



Vertical Fiscal Imbalance July 2002



Fiscal Prospects for the Federal and Provincial/Territorial Governments



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Preface

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EXECUTIVE SUMMARY

In May 2002, the provincial and territorial Ministers of Finance asked the Conference Board of Canada to extend the February 2002 study prepared for Québec's Commission on Fiscal Imbalance to cover all of the provinces and territories. The results of this national study are now available.

Vertical fiscal imbalance exists when the distribution of revenue resources between the federal and provincial/territorial orders of government is inconsistent with the cost of meeting their respective constitutional spending responsibilities.

This study examines the issue of vertical fiscal imbalance between the federal and provincial/territorial governments over the long term. Its main objective is to project the Public Accounts of the federal and aggregate provincial/territorial governments, with an emphasis on determining the impact of demographic changes on the cost of public health care and education spending out to 2019/20. While the presence of fiscal imbalance raises many fundamental questions about governments' sources of revenue and the composition of their spending, this study does not attempt to answer these issues. Its goal is more modest. It answers the basic question: is there an imbalance between the budgetary leeway of the federal government and that of the provincial and territorial governments in Canada? Based on a projection of the fiscal and budgetary status quo, the answer is definitely yes.

The long-term projections presented in this study are based on maintaining the status quo with respect to fiscal and budgetary policy. As a result, all federal and provincial/territorial tax rates remain at their current levels unless the changes have been already announced in past budget documents. Similarly, there are no new government spending initiatives included in these projections, aside from those already announced in past federal and provincial/territorial budgets. All budgetary surpluses in a given fiscal year are earmarked exclusively for debt reduction. The status quo assumption is aimed at evaluating the governments' fiscal room-to-manoeuvre and thus, to indicate the degree of latitude available to them to implement new initiatives, or, conversely, the budgetary actions needed to balance the books.

The 2002 edition of the Conference Board of Canada's (CBoC) Canadian long-term economic outlook serves as a backdrop for projecting the federal and total provincial/territorial governments' Public Accounts. However, for the purpose of this study, this baseline forecast had to be customised in order to leave current budgetary and fiscal policy unchanged. It was also updated to incorporate, as a starting point, actual data for the first quarter of 2002 as shown in the latest release of Statistics Canada's National Income Accounts (NIA). Furthermore, two satellite models were built in order to take into account the effect of demographic changes on the provinces and territories' two main areas of spending, namely health care and education.

The health expenditure analysis is based on historical movements in real (inflation-adjusted) public per capita health care spending for each of eighteen age and gender cohorts. Public health expenditures are projected forward from the fiscal year 2001/02 to 2019/20 based on projections of real per capita expenditures and the changing distribution of the population. As Canada's population will continue to grow and age, total provincial and territorial public health expenditures will reach \$166.5 billion in 2019/20, up from \$63.5 billion in 2000/01. This translates to an average annual compound growth rate of 5.2 per cent in public health expenditures over the forecast period. As a share of total provincial/territorial budgetary revenues, public health expenditures are projected to increase from 32.4 per cent in 2000/01 to 44.8 per cent in 2019/20, an increase of 12.4 percentage points over the next twenty years.

The education model also uses regression results to forecast changes in spending for three levels of education, namely elementary/secondary schools, colleges and universities. Overall, education spending by the provinces and territories will increase by an average of 3.2 per cent per year until 2019/20 due to the projected decline in the student population. The proportion of budgetary revenues earmarked for education, which stood at 19.5 per cent in 2000/01, will ease to 18.8 per cent in 2019/20.

The federal government's fiscal prospects are in sharp contrast with those for the provincial/territorial governments. While federal government surpluses are projected to rise steadily over the next two decades, reaching \$85.5 billion, the provinces and territories will collectively be in a deficit position throughout the forecast period. Under current revenue and spending structures, the federal government is forecast to achieve multi-billion-dollar surpluses large enough to virtually eliminate its interest-bearing debt by 2019/20. On the other hand, the aggregate provincial/territorial net debt will increase by 54 per cent to reach \$386.9 billion.

With the current fiscal regimes in place, the vertical fiscal imbalance will widen in the future, as only the federal government has the financial capacity to implement new initiatives such as tax cuts and new discretionary program spending. This is because the federal government will be able to achieve a budgetary surplus each year, thereby paying down the debt and entering the so-called "virtuous circle" of fiscal performance. In contrast, the provinces and territories will have no leeway to implement new policy initiatives over the next two decades. On aggregate, they will neither be able to increase spending nor cut taxes without falling more into deficit.

This study examines the aggregate position of all provinces and territories but the fiscal capacity of individual provinces may be quite varied. Population growth, demographic composition, economic prospects and the initial state of the Public Accounts are quite different among Canada's regions. Thus, beyond the scope of this study, there is a need for research to examine the issue of fiscal imbalance for each individual province and territory compared to the federal government.

The Canadian economy is expected to close the output gap over the next few years and expand at the same pace as its potential output thereafter. It is critical to note that the effect of the inevitable business cycles would not significantly change the conclusions of this analysis nor alter the average growth in output projected over the forecast horizon. This is due to the common acceleration of economic growth during recovery phases that typically follow periods of economic downturn.

Great care was exercised in choosing all of the underlying assumptions required for this research. We believe that the long-term forecast presented in this study is the most probable under the status quo scenario with respect to budgetary and fiscal policy, in light of the information available when the study was prepared.

1 STUDY PURPOSE

The main objective of this study is to project the Public Accounts of the federal and provincial/territorial governments, with an emphasis on determining the impact of demographic changes on the cost of public health care and education spending over the next twenty years. To this end, revenues and expenditures for the two orders of government have been broken out and projected according to the budget items commonly found in budget documents.

These projections are based on maintaining the status quo with respect to fiscal and budgetary policy. As a result, all federal and provincial/territorial tax rates remain at their current level unless the changes have been already announced in past budget documents. There are no new government spending initiatives included in our projections. The ultimate goal of the study is to measure the room-to-manoeuve of each level of government in terms of budgetary policy. It gives some indication of the means available to the federal and aggregate provincial/territorial governments to implement new initiatives or, conversely, the budgetary actions needed to balance the books.

The expression “vertical fiscal imbalance” is used to describe a situation where the distribution of revenue resources between the federal and provincial/territorial orders of government is inconsistent with spending responsibilities.

This report is divided into seven chapters. Following the objectives of the study is Chapter 2 which presents the overall research methodology and assumptions adopted for this forecasting exercise. The third chapter presents an overview of the long-term economic outlook for Canada as well as the underlying demographic projections. Chapter 4 describes the methodology used to determine the public health care expenditure forecast. Included in this chapter are the data sources, a description of the satellite model developed to forecast public health care expenditures and the spending projections. Similarly, the results for public education spending are presented in Chapter 5. The fiscal prospects for the federal and provincial/territorial governments are presented in Chapter 6. A summary of the forecast results and the study’s conclusions are contained in the seventh and final chapter.

A series of tables containing the detailed results from the study is also included as Appendix A. These tables display relevant data used for the analysis including data on key economic indicators, public finance, demographics, health expenditures by age cohort as well as public education spending per student.

2 METHODOLOGY AND ASSUMPTIONS

The main objective of this study is to project the federal and provincial/territorial governments' Public Accounts while maintaining the status quo with respect to budgetary and fiscal policy for the next two decades. This forecasting exercise makes it possible to better understand changes in the financial situation of the two orders of government by accounting for their respective program responsibilities in light of economic growth and tax revenues.

The status quo with respect to budgetary and fiscal policy means that there are no new spending initiatives or tax changes included in our projections, aside from those already announced in past federal and provincial/territorial budgets. All budgetary surpluses in a given fiscal year will be earmarked exclusively for debt reduction. The status quo assumption is aimed at evaluating governments' fiscal room-to-manoevre and thus, to indicate the degree of latitude available to them to implement new initiatives.

Budgetary revenues for the federal and provincial/territorial governments are a function of key determinants from the Board's long-term economic outlook. For instance, direct taxes are a function of personal income and corporate profits. Revenues generated by indirect taxes are based on consumer spending or on economic activity in general. Note that the two orders of government have access to all major tax bases: personal and corporate income taxes, sales taxes and payroll taxes. All these tax rates and tax bases are explicitly taken into account in the Board's macroeconomic model.

The provinces and territories are constitutionally responsible for health, education and other significant social programs. For this study, satellite models have been developed in order to determine a detailed long-term profile of public health care and education expenditures. Using equations of the Board's macroeconomic model, we also forecast all the other components of government program spending. Meanwhile, the model's fiscal block determines debt levels and corresponding debt-servicing costs for the two orders of government.

It is important to note that all the data and simulation results have been converted from a calendar year basis to a fiscal year basis. This was done so that the federal and provincial/territorial governments' Public Accounts data would be compatible with other data from the Board's macroeconomic model.

Great care was exercised in choosing all of the underlying assumptions required for this research. We believe that the simulation results presented in this study are the most probable under the status quo scenario with respect to budgetary and fiscal policy, in light of the information available when the study was prepared. Thus, results allow for a balanced analysis of the fiscal prospects for the federal and provincial/territorial governments.

3 CANADIAN OUTLOOK

The long-term economic outlook for Canada is generated using the Board's National Forecasting Model. There are a number of important inputs into this model, including a population forecast provided by Statistics Canada. This updated long-term economic outlook is based on the National Income Accounts (NIA) for the first quarter of 2002 and on maintaining the status quo with respect to fiscal policy. Thus, this forecast differs from the CBoC's long-term outlook released in December 2001.

The Board's most recent forecast calls for the Canadian economy to move back towards its potential output over the short-term, reaching potential by the end of 2003/04. Potential output is defined as a measure of economic activity that can be sustained in an economy, without accelerating inflation, over a long period when all factors of production are fully and efficiently employed. Next, it is assumed that Canada will be able to stay at potential for the remainder of the forecast horizon (from 2004/05 to 2019/20). There are no more business cycles once the Canadian economy reaches its potential output, a common assumption for long-term economic forecasts. However, it is critical to note that the introduction of business cycles into the forecasting scenario would not significantly alter the average growth in output over the forecast horizon. This is due to the common acceleration of economic growth during recovery phases that typically follow periods of economic downturn.

3.1 DEMOGRAPHIC ASSUMPTIONS

The evolving demographic structure of the population is a critical factor determining the long-term outlook for Canada as well as the estimates of public health care and education expenditures for the next twenty years.

Overall, Canada's population is expected to rise, albeit slowly over the long term. From a recorded increase of 0.9 per cent in 2000/01, population growth will slow to an average annual compound rate of 0.7 per cent between 2001/02 and 2019/20. This will result in a 4.7 million person increase over the next twenty years as our population is expected to reach 35.5 million, up from 30.8 million in 2000/01.

Note that the Board obtains projections of population by age and gender cohort from Statistics Canada. In order for Statistics Canada to develop these projections, however, assumptions regarding fertility rates, mortality rates and net international migration flows were required and provided by the Board.

The population projections in the current outlook assume a constant fertility rate of 1.55 births per woman. This is well below the standard replacement rate of 2.1 but consistent with recent trends. Low fertility together with an ageing population will suppress the birth rate over the long term.

Mortality rates are also held constant over the forecast period but the number of people entering higher risk age cohorts will expand. This implies that the death rate will rise in Canada over the next twenty years. As a result, the natural increase in the population (births minus deaths) is projected to fall from about 115,000 in 2000 to only 51,000 in 2020.

These projections indicate the importance of immigration for future population growth. International immigration is expected to rise from its recent levels of around 200,000 annually to close to 277,000 by the 2019/20. Allowing for a slight rise in out-migration, net immigration is forecast to rise from its current level of 140,000 to 208,000 by the 2019/20, thus becoming by far the dominant source of population growth.

3.2 SHORT-TERM ECONOMIC OUTLOOK: 2002/03 AND 2003/04

As indicated in the NIA for the first quarter of the year, the Canadian economy entered 2002 with a bang as GDP growth surged to an annualised 6 per cent rate, one of the fastest quarterly expansions in the last decade. The huge inventory liquidation in the final quarter of 2001 prompted a swift rebound in industrial production. Restored confidence boosted consumption and investment, while a parallel surge in U.S. growth wrenched the export sector out of recession. With the help of this good start, real GDP growth is expected to reach 4.1 per cent this fiscal year before decelerating somewhat to 3.8 per cent in 2003/04 (see Table 1).

Although production roared ahead in the first quarter of 2002, the gains were still not enough to meet red-hot demand. Consequently, inventories were again drawn down substantially, albeit at half the pace of the fourth quarter liquidation. This drove stock-to-sales ratios down below normal levels, and suggests that there will be further increases in production in the coming months first to stabilise and then to restore normal economy-wide inventory levels. This is expected to add significantly to near-term GDP growth.

