey collects data on capital and major repair expenditures in Canada. The public and private investments reported in the survey based on the BRS-PSU frame feeds the Fixed Assets and Investment Program (GFCF) in the CSMA. The program values the consumption of fixed capital (CFC) at the average price of the period using the Perpetual Inventory Method (PIM). In turn, the program provides PSSD²⁵ with the three important measures for the GFS program (for public sector entities): CFC, net acquisitions of nonfinancial assets and the stock of nonfinancial assets valued at market prices.

3.3 Dissemination

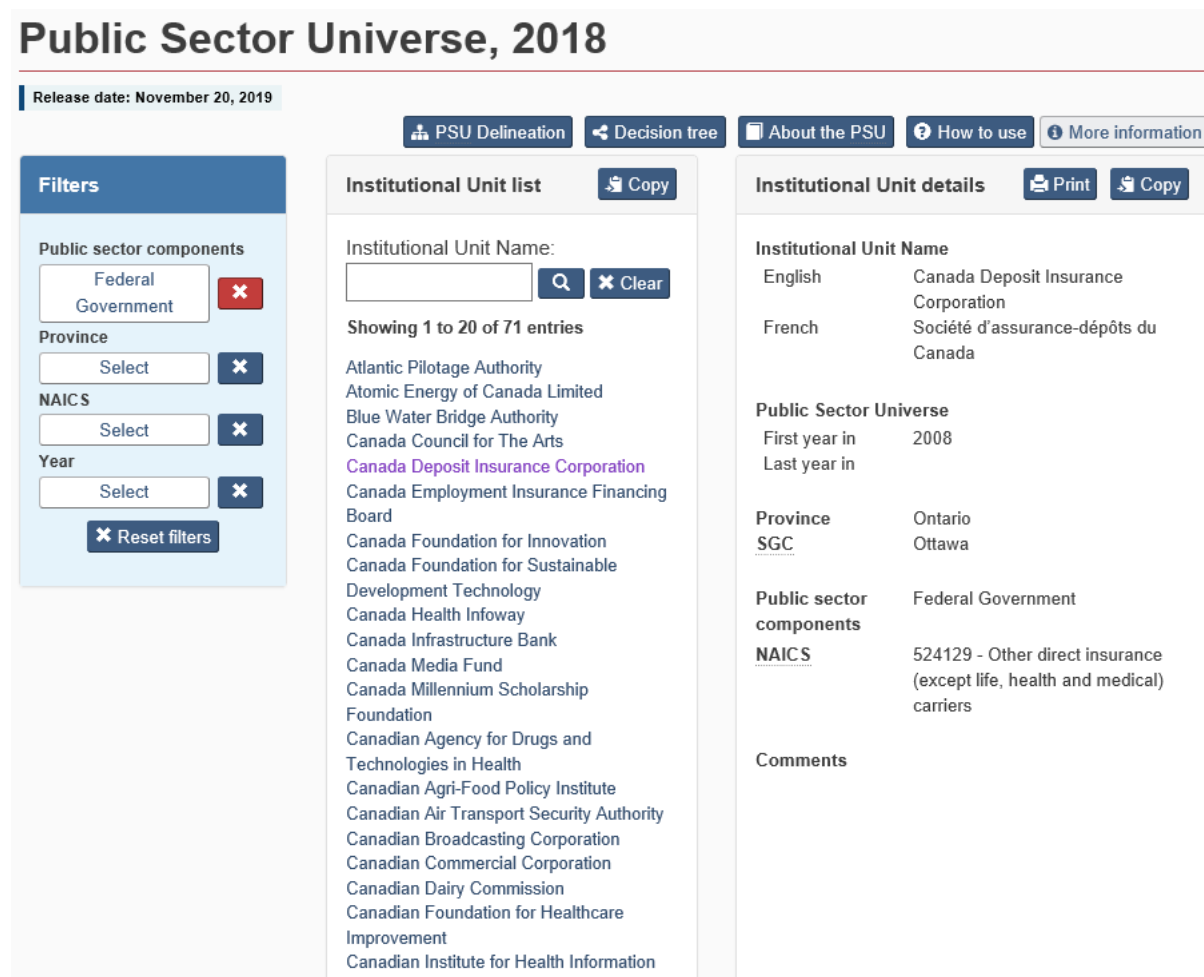
As part of best dissemination practices, GFS statistics should be accompanied with relevant metadata. The concepts, definitions, classifications, and methodology should be documented, accessible to all data users and disseminated at regular intervals. For the institutional coverage and sectorization of the public sector units, PSSD provides the following information:

- The PSU list of entities (figure 3), which is disseminated (and updated) annually in conjunction with the annual release of GFS estimates. The list of entities is available to the general public on the [Statistics Canada website](#). The annual update of the PSU list is officially released in *The Daily*, the Agency's statistical bulletin. The PSU list is also circulated in advance to the main GFS stakeholders (federal and provincial-territorial Ministries of Finance and statistics offices). This advance release gives the opportunity to primary users to validate the list prior to official release;
- General metadata information for the Canadian GFS program is housed in Statistics Canada's [Integrated Metadatabase \(IMDB\)](#);
- The [Chapter: Overview of the Canadian Government Finance Statistics](#), in the CSMA publication *Latest Developments in the Canadian Economic Accounts*;
- PSSD also considers to re-publish the [Guide to the Public Sector of Canada](#), which discusses in detail, among other things, the concepts and methodology behind public sector statistics;
- [Canada's National Summary Data Page](#) (NSDP for SDDS+).

24. Surveys and administrative data provides critical measures such as retail and wholesale sales, capital expenditures, industrial outputs, salaries and wages, unincorporated and incorporated profits, etc.

25. PSSD also collects the net acquisitions and stocks of nonfinancial assets and depreciation from source data (general ledgers and financial statements). However, these accounting records (mostly based on historic costs and straight-line depreciation) must be substituted by the CSMA estimates to allow the proper recording of CFC and capital stocks in the SNA-GFS.

Figure 3
The Canadian Public Sector Universe ‘to the world’



3.4 Canada's Public Sector: main deviations from GFSM 2014

Compiling and disseminating comprehensive, comparable and high quality GFS is key to improving fiscal transparency and ensuring the proper use of fiscal data by policymakers and other users. Transparency is also a commitment to improve the data and its usefulness based on data users' feedback (to meet their needs and be user oriented) and international organizations such as the IMF. PSSD is committed to strengthening its collaboration and dialogue with the national and international community of GFS compilers and users. As such, PSSD is always willing to share best practices with other countries and consult on methodological and practical issues.

In the continuous process of improving the quality of GFS, it is important to document and identify any significant deviation from the internationally accepted standards. Minor revisions to address those issues are usually implemented in the normal CSMA revision cycle.²⁶ Larger data revisions are processed as part of comprehensive (historical) revisions to maintain the consistency of time series. In the Canadian GFS, the following revisions pertaining to the institutional coverage and sectorization of public sector units will be implemented as part of future CSMA comprehensive revision:

- a. The reclassification of the financial supervisory authorities²⁷ from the general government sector to the (other) **public financial corporations** sector (*GFSM 2014 2.121*); and
- b. The inclusion of the public pension funds administrators²⁸ (*GFSM 2014 2.121*) in the (other) **public financial corporations**;

Summary of best practices in Canada: coverage and sectorization of the Public Sector

Institutional arrangements and legal framework

- GFS compilation is covered and supported by the Statistics Act
- PSSD is the central compiler of GFS
- GFS compilation is integrated with the other macroeconomic statistical systems (CSMA)
- Close collaboration among the GFS, SNA, BOP, and MFS compilers

Resources and operations

- Team of experts dedicated to the classification and sectorization of public sector entities
- All public sector entities reviewed through a systematic classification process harmonized with the 2008 *SNA/GFSM 2014* (residence, institutional unit, control, market vs nonmarket producer)
- All classifications decisions documented in a standardized template
- **One** list of public sector entities (PSU) maintained by PSSD and used for all statistical programs
- PSU and BRS integrated as one centralized common frame for surveys and administrative data