The increase in production gave rise to a concurrent increase in employment. In the first five months of 2002, 237,000 jobs were created, most of them full-time, private sector positions. This pace is not expected to continue as the year wears on – in fact, employment will be quite stagnant in the latter half of the year – but the incomes generated by the jobs that were created will provide a solid platform for domestic demand growth this year.

Monetary policy has entered a tightening phase. Stimulative monetary conditions jump-started the economy in the first quarter beyond expectations and activity has not abated in the second quarter. However, the pause in GDP growth last year did not create enough surplus capacity in the economy to sustain growth at the current pace for very long. Mindful of this, and that first-quarter monetary conditions were consistent with growth well in excess of long-term potential, the Bank of Canada began immediately to withdraw the stimulus, electing to raise

short-term interest rates by 25 basis points at each of the April, June and July policy announcement dates. The Bank is expected to continue increasing short-term rates by small increments this year and next until real rates are close to their long-term average. From trough to peak, the overnight lending rate is expected to rise by 300 basis points to 5 per cent by the end of 2003. These actions are expected to rein in economic growth in time to prevent prices from drifting significantly above the mid-point of the Bank's inflation target range.

The Bank of Canada's actions are also providing a boost to the Canadian dollar. Slower investment flows into the United States in recent weeks have weakened the U.S. dollar against most currencies, the Canadian dollar being no exception. Furthermore, the Bank of Canada's recent interest rate hikes have not been mirrored south of the border, resulting in a 75 basis-point premium on Canadian short-term paper. Consequently, the Canadian dollar has appreciated by 4 per cent since January. This, in conjunction with interest rate hikes, has been sufficient to remove one third of the monetary stimulus injected during 2001. The dollar is expected to continue gaining strength until the second half of 2003, when aggressive U.S. interest rate hikes narrow the Canada-U.S. spread on short term paper. The dollar is forecast to average U.S. \$0.651 this fiscal year and U.S. \$0.654 in 2003/04, compared with U.S. \$0.639 in 2001/02.

In the meantime, basking in the glow of low interest rates, strong job creation and rising confidence, consumers are spending at a strong pace. Interest-sensitive goods have fared particularly well, fed in large part by significant housing sector activity. Rising rates are expected to prompt last-minute purchases of big-ticket items before the bloom starts to fade. Auto sales, boosted to unusually large dealer incentives that have reduced or even eliminated interest costs, are expected to weaken considerably in the latter half of the year, dampening total consumption. However, personal income is strong enough that sales will quickly return to a normal growth pattern. Consumer expenditures are expected to grow by 2.2 per cent in 2002/03 and 3.4 per cent in 2003/04, in real terms.

Residential construction is expected to be the fastest growing component of GDP this fiscal year with an increase of 14.7 per cent in real terms. Partly due to the rise in interest rates, the boom in residential construction will come to an end in 2003/04 when we project a slight decline of 0.4 per cent.

Business investment is still reeling from the growth pause in 2001. Weakness was aggravated by a sluggish energy sector in the crucial winter drilling months. However, the first quarter growth surge is expected to inject life into investment plans that were formulated with weaker growth assumptions, prompting an acceleration in near term aggregate investment activity. After shrinking by 3.5 per cent in 2001/02, real investment in machinery and equipment is forecast to grow by 0.7 per cent in 2002/03 before posting a respectable 8.5 per cent growth in 2003/04. The recovery in real business non-residential construction investment is expected to follow the same pattern with expected growth rates of 0.6 and 8.9 per cent respectively for 2002/03 and 2003/04.

Exports recovered in the first quarter following a string of declines, and are forecast to fare well as the year wears on. Although U.S. demand is forecast to slow in the middle months of the year, solid gains in the auto sector will keep total exports expanding. Stronger growth in the U.S. economy is expected to lift real export activity by 2.9 per cent this fiscal year and 4.7 per cent in 2003/04.

3.3 LONG-TERM ECONOMIC OUTLOOK: 2004/05 TO 2019/20

Canadian economic performance is expected to ease over the long term and converge to its potential output growth rate. Canada's real GDP is forecast to post average annual growth of 2.4 per cent between 2004/05 and 2019/20. The principal factors behind this deceleration are the ageing of the population and its dampening effect on labour force growth, and a general slowing in the pace of technological change that will weaken the pace of investment spending.

Consumption patterns will change shape considerably over the long term, a direct result of the demographic shift that is underway. As the baby-boomer population bulge matures and the population ages, consumption will become even more oriented toward services. The average annual compound growth rate in consumer spending is forecast to be 2.2 per cent over the 2004/05 to 2019/20 period. Over the next five years, the baby-boomers (those born between 1947 and 1966) will be moving through their peak spending years, when the focus is on durable goods for themselves and their children, including continued strong spending on digital consumer products. However, between 2005/06 and 2015/16, this group will be entering a high-income, high-savings period as they prepare for retirement. Finally, over the last five years of the forecast period, the share of the population over 65, and especially the share over 75, will begin to pick up sharply, with a resultant drop in the savings rate and a sharp shift toward consumption of services, especially health care.

Other demographic trends are worth noting. After 2010, as the teenage population drops off precipitously when the children of the baby boom move into their mid-twenties, the market for products aimed at youth will shrink. However, the number of children aged 0 to 14 will begin to rise after 2015 as the grandchildren of the baby-boomers come onto the scene, reviving the market for children's products. Finally, overall consumption would be weaker were it not for an acceleration of real wage gains and structural labour supply shortages.

Over the longer term, housing starts are projected to fall modestly to levels closer to underlying demographic demand and track potential housing demand. After peaking at 181,100 units in 2002/03, housing starts are expected to slide to 150,500 units in 2012/13. However, starting in 2013/14, a temporary surge in new household formation will occur, fuelled by the baby-boom echo generation becoming old enough to form households. Housing starts are thus expected to rise again to a local peak of 158,200 units in 2015/16, before easing back to 151,800 units by 2019/20.

Stimulated by the need to replace ever more expensive labour, investment in machinery and equipment is projected to be the spending growth leader over the entire forecast horizon with an average annual compound growth of 4.6 per cent from 2004/05 to 2019/20. Annual growth of business non-residential construction investment is forecast to average 2.5 per cent between 2004/05 and 2019/20.

Over the 2004/05 to 2019/20 period, real export growth will further subside to a compound annual growth rate of 3.4 per cent as the exchange rate appreciates and U.S. growth slows in line with its long-term potential output growth rate.

See Table 1 and 1A in Appendix A for more detail concerning the long-term economic outlook for Canada.

TABLE 1
Key Economic Indicators – Canada

	2001/02	2002/03	2003/04	2004/05 to 2019/20
GDP at market prices (billions 1997 \$)	1,033.0	1,075.6	1,116.1	1,639.4
		4.1	3.8	2.4
GDP at market prices (\$ billions)	1,093.7	1,153.0	1,217.3	2,355.2
		5.4	5.6	4.2
CPI inflation rate	2.2	2.4	2.1	2.1
Unemployment rate	7.4	7.7	7.0	6.6
Prime rate	5.0	4.6	6.4	7.1
Population (000s)	31,100	31,339	31,585	35,517

Sources: The Conference Board of Canada; Statistics Canada.

Note: For each indicator, the first line represents the level and the second, the annual percentage change. The percentage changes in the final column are calculated as average annual compound growth rates over the period 2004/05 to 2019/20.

4 PUBLIC HEALTH CARE

This chapter presents the satellite model developed to project public health care spending out to 2019/20. The first section discusses the various data that were required along with the development of the model. The second section presents the public health care spending projections.

4.1 HEALTH EXPENDITURES MODEL

The historical data on public health care spending, on a Public Accounts basis, come from the provinces and territories as shown in their respective budget documents.

Health Canada is the source of data for public health expenditures by age and gender cohort. These data are broken down into eighteen age and gender cohorts. The amount of public money that was spent on health care for men (and women) aged 0 to 14, 15 to 24, etc. can be easily calculated by dividing these levels of spending by the number of people in the corresponding age and gender cohort.

An important component of the health expenditures model is a price index for health care spending. This index was estimated in consultation with Statistics Canada since a price index for public health expenditures does not currently exist. Public health care expenditures are primarily comprised of wages and salary costs. For this reason, a Health Price Index (HPI) was built using data on health and social services spending on salaries, as well as employment in the health and social services fields. The price index represents the average salary in health and social services. Observations over history revealed that the HPI moves in line with Canada's overall Consumer Price Index (CPI). Therefore, the forecast of HPI was estimated using a simple error-correction model tied to the Board's Canadian long-term forecast for the CPI.

All of the per capita health care spending equations were estimated in real terms as a function of a time trend to capture increases in per capita spending over and above inflation. The estimated trends capture both the change in the overall volume of health care services (level of access or utilisation) and the introduction of new technologies that lead to the provision of additional services. Using the regression results, real per capita spending is extrapolated over the forecast period. Trend estimates of real expenditures are converted back to current dollars simply by multiplying by the HPI.

Total provincial/territorial public health care spending in current dollars is obtained by multiplying the average cost per capita (by age and gender cohort) and the projected number of people in that age/cohort grouping in each year. The overall total figure is then obtained by adding up the nominal dollar amount spent for each of the 18 age/gender cohorts.

4.2 SPENDING PROJECTIONS

The model results suggest that the ageing population and rising costs combine to increase total provincial and territorial nominal public health spending from \$63.5 billion in 2000/01 to \$166.5 billion in 2019/20. This represents an average annual compound growth of 5.2 per cent over the forecast period. Of this growth, 2.1 percentage points per year can be attributed to inflation, 1.4 percentage points are attributed to real increases in the volume of services provided and 1.7 percentage points are attributed to demographics. The 1.7 percentage-point contribution attributed to demographic movements can be broken down in terms of a 1.0 percentage-point contribution from an ageing population and a 0.7 percentage-point contribution from population growth.

Two critical factors will contribute to the rise in overall provincial and territorial health care expenditures: the rise in the number of seniors, and the fact that more than 50 per cent of a person's lifetime health care expenditures occur after the age of 65. As people age, their health care consumption patterns become more expensive. In 2000/01, nominal per capita health expenditures stood at \$2,063 – it is expected that this figure will more than double to reach \$4,688 by 2019/20. For people aged 65 and over, the per capita cost will increase from \$7,740 in 2000/01 to \$15,691 in 2019/20 (see Table 4 in Appendix A for more detail).

Not unexpectedly, the most important group to focus on is the baby boomers, as they constitute a large share of the overall population. Over the next twenty years, ageing baby boomers will boost the share of the older age cohorts in the total population. By the end of the forecast period, baby boomers will fall between the ages of 55 and 74. Individuals over the age of 65 will make up 17.4 per cent of the Canadian population by 2019/20, compared to only 12.5 per cent in 2000/01 (see Table 6 in Appendix A for more detail).

Another interesting point to keep in mind is that this study covers only the period to 2019/20. But the pressure on health care costs may be even greater after the year 2020. Indeed, in 2020, baby boomers will still not be at the top of the age pyramid as they will still be aged under 74 (most of them will not even have reached the age of 65). They will then gradually enter the more costly age groups in terms of health care. Perhaps the most dramatic increases in health care costs will occur after the current forecast period ends.

5 PUBLIC EDUCATION

The basic structure of the education spending model rests on the same principles as those used for the health care model. The satellite model is used to project the cost of public education by age cohort over time. This allows the effect of demographic changes on education spending to be taken into account.

5.1 EDUCATION EXPENDITURES MODEL

The historical data on public education spending, on a Public Accounts basis, were drawn from provincial/territorial government budget documents. Data on education spending and enrolment numbers for different levels of education were provided by Statistics Canada.

The first step consists in calculating historical education spending levels on a per student basis. Note that the CPI was used to generate the spending data in real terms. Trend equations were developed for real expenditures per student for three levels: school boards, colleges, and universities. Once the education spending forecasts per student have been obtained, they are multiplied by the corresponding forecast enrolment levels taken from the Board's demographic projections. It is important to note that enrolment rates were assumed to remain constant over the forecast period.

5.2 SPENDING PROJECTIONS

Our projections for education are markedly different from those for health care. This is because of the projected steady decline of 0.3 per cent per year, on average, in the enrolment levels over the forecast period.

From \$38.1 billion recorded in 2000/01, public education expenditures are forecast to reach \$69.6 billion in 2019/20, which translates into an average annual compound increase of 3.2 per cent due to the partial offset originating from the steady decline in the student population (see Table 5 in Appendix A for more detail).

On a per student basis, current dollar public education expenditures are forecast to increase, on average, by 3.3 per cent per year until 2019/20. With this pace of growth, the average cost per student of \$5,934 in 2000/01 will rise to \$11,042 in 2019/20. The fastest increase in the cost per student over the forecast period will come from the universities (up 3.6 per cent per year), followed by school boards (3.3 per cent) and colleges (3.0 per cent).

6 FISCAL PROSPECTS

This first section of this chapter presents the fiscal prospects facing the federal government over the next twenty years while the second section examines the projected fiscal situation of the provinces and territories.

The assumptions used to generate the federal government revenue components are summarised in Exhibit 1 while those underlying the expenditure scenario are presented in Exhibit 2. Similarly, the aggregate provincial/territorial revenue and expenditure components (other than public health care and education) are reviewed in Exhibits 3 and 4 respectively.

6.1 FEDERAL GOVERNMENT

Simulation results show that the federal government's overall financial position will improve considerably over the next twenty years. Indeed, federal surpluses are forecast to grow rapidly, reaching \$85.5 billion by 2019/20 (see Chart 1). Assuming that budgetary surpluses in any fiscal year must be used exclusively for debt reduction, the 2000/01 level of \$589.2 billion of interest-bearing debt will fall to \$52.7 billion by 2019/20 (see Chart 2). The decline in public debt charges, which are expected to fall from \$42.1 billion to \$11.2 billion between 2000/01 and 2019/20, is largely responsible for the growing budgetary surplus and the virtual elimination of interest-bearing debt at the federal level. This is known as the "virtuous circle" of debt reduction where surpluses increase over time as debt is reduced thus reducing interest costs.

The reduction in debt-servicing charges stems from the federal government's budgetary surpluses which are used to reduce its debt each year. As shown in Table 2, budgetary expenditures are expected to increase, on average, by 2.5 per cent per year over the forecast period, while budgetary revenues will post an average annual compound growth of 3.5 per cent. Excluding debt-servicing charges, program spending at the federal level is forecast to increase on average by 3.9 per cent per year.

Looking at the post-CHST legislated payment period 2006/07 to 2019/20, one can see in Table 2 that growth in federal program spending is forecast to decelerate to 3.6 per cent compared with an average annual growth of 4.6 per cent over the medium term. In fact, with the exception of elderly benefits, all federal program spending components are forecast to increase at a slower pace over the longer term. With budgetary revenues anticipated to grow by 4.1 per cent per year over the same period, the operating surplus at the federal level will more than double in size, passing from \$46.3 billion in 2005/06 to \$96.7 billion in 2019/20. The growing operating surplus is the main reason behind the reimbursement of the debt and the corresponding interest cost reductions. See Table 2, 2A and 2B in Appendix A for more detail concerning the fiscal prospects for the federal government.

Exhibit 1

Assumptions used to generate federal government revenues

1. Personal income taxes

These revenues are derived from the CBoC's forecasting model. The forecast incorporates the measures cited in the September 2000 *Economic Statement and Budget Update* which increase credits for the disabled, education and the Canada Pension Plan (CPP) deduction for the self-employed. Tax tables have been indexed and adjusted in 2004 to reflect the targets established in the *Economic Statement and Budget Update*. The new rules governing the taxation of capital gains have also been taken into account. The taxable portion of capital gains decreased from 75 per cent to two-thirds in the 2000 Budget and to 50 per cent in the *Economic Statement and Budget Update*.

2. Corporate income taxes

The measures included in the latest budgets and the *Economic Statement and Budget Update* have been incorporated into the medium-term scenario and rates have been kept constant for the remainder of the period.

3. Employment insurance contributions

The contribution rate decreases to \$1.70 per \$100 of insurable earnings in 2007. The rate has subsequently been held constant and the ceiling on eligible revenues has been raised in line with growth in average wages once the latter have reached \$39,000.

4. Excise taxes and duties

No change in indirect ad valorem taxes has been introduced; the GST collections thus increase at the same pace as nominal taxable consumption. Import duties decrease slightly in real terms. The value of taxes on fuel, tobacco and alcoholic beverages has been maintained in real terms. Fuel tax revenue increases at the same pace as inflation plus population growth starting in 2006/07. For previous years, the CBoC medium-term forecasts were used. As for other taxes and excise taxes, they reflect the combined rate of increase of the population 15 years of age and over and inflation.

5. Non-fiscal revenues

Investment revenues are based on an implicit rate of investment revenues in relation to the Government of Canada's financial assets. This implicit rate moves in line with the implicit interest rate on the debt. Other government revenues grow at the same pace as inflation and thus remain stable in real terms.

Exhibit 2

Assumptions used to generate federal government expenditures

1. Elderly benefits

These comprise two components generated from the CBoC's macroeconomic model. First, Old Age Security benefits are aligned with demographic movements and inflation. Second, total Guaranteed Income Supplement benefits increase in line with inflation throughout the forecast period.

2. Employment Insurance benefits

The general rules of the EI plan have been maintained, including recent increases in plan benefits. Starting in 2005/06, growth in benefits reflects the increase in the ceiling on pensionable earnings.

3. Other transfers to individuals

These are made up solely of the 2000/01 heating cost allowance, have been reduced to zero for the entire forecast period, as they are deemed to be exceptional and non-recurring.

4. Canada Health and Social Transfer

Federal transfers to the provinces and territories under the CHST program are those stated in the last federal budget for the period 2001/02 to 2005/06. For the subsequent period, growth in the CHST has been adjusted in order to maintain a constant level of real per-capita transfers, defined by population growth plus inflation. It should be noted that current legislation makes no provision for any increase in 2006/07 and later years. The assumption of a fixed real per-capita transfer most closely resembles the status quo with respect to current budgetary policy.

5. Equalization and Territorial Formula Financing

Starting in 2002/03, growth in payments is tied to growth in nominal GDP, according to the relationship observed between these two variables over history. It is important to note that the Formula Financing transfers made to the three territories are included in the definition of Equalization payments used for this study. The most recent budget estimates have been used for 2001/02.

6. Alternative Payments for Standing Programs

Payments are aligned with increases in federal personal income tax collections in Quebec.

7. Other transfers and subsidies to other governments

This item has been reduced to zero for the entire forecast period. These amounts have been deemed exceptional and non-recurring (Medical Equipment Trusts).

8. Direct program spending

This includes expenditures related to Crown corporations, Defence, Indian and Northern Affairs Canada, and all other program spending. Growth in such spending is determined by two factors, i.e. growth in nominal GDP and the growth of population and inflation combined. The growth rate used to project direct program spending is the mean of these two rates. Certain adjustments have been made to take into account recent budget announcements and the latest budget estimates for 2001/02.

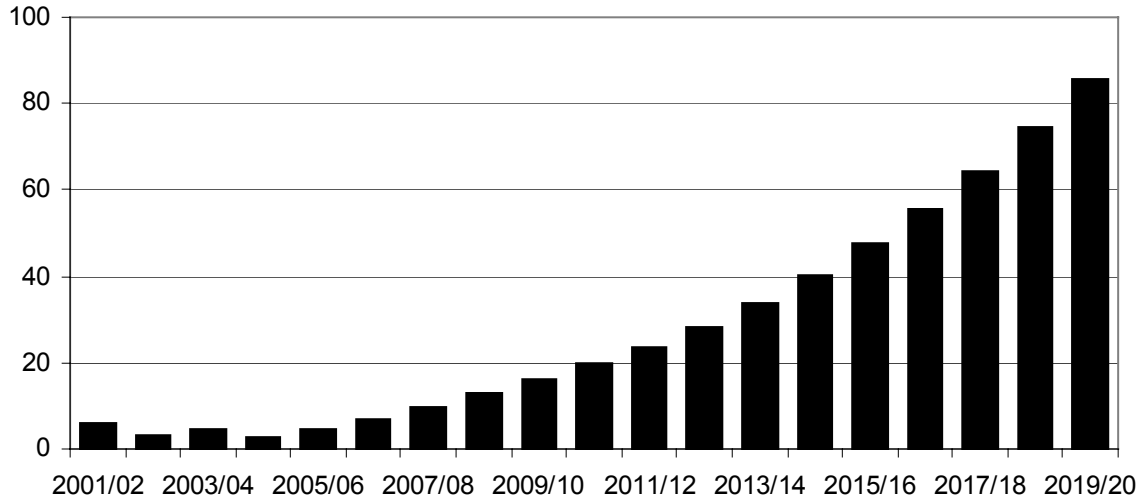
9. Public debt charges

These are based on the federal government's interest-bearing debt, which includes Canada Savings Bonds, Treasury bills, marketable bonds and pension and retirement plan liabilities. The implicit interest rate calculated for 2001/02 changes at the same pace as the interest rates determined by the CBoC's long-term forecasts. The most recent budget estimates have been used for 2001/02.

Chart 1

Federal government budgetary balance

(\$ billions)

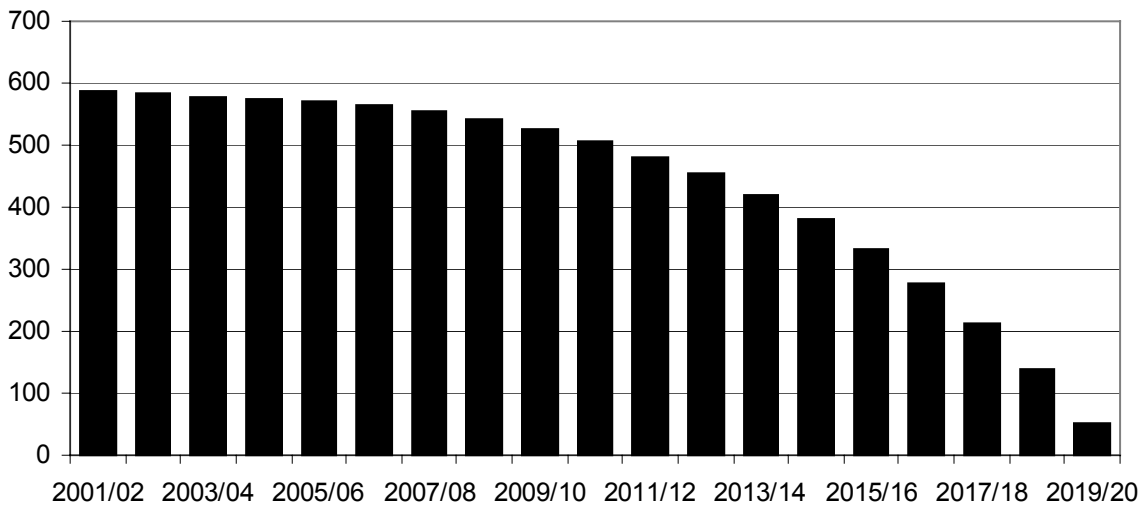


Source: The Conference Board of Canada; Finance Canada

Chart 2

Federal government interest-bearing debt

(\$ billions)

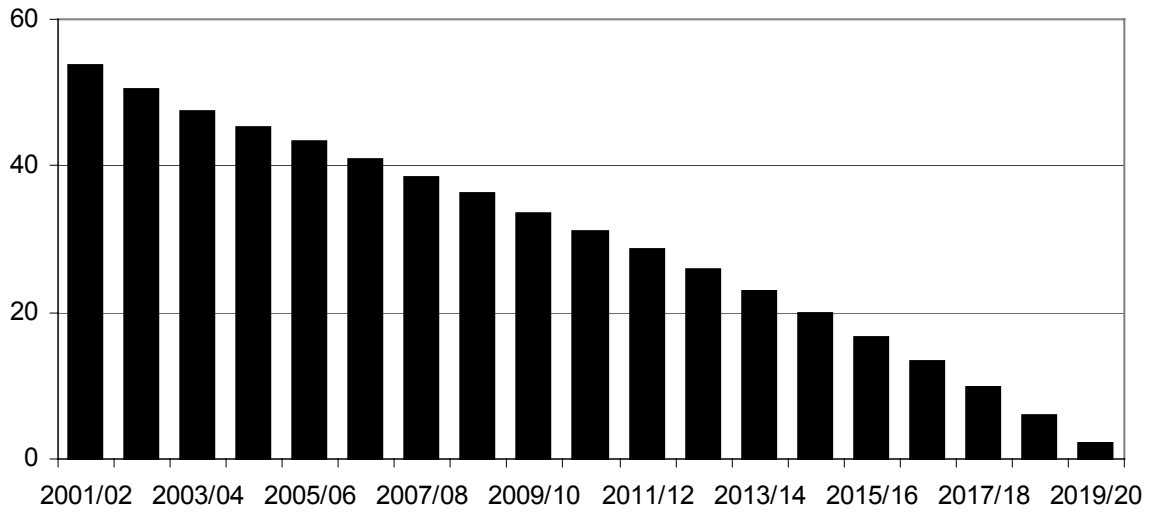


Source: The Conference Board of Canada; Finance Canada

Chart 3

Federal government interest-bearing debt as a share of GDP

(per cent)



Source: The Conference Board of Canada

TABLE 2
Federal government fiscal prospects
(\$ millions)

	2000/01	2001/02 to 2005/06	2006/07 to 2019/20	2001/02 to 2019/20
Budgetary revenues	178,590	195,967	341,694	
		1.9	4.1	3.5
Budgetary expenditures	161,442	191,553	256,239	
		3.5	2.1	2.5
Program spending	119,348	149,621	244,991	
		4.6	3.6	3.9
Elderly benefits	24,256	28,946	52,915	
		3.6	4.4	4.2
Employment insurance benefits	11,444	15,643	25,226	
		6.5	3.5	4.2
Transfers to provinces/territories	24,724	32,618	50,191	
		5.7	3.1	3.8
Other program spending	58,924	72,414	116,659	
		4.2	3.5	3.7
Public debt charges	42,094	41,932	11,248	
		-0.0	-9.0	-6.7
Budgetary balance	17,148	4,414	85,455	
Interest bearing debt	589,232	571,313	52,728	

Sources: The Conference Board of Canada; Finance Canada.