Dissemination and other

- PSU released to the general public and updated annually
- Advanced release of the PSU to the main GFS stakeholders
- Classification and sectorization principles and methodology available in metadata
- Collaboration and consultation with the international community of GFS compilers/users

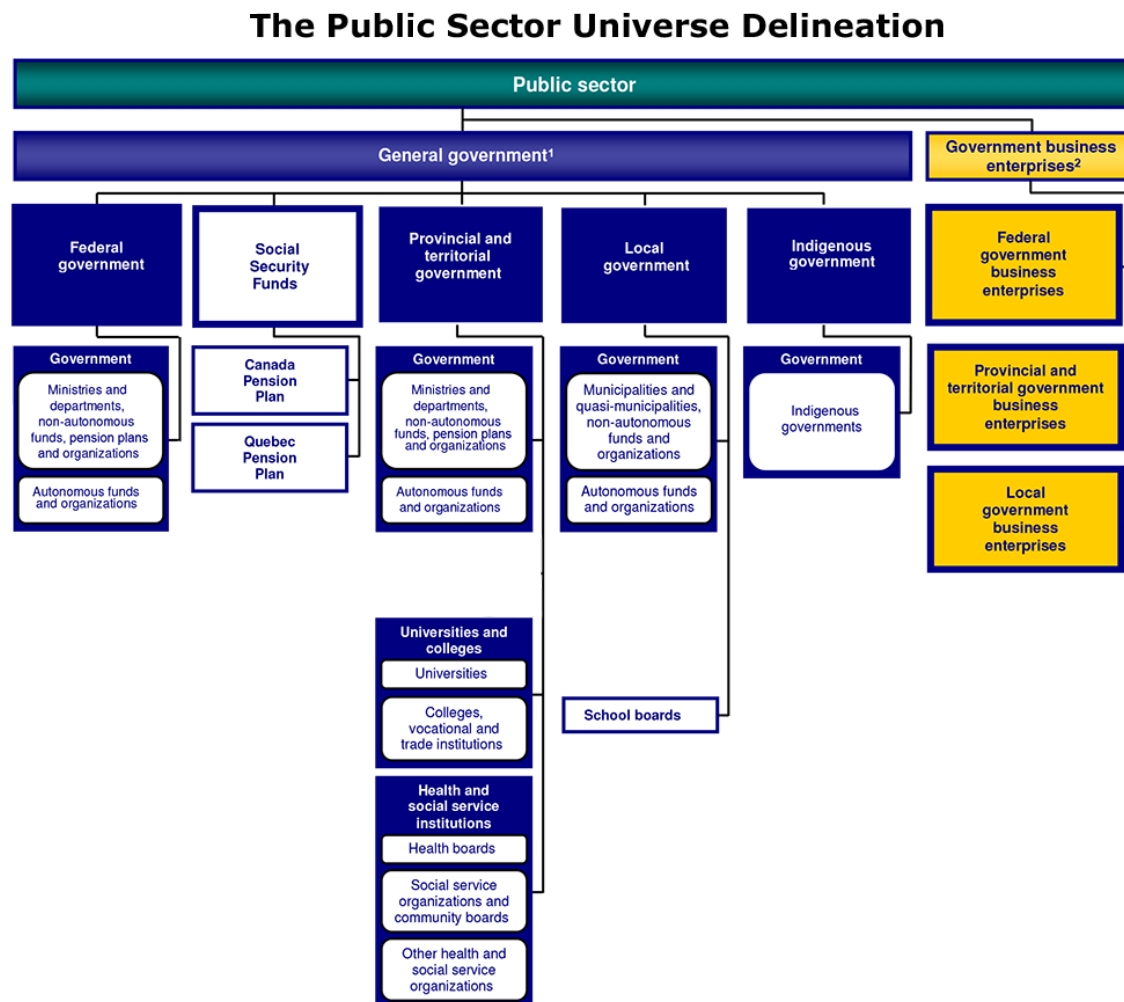
26. Three years in the CSMA (final, revised, preliminary).