Note: Unless indicated otherwise, for each indicator the first line represents the level at the end of the period and the second line, the percentage change calculated as the average annual compound growth rates over the period in consideration.

6.2 TOTAL PROVINCIAL/TERRITORIAL GOVERNMENT

The fiscal prospects at the provincial/territorial level are more precarious. From the \$12.0 billion surplus recorded in 2000/01, the total provincial/territorial government balance is projected to remain negative throughout the forecast period. The deficit will steadily increase to reach \$12.3 billion in 2019/20 (see Chart 4).

Due to the projected 20-year string of deficits, the stock of debt at the provincial/territorial level will increase from \$251.5 billion in 2000/01 to \$386.9 billion in 2019/20 (see Chart 5). In 2000/01, the total provincial/territorial debt represented 23.3 per cent of Canada's GDP. As nominal GDP is expected to grow faster, this debt-to-GDP ratio will be reduced to 16.4 per cent (see Chart 6). Total provincial/territorial debt will increase on a per capita basis from \$8,166 in 2000/01 to \$10,894 in 2019/20.

Provincial and territorial government revenues are comprised mainly of direct and indirect taxes and transfer payments from the federal government. The taxes collected include personal and corporate income taxes, and indirect taxes such as provincial sales taxes. It is assumed for the purpose of this study that only those tax changes that have already been announced in past budget documents will be included in the outlook.

The federal government provides cash transfers to the provinces and territories for several reasons, one being to assist them in financing health care services. Funds are provided through the Canada Health and Social Transfer (CHST), which supports provincial/territorial programs in the areas of health, post-secondary education and social services. The amounts of the CHST presented in the last federal budget for the period 2001/02 to 2005/06 have been incorporated into this study's forecast. Using these federal budget estimates, growth in CHST payments will amount to 2.8 per cent on average.

Current legislation does not contain any mechanism for increasing CHST transfers from 2006/07 onwards. For the purposes of this study, it was assumed that the real per capital levels of CHST transfers for the year 2005/06 will be maintained over the remainder of the forecast period. As a result, CHST payments rise in line with population growth and the rate of inflation between 2006/07 and 2019/20.

As shown in Table 3, total provincial/territorial budgetary revenues are expected to grow on average by 3.4 per cent per year between 2000/01 and 2019/20. They include transfers from the federal government such as the CHST and Equalization payments. It is important to compare public health care expenditures to budgetary revenues over time (both are measured in current dollar terms). Indeed, this share gives a good indication of both the financial affordability and the long-term sustainability of provincial and territorial health care systems. As a share of total budgetary revenues, health expenditures are

projected to increase from 32.4 per cent in 2000/01 to 44.8 per cent in 2019/20 (see Chart 7). This represents an increase of 12.4 percentage points. It also means that close to 45 cents of every tax and federal transfer dollar obtained by provincial and territorial governments will be allocated towards public health care in 2019/20.

The proportion is much smaller for education spending. Indeed, the provinces and territories, which spent 19.5 per cent of their budgetary revenues on education in 2000/01, will see this share declining to 18.8 per cent in 2019/20 (see Chart 8).

Overall, total provincial/territorial budgetary expenditures are expected to increase by 4.0 per cent per year on average between 2000/01 and 2019/20, which is significantly faster than the average annual rate of growth of 3.4 per cent projected in total budgetary revenues.

Growth in total program spending (excluding debt-servicing charges) is expected to average 4.1 per cent per year between 2000/01 and 2019/20. This growth rate is 0.7 percentage points higher than the pace of increase in budgetary revenues, year after year for two decades.

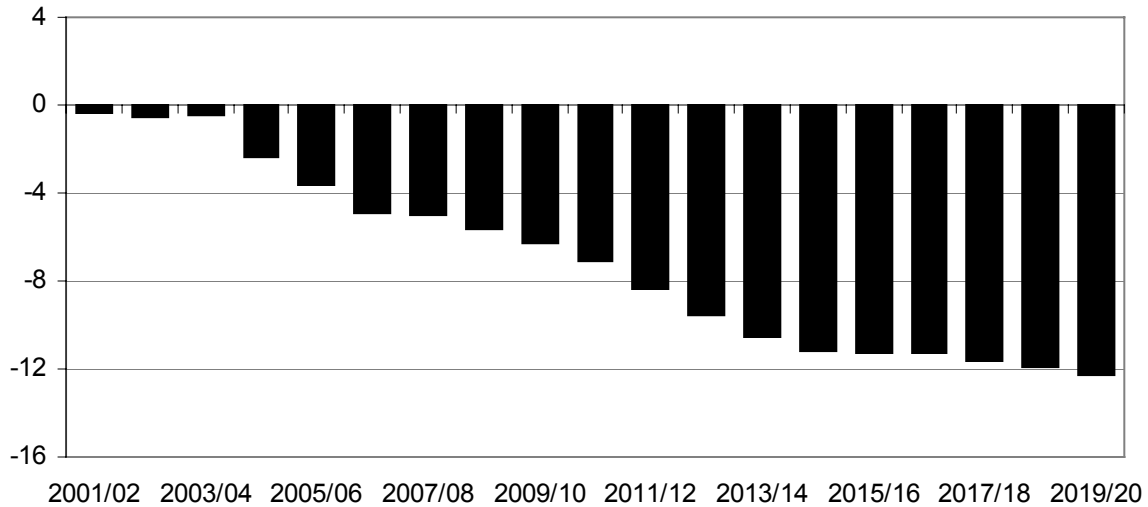
Public debt charges are expected to rise from \$22.4 billion in 2000/01 to \$39.4 billion by 2019/20 in line with the projected increase in the collective net debt of the provincial/territorial government.

See Table 3 and 3A in Appendix A for more detail concerning the fiscal prospects for the provincial/territorial government.

Chart 4

Provincial/territorial government budgetary balance

(\$ billions)

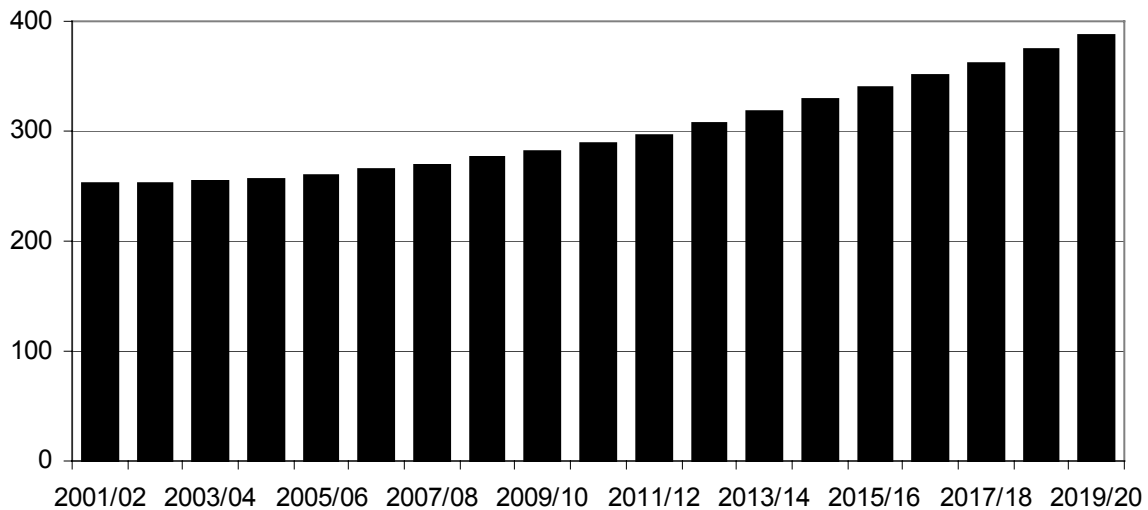


Source: The Conference Board of Canada; Provincial/territorial budget documents

Chart 5

Provincial/territorial government net debt

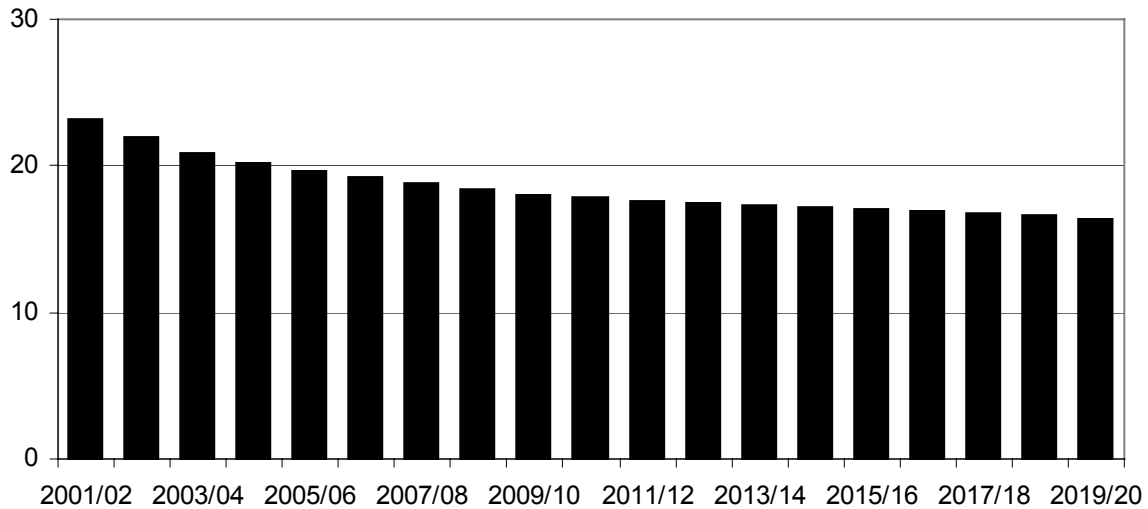
(\$ billions)



Source: The Conference Board of Canada; Provincial/territorial budget documents

Chart 6

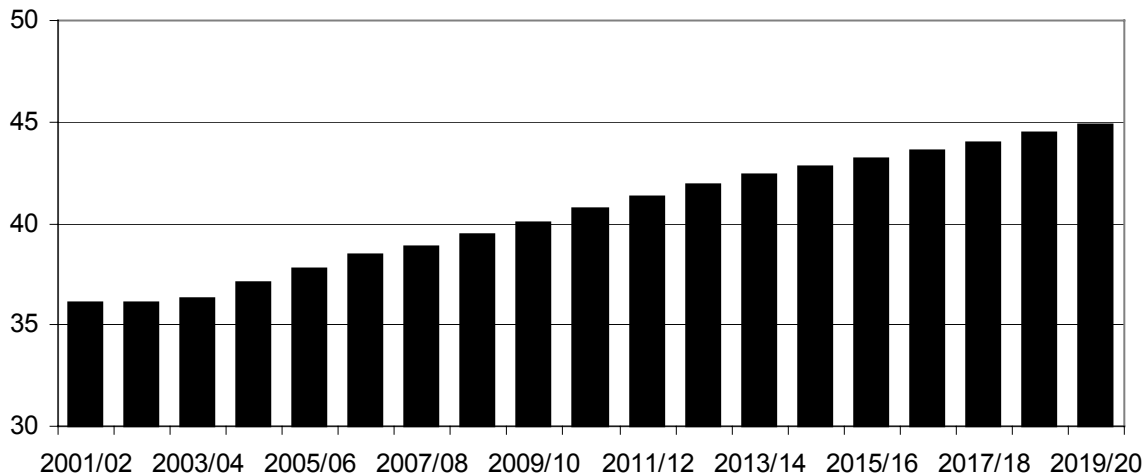
Provincial/territorial government net debt as a share of GDP
(per cent)



Source: The Conference Board of Canada

Chart 7

Public health expenditures as a share of provincial/territorial budgetary revenues
(per cent)

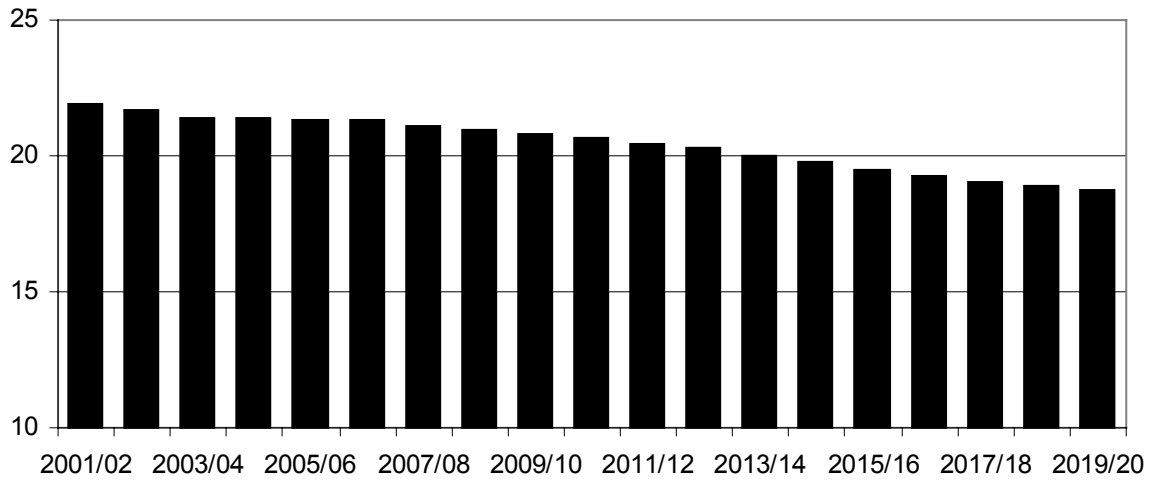


Source: The Conference Board of Canada; Provincial/territorial budget documents

Chart 8

Public education expenditures as a share of provincial/territorial budgetary revenues

(per cent)



Source: The Conference Board of Canada; Provincial/territorial budget documents

Exhibit 3

Assumptions used to generate provincial/territorial government revenues

1. Personal income taxes

Personal income tax data are taken from the CBoC's economic forecasts. They essentially reflect growth in personal income and take into account tax cuts announced in recent provincial/territorial budgets. The most recent budget estimates have been used for 2001/02.

2. Corporate taxes

Corporate tax collections grow at the same rate as corporate profits, which are taken from the CBoC's long-term economic forecasts. Cuts announced in recent budgets have also been taken into account. The most recent budget estimates have been used for 2001/02.

3. Retail sales tax

Retail sales tax revenues grow in line with consumption and take into account tax changes announced in recent budgets. The most recent budget estimates have been used for 2001/02.

4. Other own-source revenues

These include a wide range of other levies and charges, such as fuel taxes, natural resource revenues, revenues from sales of goods and services, investment income, etc. Growth in such revenues is determined by two factors, i.e. growth in nominal GDP and the growth of population and inflation combined. The growth rate used to project other own-source revenues is the mean of these two rates. The most recent budget estimates have been used for 2001/02.

5. Equalization, CHST, Alternative Payments for Standing Programs and other transfers to other governments

See Exhibit 2 on federal government expenditures.

6. Other transfers from the federal government

These represent transfers that are not recorded as direct transfers to other levels of government by the federal government, but which are recorded as transfers in the Public Accounts of the provincial and territorial governments. The growth rate for other federal transfers was determined by the growth rate of federal government direct program spending. It also takes into account timing differences over the medium term between the transfer of certain revenues by the federal government and their receipt by the provincial and territorial governments. The most recent budget estimates have been used for 2001/02.

Exhibit 4

Assumptions used to generate provincial/territorial government expenditures

1. Health care spending

Projections for health care spending are determined by the health expenditures model described earlier. The most recent budget estimates have been used for 2001/02.

2. Education spending

Projections for education spending are determined by the education expenditures model described earlier. The most recent budget estimates have been used for 2001/02.

3. Social services

This includes all provincial and territorial government spending on social services excluding health and education. Starting in 2002/03, spending is in line with population growth and inflation in order to maintain a constant level of real per capita services. The most recent budget estimates have been used for 2001/02.

4. Other program spending

This category covers all other program spending made by the provincial and territorial governments and includes that on transportation, industrial development, public security and housing. Growth in such spending is determined by two factors, growth in nominal GDP and the growth of population and inflation combined. The growth rate used to project direct program spending is the mean of these two rates. Certain adjustments have been made to take into account the latest budget announcements and the most recent budget estimates have been used for 2001/02.

5. Debt service charges

Debt service charges are calculated according to the implicit interest rate on the combined net debt of the provincial and territorial governments for 2001/02. This rate is then adjusted so that changes in it are fully aligned with changes in the implicit rate on the federal government's debt. The most recent budget estimates have been used for 2001/02.

TABLE 3
Total provincial/territorial fiscal prospects
(\$ millions)

	2000/01	2001/02 to 2005/06	2006/07 to 2019/20	2001/02 to 2019/20
Total budgetary revenues	195,871	219,487	371,250	
		2.3	3.8	3.4
Own-source revenues	166,595	181,018	312,175	
		1.7	4.0	3.4
Federal transfers	29,275	38,470	59,075	
		5.6	3.1	3.8
Total budgetary expenditures	182,126	223,134	383,521	
		4.1	3.9	4.0
Total program spending	159,682	198,996	344,085	
		4.5	4.0	4.1
Health	63,533	82,960	166,487	
		5.5	5.1	5.2
Education	38,144	46,866	69,632	
		4.2	2.9	3.2
Other program spending	58,005	69,171	107,966	
		3.6	3.2	3.3
Public debt charges	22,444	24,137	39,436	
		1.5	3.6	3.0
Budgetary balance	12,013	-3,646	-12,270	
Net debt	251,503	259,930	386,913	

Sources: The Conference Board of Canada; Provincial/territorial governments' Public Accounts.

Note: Unless indicated otherwise, for each indicator the first line represents the level at the end of the period and the second line, the percentage change calculated as the average annual compound growth rates over the period in consideration.

7 CONCLUSION

Clearly, in light of the study results shown in Table 4, the balance between revenue and spending is much more precarious for the provinces and territories than it is for the federal government. While the federal government is set to eliminate its interest-bearing debt through ever-greater surpluses reaching almost \$85.5 billion by 2019/20, the provinces and territories will remain in deficit throughout the forecast period (see Chart 9). As a result, the aggregate provincial/territorial net debt will rise to \$386.9 billion, an increase of close to 54 per cent compared with its \$251.5 billion level in 2000/01. The debt-servicing charges that the provinces and territories will have to bear are projected to be 3.5 times those borne by the federal government by 2019/20.

Collectively, the provinces and territories will see their program spending growing faster than their budgetary revenues over the forecast period. They will face growing spending pressures in the health care area, where spending is expected to grow at an average annual rate of 5.2 per cent, much faster than the 3.4 per cent average rate in budgetary revenues. This forecast calls for slower growth in education spending due to the decline in the student population but this will not offset the projected increase in health care costs.

With the current fiscal regimes in place, the vertical fiscal imbalance will widen in the future, as only the federal government has the financial capacity to pay down its debt or implement new initiatives such as tax cuts and new discretionary program spending. In contrast, the provinces and territories will have no leeway to implement new policy initiatives over the next two decades. They will neither be able to increase spending nor cut taxes without worsening their financial situation.

TABLE 4
Comparison of Financial Prospects
(Average annual compound growth between 2000/01 and 2019/20)

	Federal	Provincial/Territorial
Revenues		
– Own-source revenues	3.5	3.4
– Federal transfers	N/A	3.8
– Total	3.5	3.4
Expenditures		
– Program spending	3.9	4.1
– Debt charges	-6.7	3.0
– Total	2.5	4.0
Budgetary balance (\$ millions)		
– 2000/01	17,148	12,013
– 2019/20	85,455	-12,270
Public Debt (\$ millions)¹		
– 2000/01	589,232	251,503
– 2019/20	52,728	386,913
Public Debt (as a share of GDP)¹		
– 2000/01	54.5	23.3
– 2019/20	2.2	16.4

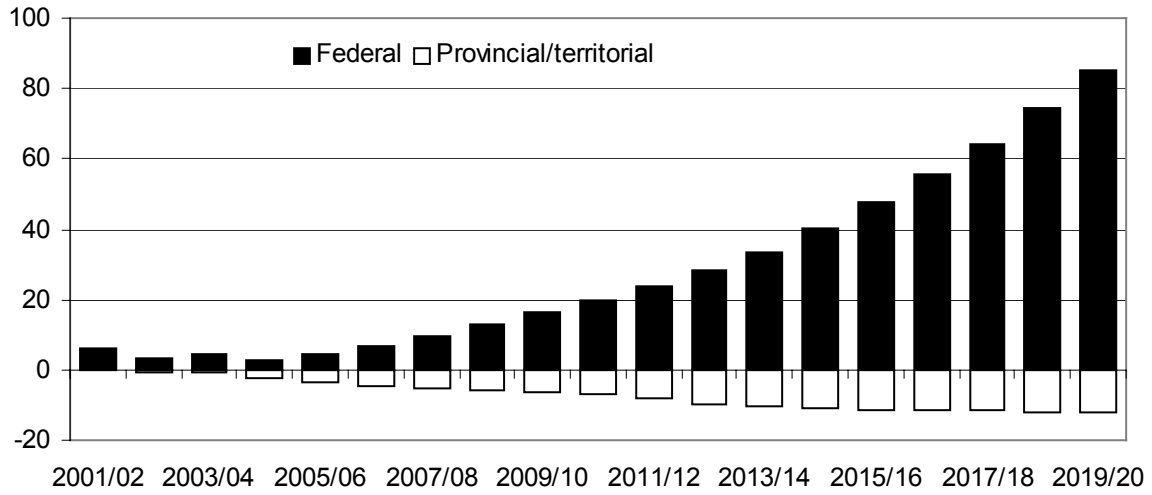
Sources: The Conference Board of Canada; Federal and provincial/territorial governments' Public Accounts.

¹ Interest-bearing debt in the case of the federal government and net debt for the provinces and territories.

Chart 9

Federal and provincial/territorial government budgetary balances

(\$ billions)



Source: The Conference Board of Canada; Federal and provincial/territorial budget documents

APPENDIX A

TABLE 1
Key Economic Indicators - Canada

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
GDP at market prices (\$ millions 1997)	1,298,146 2.4	1,328,252 2.3	1,359,989 2.4	1,393,173 2.4	1,427,954 2.5	1,461,853 2.4	1,495,929 2.3	1,530,021 2.3	1,563,814 2.2	1,600,726 2.4	1,639,412 2.4
GDP	1,560,784 4.1	1,622,909 4.0	1,688,360 4.0	1,757,855 4.1	1,833,182 4.3	1,912,109 4.3	1,994,549 4.3	2,080,293 4.3	2,166,757 4.2	2,258,787 4.2	2,355,206 4.3
Implicit price deflator	1.202 1.7	1.222 1.6	1.241 1.6	1.262 1.6	1.284 1.7	1.308 1.9	1.333 1.9	1.360 2.0	1.386 1.9	1.411 1.8	1.437 1.8
Consumer price index (1997 = 1.000)	1.369 1.9	1.394 1.8	1.421 1.9	1.448 1.9	1.477 2.0	1.508 2.1	1.540 2.1	1.572 2.1	1.604 2.1	1.638 2.1	1.672 2.1
Real per capita GDP (\$)	39,298 1.6	39,918 1.6	40,577 1.6	41,267 1.7	41,993 1.8	42,680 1.6	43,360 1.6	44,028 1.5	44,675 1.5	45,398 1.6	46,158 1.7
US - GDP at market prices (billions of 1997 dollars)	11,961 2.7	12,285 2.7	12,614 2.7	12,939 2.6	13,260 2.5	13,585 2.4	13,910 2.4	14,240 2.4	14,566 2.3	14,886 2.2	15,207 2.2
Personal income (\$ millions)	1,213,478 3.7	1,257,219 3.6	1,304,779 3.8	1,355,768 3.9	1,410,857 4.1	1,468,943 4.1	1,526,634 3.9	1,585,300 3.8	1,647,067 3.9	1,711,125 3.9	1,777,911 3.9
Personal disposable income (\$ millions)	927,418 3.6	959,831 3.5	995,053 3.7	1,032,566 3.8	1,073,115 3.9	1,115,805 4.0	1,157,900 3.8	1,200,709 3.7	1,245,665 3.7	1,292,102 3.7	1,340,421 3.7
Population (000s)	33,033 0.7	33,274 0.7	33,516 0.7	33,760 0.7	34,005 0.7	34,252 0.7	34,501 0.7	34,751 0.7	35,005 0.7	35,260 0.7	35,517 0.7
Total employment (000s)	16,799 0.8	16,909 0.7	17,041 0.8	17,169 0.8	17,303 0.8	17,442 0.8	17,556 0.7	17,657 0.6	17,771 0.6	17,883 0.6	17,995 0.6
Unemployment rate (per cent)	6.9	6.8	6.8	6.8	6.8	6.7	6.7	6.7	6.6	6.6	6.6
Prime rate	6.70	6.83	7.01	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13
Exchange rate US/Canada	0.670	0.674	0.687	0.702	0.718	0.724	0.727	0.732	0.735	0.739	0.743

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Statistics Canada.