27. This mainly includes the federal Office of the Superintendent of Financial Institutions and the provincial financial regulators.

28. Currently not included in the public financial corporations. In the CSMA, those funds are reported as a distinct subsector of the financial corporations (*Trusted Pension Plans*). A distinction public vs private is made.

Appendix 1. Canada's Public Sector

Figure A1-1
Canada's public sector



1. The **general government sector** is composed of all governments as well as the non-profit entities created by public administrations to deliver services for the benefit of society. Adhering to the sectoring system of the Canadian System of National Accounts (CSNA), the general government sector is partitioned into sub-sectors, components and sub-components in order to group different types of government activity. Sub-sectors distinguish units by the government of control. Within the sub-sectors, the component category groups units by type of activity, specifically, general government, universities and colleges, school boards, and health and social service institutions. Sub-components isolate the constituents of the components to provide groupings for the lowest level of measurement. Examples of these categories are ministries, municipalities, universities, hospitals and residential care facilities.

2. **Government business enterprises** are also part of the public sector domain. They operate in the market place, often in competition with privately owned organizations. Since they are profit-oriented entities, they must be included in the sectors that reflect their primary economic activity. Therefore, government business enterprises are classified to either the non-financial corporations sector or the financial corporations sector depending on the nature of their activities. They are identified as publicly controlled non-financial or financial corporations according to the naming conventions of the Canadian System of National Accounts. However, in the public sector, they are collectively recognized as government business enterprises (public corporations) with either non-financial or financial characteristics.

Appendix 2. Federal support to provinces and territories

Table 2
Federal support to provinces and territories

	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
	millions of dollars					
Total, Federal support	62,297	65,029	68,013	70,943	72,870	75,416
Canada health transfer	30,283	32,113	34,026	36,068	37,150	38,584
Canada social transfer	12,215	12,582	12,959	13,348	13,748	14,161
Equalization	16,105	16,669	17,341	17,880	18,254	18,958
Territorial formula financing	3,288	3,469	3,561	3,603	3,682	3,785
Other transfers and adjustments	406	196	125	44	36	-72
	dollars					
Per capita allocation	1,774	1,832	1,900	1,959	1,997	2,038

Source: <https://www.fin.gc.ca/fedprov/mtp-eng.asp>.

Appendix 3. Example of a classification template

Public sector classification decision – Public sector

1. Entity information

Figure A3-1
Entity information

Legal name	Canadian Museum for Human Rights
Event	New entity
Creation Date	August 10, 2008
Mandate	<p>“To explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue”.</p> <p>The Museum is a Crown corporation established by the Museum Act, governed by the control and accountability regime established under Part X of the Financial Administration Act. The entity is not subject to income tax under the provisions of the Income Tax Act.</p>
Activity	The Museum is physically located in Winnipeg, Manitoba and features diverse exhibits, programs, events and partnerships to propel it as a place for human rights reflection, dialogue and education. The Museum is the first national museum established outside of the National Capital Region.
Supporting documentation	Annual and quarterly financial statements

2. Sector classification²⁹

A. Residence

Figure A3-2a
Residence

A. Residence



The Museum is resident of the economic territory of Canada with which it has the strongest connection, evidenced by its center of predominant economic interest located in Winnipeg (in this case, where the Museum is physically located).

References: *GFSM 2014* 2.6 – 2.21, *2008 SNA* 4.10 – 4.15, *BPM6* 4.113 – 4.144.

¹ The sector classification of entities follow the prescriptions and guidelines of the International Monetary Fund (IMF) *Government Finance Statistics Manual 2014 (GFSM 2014)* in harmony with the *System of National Accounts (SNA)*, using the concepts of residence, institutional unit, control, and market versus nonmarket producers.

29. The sector classification of entities follow the prescriptions and guidelines of the International Monetary Fund (IMF) *Government Finance Statistics Manual 2014 (GFSM 2014)* in harmony with the *System of National Accounts (SNA)*, using the concepts of residence, institutional unit, control, and market versus nonmarket producers.