TABLE 1A
Gross Domestic Product, Expenditure Based - Canada
(\$ millions 1997)

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
GDP at market prices	892,948 4.5	929,315 4.1	980,805 5.5	1,018,934 3.9	1,033,020 1.4	1,075,556 4.1	1,116,053 3.8	1,146,583 2.7	1,175,028 2.5	1,204,788 2.5	1,237,583 2.7	1,267,784 2.4
Consumer expenditures	514,453 4.4	529,369 2.9	550,400 4.0	570,414 3.6	582,813 2.2	595,540 2.2	615,781 3.4	633,999 3.0	653,061 3.0	671,680 2.9	689,775 2.7	705,236 2.2
Net government spending (goods and services)	172,877 -0.1	177,774 2.8	181,544 2.1	186,319 2.6	192,198 3.2	196,799 2.4	200,898 2.1	204,742 1.9	208,111 1.6	211,030 1.4	213,650 1.2	216,486 1.3
Gross fixed capital formation	177,627 13.2	181,107 2.0	197,489 9.0	206,592 4.6	209,983 1.6	219,765 4.7	232,326 5.7	241,733 4.0	247,368 2.3	254,663 2.9	265,462 4.2	275,081 3.6
Government	19,967 -2.4	20,433 2.3	22,943 12.3	23,529 2.6	26,548 12.8	27,692 4.3	29,143 5.2	29,106 -0.1	29,166 0.2	30,304 3.9	32,006 5.6	33,790 5.6
Business	157,660 15.6	160,680 1.9	174,565 8.6	183,079 4.9	183,463 0.2	192,089 4.7	203,198 5.8	212,571 4.6	218,105 2.6	224,282 2.8	233,417 4.1	241,318 3.4
Residential construction	43,505 4.4	41,966 -3.5	44,989 7.2	46,171 2.6	49,744 7.7	57,057 14.7	56,825 -0.4	56,570 -0.4	57,489 1.6	58,354 1.5	58,052 -0.5	57,498 -1.0
Non-residential construction	44,535 14.6	43,901 -1.4	45,727 4.2	48,006 5.0	47,608 -0.8	47,903 0.6	52,144 8.9	54,337 4.2	54,292 -0.1	53,863 -0.8	56,108 4.2	57,940 3.3
Machinery and equipment	69,608 24.5	74,812 7.5	83,940 12.2	89,095 6.1	85,949 -3.5	86,546 0.7	93,943 8.5	101,895 8.5	106,973 5.0	113,369 6.0	121,159 6.9	128,431 6.0
Final domestic demand	864,945 5.2	888,232 2.7	929,336 4.6	963,178 3.6	984,886 2.3	1,011,879 2.7	1,048,567 3.6	1,079,876 3.0	1,107,913 2.6	1,136,605 2.6	1,167,719 2.7	1,195,243 2.4
Exports	356,191 8.3	390,015 9.5	427,855 9.7	451,101 5.4	432,068 -4.2	444,516 2.9	465,387 4.7	484,548 4.1	505,168 4.3	526,711 4.3	548,904 4.2	569,782 3.8
Imports	338,645 13.5	351,578 3.8	385,584 9.7	402,835 4.5	377,216 -6.4	382,586 1.4	403,759 5.5	424,120 5.0	444,173 4.7	464,365 4.5	484,385 4.3	502,477 3.7
Net exports	17,546 -42.1	38,437 119.1	42,272 10.0	48,266 14.2	54,852 13.6	61,930 12.9	61,627 -0.5	60,429 -1.9	60,995 0.9	62,345 2.2	64,519 3.5	67,305 4.3
Final demand	881,814 3.2	918,055 4.1	961,333 4.7	1,001,415 4.2	1,026,615 2.5	1,059,047 3.2	1,095,385 3.4	1,125,567 2.8	1,153,983 2.5	1,183,686 2.6	1,216,462 2.8	1,246,129 2.4
Value of physical change in inventories	10,567	2,828	9,190	7,193	-5,306	1,995	4,811	5,490	5,662	5,792	5,880	6,044
Residual error	-93	63	569	1,013	-400	-1,070	-78	0	0	0	0	0

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Statistics Canada.

TABLE 1A
Gross Domestic Product, Expenditure Based - Canada
(\$ millions 1997)

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
GDP at market prices	1,298,146 2.4	1,328,252 2.3	1,359,989 2.4	1,393,173 2.4	1,427,954 2.5	1,461,853 2.4	1,495,929 2.3	1,530,021 2.3	1,563,814 2.2	1,600,726 2.4	1,639,412 2.4
Consumer expenditures	717,963 1.8	730,095 1.7	743,616 1.9	758,049 1.9	773,653 2.1	790,272 2.1	806,091 2.0	822,356 2.0	839,743 2.1	857,610 2.1	877,091 2.3
Net government spending (goods and services)	220,043 1.6	224,043 1.8	228,332 1.9	232,500 1.8	235,916 1.5	238,866 1.3	241,955 1.3	245,038 1.3	248,117 1.3	251,464 1.3	255,249 1.5
Gross fixed capital formation	284,517 3.4	293,686 3.2	302,129 2.9	310,348 2.7	319,761 3.0	329,543 3.1	340,217 3.2	351,156 3.2	360,193 2.6	369,871 2.7	381,123 3.0
Government	35,692 5.6	37,394 4.8	38,669 3.4	40,028 3.5	41,310 3.2	42,437 2.7	43,589 2.7	44,705 2.6	45,854 2.6	47,076 2.7	48,398 2.8
Business	248,942 3.2	256,486 3.0	263,687 2.8	270,600 2.6	278,750 3.0	287,390 3.1	296,881 3.3	306,657 3.3	314,551 2.6	323,009 2.7	332,922 3.1
Residential construction	57,198 -0.5	57,261 0.1	57,508 0.4	58,004 0.9	58,618 1.1	59,474 1.5	60,571 1.8	61,088 0.9	61,106 0.0	61,369 0.4	62,123 1.2
Non-residential construction	59,707 3.0	61,273 2.6	62,740 2.4	64,065 2.1	66,149 3.3	68,126 3.0	70,209 3.1	72,845 3.8	74,848 2.7	76,858 2.7	79,204 3.1
Machinery and equipment	135,181 5.3	141,691 4.8	147,744 4.3	153,380 3.8	159,244 3.8	165,579 4.0	172,490 4.2	179,675 4.2	186,241 3.7	193,176 3.7	200,718 3.9
Final domestic demand	1,220,540 2.1	1,245,421 2.0	1,271,336 2.1	1,297,817 2.1	1,325,698 2.1	1,354,384 2.2	1,383,164 2.1	1,412,587 2.1	1,441,451 2.0	1,471,626 2.1	1,505,252 2.3
Exports	591,238 3.8	611,619 3.4	632,412 3.4	654,023 3.4	676,085 3.4	696,448 3.0	716,717 2.9	736,458 2.8	756,640 2.7	778,172 2.8	798,469 2.6
Imports	518,915 3.3	534,157 2.9	549,249 2.8	564,337 2.7	579,708 2.7	594,986 2.6	610,106 2.5	625,298 2.5	640,671 2.5	655,779 2.4	671,277 2.4
Net exports	72,323 7.5	77,462 7.1	83,163 7.4	89,686 7.8	96,376 7.5	101,462 5.3	106,611 5.1	111,160 4.3	115,970 4.3	122,392 5.5	127,192 3.9
Final demand	1,275,314 2.3	1,304,139 2.3	1,334,384 2.3	1,365,785 2.4	1,398,697 2.4	1,431,213 2.3	1,463,862 2.3	1,496,698 2.2	1,529,137 2.2	1,564,043 2.3	1,601,211 2.4
Value of physical change in inventories	6,267	6,487	6,678	6,855	7,033	7,203	7,376	7,553	7,735	7,946	8,176
Residual error	0	0	0	0	0	0	0	0	0	0	0

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Statistics Canada.

TABLE 2
Federal Government Revenues
(\$ millions)

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
<u>Budgetary revenues</u>	153,162 8.7	155,671 1.6	165,708 6.4	178,590 7.8	174,000 -2.6	178,647 2.7	185,635 3.9	189,547 2.1	195,967 3.4	203,606 3.9	211,678 4.0	219,934 3.9
<u>Income tax</u>	96,257 15.8	96,964 0.7	106,047 9.4	114,829 8.3	110,600 -3.7	113,674 2.8	118,880 4.6	121,350 2.1	126,068 3.9	131,567 4.4	137,592 4.6	143,335 4.2
Personal income taxes	70,787 11.9	72,488 2.4	79,378 9.5	82,305 3.7	80,300 -2.4	80,858 0.7	84,904 5.0	87,732 3.3	91,951 4.8	96,701 5.2	101,496 5.0	106,072 4.5
Corporate income taxes	22,496 32.2	21,575 -4.1	23,170 7.4	28,212 21.8	26,300 -6.8	28,751 9.3	29,797 3.6	29,397 -1.3	29,871 1.6	30,576 2.4	31,661 3.6	32,690 3.2
Other	2,974 4.5	2,901 -2.5	3,499 20.6	4,312 23.2	4,000 -7.2	4,065 1.6	4,179 2.8	4,222 1.0	4,247 0.6	4,290 1.0	4,434 3.4	4,573 3.1
<u>Employment insurance revenues</u>	18,802 -5.1	19,363 3.0	18,512 -4.4	18,731 1.2	17,800 -5.0	17,633 -0.9	17,199 -2.5	16,681 -3.0	16,206 -2.8	16,156 -0.3	16,265 0.7	16,976 4.4
<u>Excise taxes and duties</u>	30,860 6.1	31,399 1.7	32,886 4.7	36,116 9.8	37,200 3.0	39,313 5.7	41,076 4.5	42,705 4.0	44,470 4.1	46,252 4.0	47,960 3.7	49,517 3.2
Goods and services tax	19,461 7.6	20,684 6.3	22,790 10.2	24,990 9.7	25,700 2.8	27,201 5.8	28,503 4.8	29,778 4.5	31,209 4.8	32,678 4.7	34,078 4.3	35,330 3.7
Custom import duties	2,766 3.4	2,359 -14.7	2,105 -10.8	2,807 33.3	2,786 -0.7	2,992 7.4	3,099 3.6	3,180 2.6	3,268 2.8	3,363 2.9	3,388 0.7	3,393 0.2
Other excise taxes and duties	8,633 3.5	8,356 -3.2	7,991 -4.4	8,319 4.1	8,714 4.7	9,121 4.7	9,475 3.9	9,747 2.9	9,993 2.5	10,211 2.2	10,494 2.8	10,794 2.9
<u>Non-fiscal revenues</u>	7,243 -18.0	7,945 9.7	8,263 4.0	8,914 7.9	8,400 -5.8	8,027 -4.4	8,480 5.7	8,811 3.9	9,223 4.7	9,630 4.4	9,862 2.4	10,106 2.5
Investment revenues	4,427 5.2	4,991 12.7	5,251 5.2	6,144 17.0	5,783 -5.9	5,347 -7.6	5,744 7.4	6,020 4.8	6,385 6.1	6,737 5.5	6,911 2.6	7,097 2.7
Other non-fiscal revenues	2,816 -39	2,954 4.9	3,012 2.0	2,770 -8.0	2,617 -5.5	2,680 2.4	2,736 2.1	2,791 2.0	2,838 1.7	2,893 1.9	2,951 2.0	3,009 2.0

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Department of Finance Canada.