B. Institutional unit

Figure A3-2b
Institutional unit

B. Institutional unit



The Museum is an institutional unit since it is capable, in its own right, of owning assets (primarily in the form of capital assets, bank deposits and GICs), incurring liabilities (mostly in the form of trade payables), and engaging in economic activities and in transactions with other entities (such as partnerships) on its own behalf.

- ☑ Ability to own goods or assets in its own right;
- ☑ Ability to exchange the ownership of goods or assets in transactions with other institutional units;
- ☑ Ability to take economic decisions and engage in economic activity for which the entity is itself held directly responsible and accountable by law;
- ☑ Ability to incur liabilities on its own behalf, to take on other obligations or future commitments, and to enter into contracts;
- ☑ Availability of quarterly and annual complete financial statements, including a balance sheet of assets and liabilities, and net worth.

References: *GFSM 2014 2.22 – 2.25, 2008 SNA Chapter 4.*

C. Control³⁰

Figure A3-2c
Control

C. Control²



The Museum is a Crown corporation established and fully owned by the federal government. Under the *Museum Act*, the entity is governed by a Board of Trustees whose members are appointed by the Minister of Canadian Heritage with approval of the Governor in Council. The Board of Trustees provides strategic direction and oversight to the Museum. The Board reports to Parliament through the Minister of Canadian Heritage.

Substantially all of the employees of the Museum are covered by the Public Service Pension Plan (PSPP), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. The PSPP is the pension plan for the employees of the public service.

In establishing the Museum as a national cultural institution and federal Crown corporation, the Government of Canada committed to provide up to \$21.7M in parliamentary appropriations per year. Those grants from the federal government cover most of the operating expenses of the entity. Operating revenues (admissions, tours, memberships, education programs, boutique sales, facility rentals, commissions, catering sales and travelling exhibits) represent only a fraction of the operating expenses (less than 10%).

In light of these elements, the Museum is an institutional unit **controlled by the federal government**.

References: *GFSM 2014 2.81 – 2.84, 2008 SNA Chapter 4.*

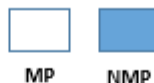
2. FG also includes federal GBEs. PTG also includes provincial and territorial GBEs. LG also includes local GBEs.

30. FG also includes federal GBEs. PTG also includes provincial and territorial GBEs. LG also includes local GBEs.

D. Market or nonmarket producer

Figure A3-2d
Market or nonmarket producer

D. Market or nonmarket producer



The Museum provides most of its output at prices **that are not economically significant**³. This is reflected in the entity's operating revenue that covers less than 10% of the operating expenses. **The entity is a nonmarket producer.**

References: *GFSM 2014* 2.64 – 2.75, *2008 SNA* 4.18, 6.95 – 6.98, 22.28 – 22.32

3. Economically significant prices are prices that have a significant effect on the amounts that producers are willing to supply and on the amounts purchasers wish to buy. These prices normally result when (1) the producer has an incentive to adjust supply either with the goal of making a profit in the long run or, at a minimum, covering capital and other costs, (2) consumers have the freedom to purchase or not purchase and make the choice on the basis of the prices charged.

3. Classification decision

The Museum is a resident institutional unit of Canada **controlled by the federal government**. The Museum is a general government unit with an individual budget not fully covered by the main (general) budget. This type of entity is considered as an **autonomous organization (extrabudgetary unit)**³¹ in GFS.

Figure A3-3
Results of the classification decision

	Results of the classification decision
Sector	General government
Subsector	Federal government
Sub-component	Autonomous organizations
Province-Territory	N/A
CSNA	131101 - Federal autonomous organizations
NAICS	712119 – Other Museums
BR	Entity to be added.
KEYNES	Entity to be captured, from fiscal year 2008-2009

References: GFSM 2014 2.81 – 2.89

31. Extrabudgetary entities may have their own revenue sources, which may be supplemented by grants from the general budget or from other sources. Even though their budgets may be subject to approval by the legislature, similar to that of budgetary accounts, they have discretion over the volume and composition of their spending. Such entities may be established to carry out specific government functions.

4. Recapitulation

Figure A3-4
GFSM 2014 Decision Tree for Sector Classification of Public Entities

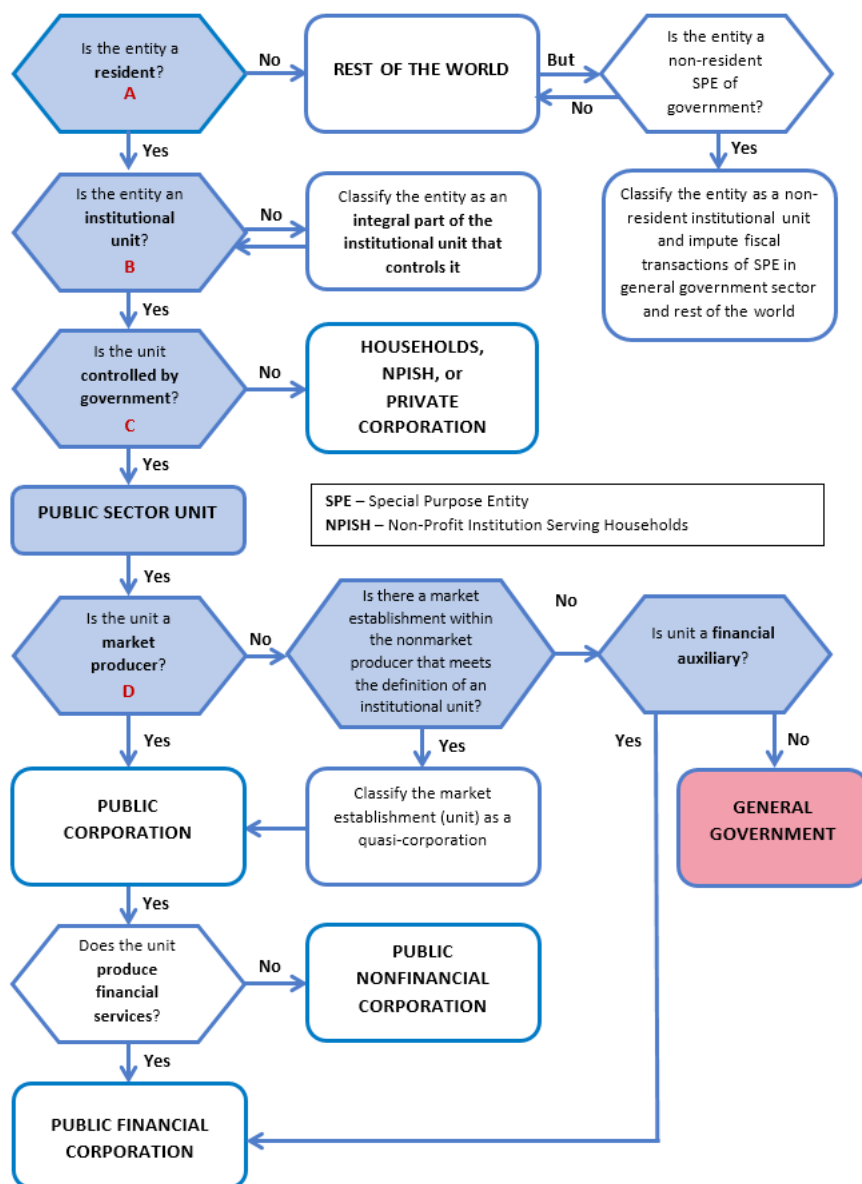
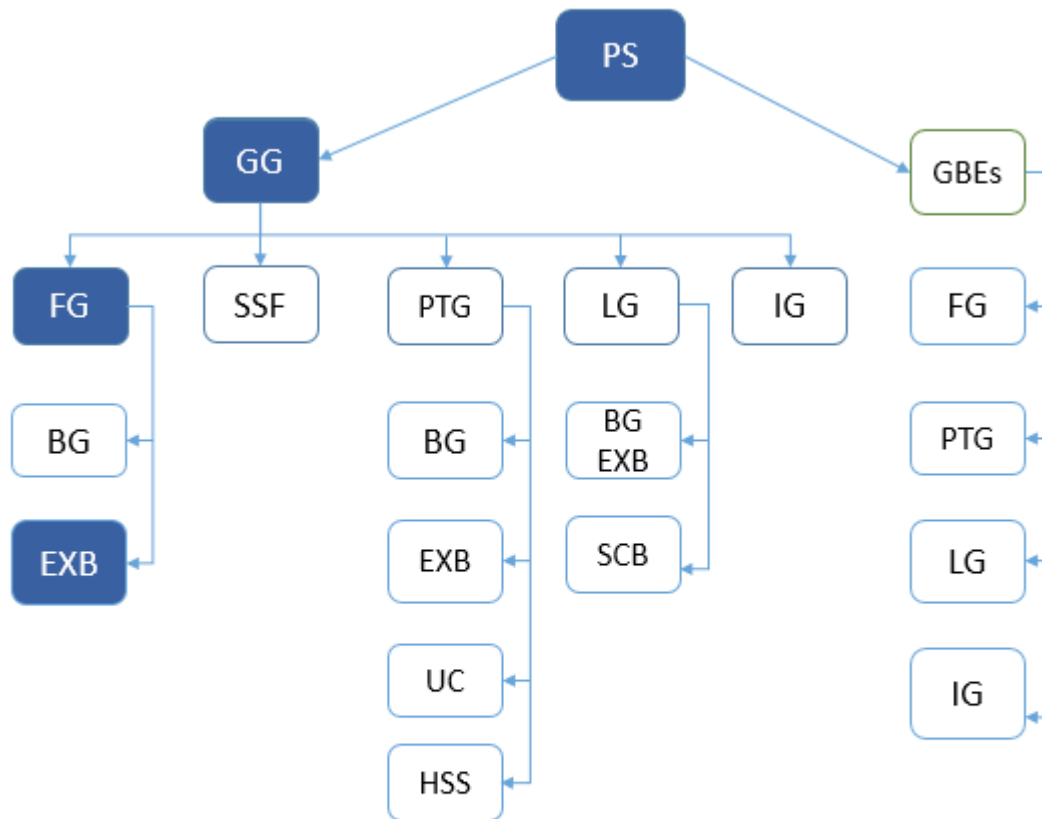