TABLE 2
Federal Government Revenues
(\$ millions)

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
<u>Budgetary revenues</u>	228,249 3.8	236,621 3.7	245,844 3.9	256,109 4.2	267,137 4.3	278,625 4.3	290,474 4.3	302,619 4.2	314,787 4.0	327,831 4.1	341,694 4.2
<u>Income tax</u>	149,302 4.2	155,338 4.0	161,958 4.3	169,378 4.6	177,380 4.7	185,694 4.7	194,364 4.7	203,265 4.6	212,079 4.3	221,626 4.5	231,716 4.6
Personal income taxes	110,480 4.2	115,018 4.1	120,053 4.4	125,632 4.6	131,616 4.8	137,842 4.7	144,071 4.5	150,365 4.4	156,980 4.4	163,893 4.4	171,135 4.4
Corporate income taxes	34,125 4.4	35,496 4.0	36,948 4.1	38,661 4.6	40,548 4.9	42,508 4.8	44,823 5.4	47,311 5.6	49,404 4.4	51,932 5.1	54,673 5.3
Other	4,697 2.7	4,825 2.7	4,957 2.7	5,086 2.6	5,216 2.6	5,344 2.5	5,470 2.4	5,589 2.2	5,696 1.9	5,801 1.9	5,909 1.9
<u>Employment insurance revenues</u>	17,619 3.8	18,228 3.5	18,883 3.6	19,563 3.6	20,285 3.7	21,076 3.9	21,902 3.9	22,748 3.9	23,640 3.9	24,577 4.0	25,562 4.0
<u>Excise taxes and duties</u>	50,978 2.9	52,459 2.9	54,075 3.1	55,813 3.2	57,697 3.4	59,734 3.5	61,817 3.5	63,956 3.5	66,155 3.4	68,444 3.5	70,946 3.7
Goods and services tax	36,486 3.3	37,662 3.2	38,960 3.4	40,370 3.6	41,913 3.8	43,587 4.0	45,293 3.9	47,047 3.9	48,859 3.9	50,749 3.9	52,825 4.1
Custom import duties	3,398 0.1	3,401 0.1	3,407 0.2	3,414 0.2	3,424 0.3	3,437 0.4	3,446 0.3	3,456 0.3	3,464 0.2	3,471 0.2	3,487 0.5
Other excise taxes and duties	11,094 2.8	11,395 2.7	11,709 2.7	12,028 2.7	12,361 2.8	12,711 2.8	13,077 2.9	13,453 2.9	13,832 2.8	14,224 2.8	14,633 2.9
<u>Non-fiscal revenues</u>	10,351 2.4	10,596 2.4	10,928 3.1	11,355 3.9	11,775 3.7	12,121 2.9	12,391 2.2	12,650 2.1	12,912 2.1	13,184 2.1	13,470 2.2
Investment revenues	7,285 2.6	7,473 2.6	7,746 3.6	8,112 4.7	8,467 4.4	8,745 3.3	8,943 2.3	9,130 2.1	9,319 2.1	9,517 2.1	9,725 2.2
Other non-fiscal revenues	3,066 1.9	3,123 1.8	3,182 1.9	3,243 1.9	3,308 2.0	3,376 2.1	3,448 2.1	3,520 2.1	3,593 2.1	3,667 2.1	3,745 2.1

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Department of Finance Canada.

TABLE 2A
Federal Government Expenditures
(\$ millions)

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
<u>Budgetary expenditures</u>	149,684	152,787	153,410	161,442	168,000	175,342	181,026	186,777	191,553	196,683	201,952	207,050
	-0.1	2.1	0.4	5.2	4.1	4.4	3.2	3.2	2.6	2.7	2.7	2.5
<u>Program spending</u>	108,753	111,393	111,763	119,348	128,800	136,040	139,614	144,855	149,621	154,717	160,198	165,730
	3.8	2.4	0.3	6.8	7.9	5.6	2.6	3.8	3.3	3.4	3.5	3.5
<u>Transfers to individuals</u>	34,067	34,665	34,711	37,159	39,300	41,805	41,902	43,213	44,588	46,240	47,956	49,767
	0.2	1.8	0.1	7.1	5.8	6.4	0.2	3.1	3.2	3.7	3.7	3.8
Elderly benefits	22,225	22,781	23,410	24,256	25,035	26,077	27,100	28,049	28,946	29,959	31,063	32,287
		2.5	2.8	3.6	3.2	4.2	3.9	3.5	3.2	3.5	3.7	3.9
Employment insurance benefits	11,842	11,884	11,301	11,444	14,265	15,728	14,802	15,164	15,643	16,281	16,893	17,480
	-4.3	0.4	-4.9	1.3	26.5	10.3	-5.9	2.4	3.2	4.1	3.8	3.5
Other transfers to individuals	0	0	0	1,459	0	0	0	0	0	0	0	0
<u>Transfers to other governments</u>	20,504	25,523	23,243	24,724	27,200	28,868	30,095	31,633	32,618	33,656	34,719	35,766
	-7.5	24.5	-8.9	6.4	10.0	6.1	4.3	5.1	3.1	3.2	3.2	3.0
CHST	12,421	16,018	14,891	13,500	17,300	18,600	19,300	20,400	21,000	21,623	22,215	22,802
	-16.7	29.0	-7.0	-9.3	28.1	7.5	3.8	5.7	2.9	3.0	2.7	2.6
Fiscal arrangements	10,000	11,645	10,721	12,684	12,354	12,787	13,428	13,949	14,455	15,003	15,608	16,196
	6.2	16.4	-7.9	18.3	-2.6	3.5	5.0	3.9	3.6	3.8	4.0	3.8
Alternative payments for standing programs	-2,108	-2,150	-2,425	-2,460	-2,454	-2,519	-2,633	-2,717	-2,837	-2,970	-3,105	-3,233
	4.7	2.0	12.8	1.4	-0.3	2.7	4.5	3.2	4.4	4.7	4.5	4.1
Other transfers to other governments	191	10	56	1,000	0	0	0	0	0	0	0	0
<u>Direct program spending</u>	54,182	51,205	53,809	57,465	62,300	65,367	67,617	70,009	72,414	74,821	77,523	80,197
	11.3	-5.5	5.1	6.8	8.4	4.9	3.4	3.5	3.4	3.3	3.6	3.4
Public debt charges	40,931	41,394	41,647	42,094	39,200	39,302	41,412	41,922	41,932	41,966	41,754	41,320
	-9.0	1.1	0.6	1.1	-6.9	0.3	5.4	1.2	0.0	0.1	-0.5	-1.0

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Department of Finance Canada.

TABLE 2A
Federal Government Expenditures
(\$ millions)

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
<u>Budgetary expenditures</u>	212,003 2.4	216,814 2.3	222,140 2.5	227,970 2.6	233,543 2.4	238,508 2.1	242,922 1.9	246,925 1.6	250,372 1.4	253,501 1.2	256,239 1.1
<u>Program spending</u>	171,381 3.4	177,176 3.4	183,402 3.5	190,098 3.7	197,081 3.7	204,349 3.7	211,970 3.7	219,845 3.7	227,828 3.6	236,202 3.7	244,991 3.7
<u>Transfers to individuals</u>	51,635 3.8	53,603 3.8	55,829 4.2	58,330 4.5	60,836 4.3	63,418 4.2	66,154 4.3	69,010 4.3	71,922 4.2	74,947 4.2	78,141 4.3
Elderly benefits	33,545 3.9	34,841 3.9	36,356 4.3	38,161 5.0	39,989 4.8	41,874 4.7	43,865 4.8	45,946 4.7	48,109 4.7	50,418 4.8	52,915 5.0
Employment insurance benefits	18,090 3.5	18,762 3.7	19,473 3.8	20,168 3.6	20,847 3.4	21,544 3.3	22,289 3.5	23,063 3.5	23,812 3.2	24,529 3.0	25,226 2.8
Other transfers to individuals	0	0	0	0	0	0	0	0	0	0	0
<u>Transfers to other governments</u>	36,840 3.0	37,949 3.0	39,096 3.0	40,297 3.1	41,574 3.2	42,900 3.2	44,276 3.2	45,674 3.2	47,092 3.1	48,605 3.2	50,191 3.3
CHST	23,401 2.6	24,037 2.7	24,697 2.7	25,389 2.8	26,115 2.9	26,866 2.9	27,635 2.9	28,402 2.8	29,194 2.8	30,041 2.9	30,932 3.0
Fiscal arrangements	16,796 3.7	17,397 3.6	18,027 3.6	18,694 3.7	19,414 3.9	20,165 3.9	20,946 3.9	21,755 3.9	22,568 3.7	23,429 3.8	24,328 3.8
Alternative payments for standing programs	-3,357 3.8	-3,485 3.8	-3,628 4.1	-3,786 4.4	-3,955 4.5	-4,130 4.4	-4,305 4.2	-4,483 4.1	-4,670 4.2	-4,865 4.2	-5,069 4.2
Other transfers to other governments	0	0	0	0	0	0	0	0	0	0	0
<u>Direct program spending</u>	82,906 3.4	85,625 3.3	88,477 3.3	91,471 3.4	94,671 3.5	98,031 3.5	101,541 3.6	105,161 3.6	108,814 3.5	112,650 3.5	116,659 3.6
Public debt charges	40,622 -1.7	39,638 -2.4	38,738 -2.3	37,872 -2.2	36,462 -3.7	34,158 -6.3	30,953 -9.4	27,080 -12.5	22,545 -16.7	17,300 -23.3	11,248 -35.0

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Department of Finance Canada.

TABLE 2B
Budgetary Balance and Debt of the Federal Government
(\$ millions)

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Budgetary revenues	153,162 8.7	155,671 1.6	165,708 6.4	178,590 7.8	174,000 -2.6	178,647 2.7	185,635 3.9	189,547 2.1	195,967 3.4	203,606 3.9	211,678 4.0	219,934 3.9
Program spending	108,753 3.8	111,393 2.4	111,763 0.3	119,348 6.8	128,800 7.9	136,040 5.6	139,614 2.6	144,855 3.8	149,621 3.3	154,717 3.4	160,198 3.5	165,730 3.5
Operating balance	44,409 23.1	44,278 -0.3	53,945 21.8	59,242 9.8	45,200 -23.7	42,607 -5.7	46,021 8.0	44,692 -2.9	46,346 3.7	48,889 5.5	51,480 5.3	54,203 5.3
Public debt charges	40,931 -9.0	41,394 1.1	41,647 0.6	42,094 1.1	39,200 -6.9	39,302 0.3	41,412 5.4	41,922 1.2	41,932 0.0	41,966 0.1	41,754 -0.5	41,320 -1.0
Budgetary balance	3,478	2,884	12,298	17,148	6,000	3,305	4,609	2,770	4,414	6,923	9,727	12,883
Budgetary balance as a percentage of GDP	0.4	0.3	1.2	1.6	0.5	0.3	0.4	0.2	0.3	0.5	0.7	0.9
Net public debt	579,708 -0.6	576,824 -0.5	564,526 -2.1	547,378 -3.0	541,378 -1.1	538,073 -0.6	533,464 -0.9	530,694 -0.5	526,280 -0.8	519,357 -1.3	509,631 -1.9	496,747 -2.5
Interest-bearing debt	594,825 -1.0	594,985 0.0	597,932 0.5	589,232 -1.5	586,411 -0.5	583,106 -0.6	578,497 -0.8	575,727 -0.5	571,313 -0.8	564,390 -1.2	554,664 -1.7	541,780 -2.3
Other liabilities	43,700 9.0	45,316 3.7	40,748 -10.1	43,644 7.1	38,270 -12.3	39,429 3.0	41,706 5.8	46,511 11.5	50,744 9.1	52,519 3.5	54,450 3.7	56,421 3.6
Total assets	58,817 2.3	63,477 7.9	74,154 16.8	85,498 15.3	83,303 -2.6	84,462 1.4	86,739 2.7	91,544 5.5	95,777 4.6	97,552 1.9	99,483 2.0	101,454 2.0
Per capita net debt (\$)	19,313 -1.6	19,054 -1.3	18,492 -2.9	17,772 -3.9	17,408 -2.0	17,169 -1.4	16,890 -1.6	16,673 -1.3	16,410 -1.6	16,074 -2.1	15,656 -2.6	15,148 -3.2
Net debt as a percentage of GDP	65.0	62.3	56.3	50.6	49.5	46.7	43.8	41.8	39.8	37.7	35.4	33.1

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Department of Finance Canada.

TABLE 2B
Budgetary Balance and Debt of the Federal Government
(\$ millions)

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Budgetary revenues	228,249 3.8	236,621 3.7	245,844 3.9	256,109 4.2	267,137 4.3	278,625 4.3	290,474 4.3	302,619 4.2	314,787 4.0	327,831 4.1	341,694 4.2
Program spending	171,381 3.4	177,176 3.4	183,402 3.5	190,098 3.7	197,081 3.7	204,349 3.7	211,970 3.7	219,845 3.7	227,828 3.6	236,202 3.7	244,991 3.7
Operating balance	56,868 4.9	59,445 4.5	62,442 5.0	66,011 5.7	70,056 6.1	74,275 6.0	78,504 5.7	82,774 5.4	86,959 5.1	91,630 5.4	96,704 5.5
Public debt charges	40,622 -1.7	39,638 -2.4	38,738 -2.3	37,872 -2.2	36,462 -3.7	34,158 -6.3	30,953 -9.4	27,080 -12.5	22,545 -16.7	17,300 -23.3	11,248 -35.0
Budgetary balance	16,247	19,807	23,704	28,139	33,594	40,117	47,551	55,694	64,414	74,330	85,455
Budgetary balance as a percentage of GDP	1.0	1.2	1.4	1.6	1.8	2.1	2.4	2.7	3.0	3.3	3.6
Net public debt	480,501 -3.3	460,694 -4.1	436,990 -5.1	408,851 -6.4	375,257 -8.2	335,140 -10.7	287,589 -14.2	231,894 -19.4	167,480 -27.8	93,150 -44.4	7,695 -91.7
Interest-bearing debt	525,534 -3.0	505,727 -3.8	482,023 -4.7	453,884 -5.8	420,290 -7.4	380,173 -9.5	332,622 -12.5	276,927 -16.7	212,513 -23.3	138,183 -35.0	52,728 -61.8
Other liabilities	58,432 3.6	60,562 3.6	62,777 3.7	65,028 3.6	67,321 3.5	69,667 3.5	72,066 3.4	74,505 3.4	77,047 3.4	79,726 3.5	82,485 3.5
Total assets	103,465 2.0	105,595 2.1	107,810 2.1	110,061 2.1	112,354 2.1	114,700 2.1	117,099 2.1	119,538 2.1	122,080 2.1	124,759 2.2	127,518 2.2
Per capita net debt (\$)	14,546 -4.0	13,845 -4.8	13,038 -5.8	12,111 -7.1	11,035 -8.9	9,785 -11.3	8,336 -14.8	6,673 -19.9	4,785 -28.3	2,642 -44.8	217 -91.8
Net debt as a percentage of GDP	30.8	28.4	25.9	23.3	20.5	17.5	14.4	11.1	7.7	4.1	0.3

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Department of Finance Canada.