Figure A3-5
Sector classification



Legend

PS = Public sector; **GG** = General government; **GBE** = Government business enterprises; **FG** = Federal general government; **BG** = Ministries and departments, non autonomous funds, pension plans and organizations (budgetary government); **EXB** = Autonomous funds and organizations (extrabudgetary government); **SSF** = Social security funds; **PTG** = Provincial and territorial government; **UC** = Universities and colleges; **HSS** = Health and social services institutions; **LG** = Local government; **SCB** = School boards; **IG** = Indigenous government.

Appendix 4. Acronyms and abbreviations

Acronym	Definition
BOP	Balance of Payments
BPM	<i>Balance of Payments Manual</i>
BRS	Business Register System
CAPEX	Capital and Repair Expenditures Survey
CFC	Consumption of Fixed Capital
COFOG	Classification of the Functions of Government
CSMA	Canadian System of Macroeconomic Accounts
CSNA	Canadian System of National Accounts
GBE	Government Business Enterprise
GDP	<i>Gross Domestic Product</i>
GFCF	Gross Fixed Capital Formation
GFS	Government Finance Statistics
GFSM	<i>Government Finance Statistics Manual</i>
IAD	Industry Accounts Division
IATD	International Accounts and Trade Division
IMDB	Integrated Metadatabase
IMF	International Monetary Fund
MFS	Monetary and Financial Statistics
NAICS	North American Industrial Classification System
NEAD	National Economic Accounts Division
NSDP	National Summary Datapage
PIM	Perpetual Inventory Method
PSSD	Public Sector Statistics Division
PSU	Public Sector Universe
SDDS+	Special Data Dissemination Standard Plus
SNA	System of National Accounts