TABLE 3
Provincial/Territorial Government Revenues
(\$ millions)

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
<u>Total revenues</u>	158,729	166,691	180,801	195,871	189,207	198,023	206,856	213,041	219,487	226,573	235,399	244,079
		5.0	8.5	8.3	-3.4	4.7	4.5	3.0	3.0	3.2	3.9	3.7
<u>Own-source revenues</u>	135,003	140,481	153,846	166,595	156,072	163,305	170,775	175,740	181,018	187,219	194,777	202,206
	7.4	4.1	9.5	8.3	-6.3	4.6	4.6	2.9	3.0	3.4	4.0	3.8
Personal income taxes	45,585	48,534	50,669	51,766	50,510	51,134	53,550	55,513	58,092	60,863	63,392	65,885
	4.0	6.5	4.4	2.2	-2.4	1.2	4.7	3.7	4.6	4.8	4.2	3.9
Corporate taxes	18,503	18,341	19,065	22,147	20,107	23,144	24,717	24,184	23,416	23,092	23,912	24,689
	15.0	-0.9	3.9	16.2	-9.2	15.1	6.8	-2.2	-3.2	-1.4	3.6	3.2
Retail sales taxes	23,003	24,808	26,509	28,506	28,882	30,019	31,008	32,353	33,760	35,240	36,993	38,721
	4.4	7.8	6.9	7.5	1.3	3.9	3.3	4.3	4.3	4.4	5.0	4.7
Other revenues	47,912	48,798	57,603	64,177	56,573	59,009	61,500	63,690	65,750	68,023	70,480	72,911
	9.4	1.8	18.0	11.4	-11.8	4.3	4.2	3.6	3.2	3.5	3.6	3.4
<u>Principal transfers from Government of Canada</u>	23,726	26,210	26,955	29,275	33,135	34,718	36,081	37,301	38,470	39,354	40,622	41,873
		10.5	2.8	8.6	13.2	4.8	3.9	3.4	3.1	2.3	3.2	3.1
CHST	12,402	12,471	14,241	15,538	18,843	19,285	19,950	20,550	21,150	21,623	22,215	22,802
		0.6	14.2	9.1	21.3	2.3	3.4	3.0	2.9	2.2	2.7	2.6
Fiscal arrangements	9,520	11,957	10,862	12,149	12,001	12,974	13,614	14,136	14,642	15,003	15,608	16,196
		25.6	-9.2	11.8	-1.2	8.1	4.9	3.8	3.6	2.5	4.0	3.8
Alternative payments for standing programs	-2,108	-2,150	-2,425	-2,460	-2,454	-2,519	-2,633	-2,717	-2,837	-2,970	-3,105	-3,233
		2.0	12.8	1.4	-0.2	2.6	4.5	3.2	4.4	4.7	4.5	4.1
Other transfers from Government of Canada*	3,912	3,932	4,277	4,048	4,745	4,978	5,149	5,332	5,515	5,698	5,904	6,108
		0.5	8.8	-5.3	17.2	4.9	3.4	3.5	3.4	3.3	3.6	3.4

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

*Transfers not recorded as direct transfers to other levels of government by the Government of Canada, but which are recorded as transfers in the Public Accounts of the provincial/territorial governments.

Sources: The Conference Board of Canada; Provincial/Territorial Departments of Finance.

TABLE 3
Provincial/Territorial Government Revenues
(\$ millions)

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
<u>Total revenues</u>	252,976 3.6	262,047 3.6	271,563 3.6	281,851 3.8	292,916 3.9	304,587 4.0	316,945 4.1	329,734 4.0	342,693 3.9	356,587 4.1	371,250 4.1
<u>Own-source revenues</u>	209,822 3.8	217,578 3.7	225,729 3.7	234,588 3.9	244,133 4.1	254,221 4.1	264,936 4.2	276,051 4.2	287,314 4.1	299,403 4.2	312,175 4.3
Personal income taxes	68,298 3.7	70,984 3.9	73,873 4.1	77,123 4.4	80,646 4.6	84,362 4.6	88,125 4.5	91,970 4.4	96,100 4.5	100,475 4.6	105,084 4.6
Corporate taxes	25,773 4.4	26,808 4.0	27,905 4.1	29,198 4.6	30,624 4.9	32,104 4.8	33,853 5.4	35,732 5.6	37,312 4.4	39,222 5.1	41,292 5.3
Retail sales taxes	40,377 4.3	41,940 3.9	43,512 3.7	45,106 3.7	46,792 3.7	48,631 3.9	50,643 4.1	52,742 4.1	54,974 4.2	57,291 4.2	59,740 4.3
Other revenues	75,374 3.4	77,845 3.3	80,439 3.3	83,161 3.4	86,070 3.5	89,124 3.5	92,315 3.6	95,607 3.6	98,928 3.5	102,415 3.5	106,060 3.6
<u>Principal transfers from Government of Canada</u>	43,154 3.1	44,469 3.0	45,834 3.1	47,263 3.1	48,784 3.2	50,366 3.2	52,008 3.3	53,683 3.2	55,379 3.2	57,184 3.3	59,075 3.3
CHST	23,401 2.6	24,037 2.7	24,697 2.7	25,389 2.8	26,115 2.9	26,866 2.9	27,635 2.9	28,402 2.8	29,194 2.8	30,041 2.9	30,932 3.0
Fiscal arrangements	16,796 3.7	17,397 3.6	18,027 3.6	18,694 3.7	19,414 3.9	20,165 3.9	20,946 3.9	21,755 3.9	22,568 3.7	23,429 3.8	24,328 3.8
Alternative payments for standing programs	-3,357 3.8	-3,485 3.8	-3,628 4.1	-3,786 4.4	-3,955 4.5	-4,130 4.4	-4,305 4.2	-4,483 4.1	-4,670 4.2	-4,865 4.2	-5,069 4.2
Other transfers from Government of Canada*	6,314 3.4	6,521 3.3	6,738 3.3	6,966 3.4	7,210 3.5	7,466 3.5	7,733 3.6	8,009 3.6	8,287 3.5	8,579 3.5	8,884 3.6

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

*Transfers not recorded as direct transfers to other levels of government by the Government of Canada, but which are recorded as transfers in the Public Accounts of the provincial/territorial governments.

Sources: The Conference Board of Canada; Provincial/Territorial Departments of Finance.

TABLE 3A
Provincial/Territorial Government Expenditures, Budgetary Balance and Net Debt
(\$ millions)

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Total expenditures	162,000 2.8	168,315 3.9	177,849 5.7	182,126 2.4	190,998 4.9	198,584 4.0	207,303 4.4	215,403 3.9	223,134 3.6	231,476 3.7	240,438 3.9	249,694 3.8
Program spending	140,453 2.2	146,420 4.2	155,752 6.4	159,682 2.5	169,624 6.2	176,664 4.2	184,025 4.2	191,608 4.1	198,996 3.9	206,786 3.9	215,102 4.0	223,697 4.0
Health	51,347	54,914 6.9	59,406 8.2	63,533 6.9	68,351 7.6	71,564 4.7	75,142 5.0	79,009 5.1	82,960 5.0	87,129 5.0	91,596 5.1	96,344 5.2
Share of total revenues		32.9	32.9	32.4	36.1	36.1	36.3	37.1	37.8	38.5	38.9	39.5
Education	34,210	36,464 6.6	38,337 5.1	38,144 -0.5	41,454 8.7	42,946 3.6	44,312 3.2	45,658 3.0	46,866 2.6	48,266 3.0	49,749 3.1	51,235 3.0
Share of total revenues		21.9	21.2	19.5	21.9	21.7	21.4	21.4	21.4	21.3	21.1	21.0
Social services	20,064 1.0	19,812 -1.3	19,649 -0.8	20,052 2.0	20,981 4.6	21,650 3.2	22,271 2.9	22,894 2.8	23,451 2.4	24,083 2.7	24,741 2.7	25,411 2.7
Other program spending	34,832 3.5	35,230 1.1	38,360 8.9	37,953 -1.1	38,838 2.3	40,504 4.3	42,301 4.4	44,048 4.1	45,720 3.8	47,308 3.5	49,016 3.6	50,707 3.4
Debt service	21,548 6.8	21,894 1.6	22,097 0.9	22,444 1.6	21,374 -4.8	21,919 2.6	23,278 6.2	23,795 2.2	24,137 1.4	24,690 2.3	25,336 2.6	25,998 2.6
Other adjustments	-555	-590	-221	-1,732	1,428	0	0	0	0	0	0	0
Operating balance	18,276	20,271 10.9	25,049 23.6	36,188 44.5	19,583 -45.9	21,358 9.1	22,831 6.9	21,433 -6.1	20,491 -4.4	19,787 -3.4	20,297 2.6	20,383 0.4
Budgetary balance	-3,826	-2,213 -42.1	2,731 -223.4	12,013 339.8	-364 -103.0	-561 54.2	-447 -20.2	-2,362 428.0	-3,646 54.4	-4,903 34.5	-5,039 2.8	-5,615 11.4
Budgetary balance as a percentage of GDP	-0.4	-0.2	0.3	1.1	0.0	0.0	0.0	-0.2	-0.3	-0.4	-0.4	-0.4
Net debt	257,649	261,279 1.4	261,212 0.0	251,503 -3.7	252,913 0.6	253,474 0.2	253,921 0.2	256,284 0.9	259,930 1.4	264,833 1.9	269,872 1.9	275,487 2.1
Per capita net debt (\$)	8,583	8,631	8,557	8,166	8,132	8,088	8,039	8,052	8,105	8,196	8,291	8,401
Net debt as a percentage of GDP	28.9	28.2	26.1	23.3	23.1	22.0	20.9	20.2	19.7	19.2	18.8	18.4

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Provincial/Territorial Departments of Finance.

TABLE 3A
Provincial/Territorial Government Expenditures, Budgetary Balance and Net Debt
(\$ millions)

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Total expenditures	259,240 3.8	269,146 3.8	279,883 4.0	291,421 4.1	303,491 4.1	315,748 4.0	328,196 3.9	341,045 3.9	354,346 3.9	368,539 4.0	383,521 4.1
Program spending	232,529 3.9	241,666 3.9	251,271 4.0	261,229 4.0	271,627 4.0	282,399 4.0	293,613 4.0	305,279 4.0	317,391 4.0	330,359 4.1	344,085 4.2
Health	101,356 5.2	106,687 5.3	112,296 5.3	118,110 5.2	124,141 5.1	130,409 5.0	136,982 5.0	143,807 5.0	150,872 4.9	158,455 5.0	166,487 5.1
Share of total revenues	40.1	40.7	41.4	41.9	42.4	42.8	43.2	43.6	44.0	44.4	44.8
Education	52,672 2.8	54,086 2.7	55,575 2.8	57,098 2.7	58,677 2.8	60,250 2.7	61,824 2.6	63,509 2.7	65,367 2.9	67,420 3.1	69,632 3.3
Share of total revenues	20.8	20.6	20.5	20.3	20.0	19.8	19.5	19.3	19.1	18.9	18.8
Social services	26,081 2.6	26,754 2.6	27,457 2.6	28,185 2.7	28,950 2.7	29,758 2.8	30,606 2.8	31,472 2.8	32,351 2.8	33,258 2.8	34,205 2.8
Other program spending	52,420 3.4	54,139 3.3	55,942 3.3	57,835 3.4	59,859 3.5	61,983 3.5	64,202 3.6	66,491 3.6	68,801 3.5	71,226 3.5	73,761 3.6
Debt service	26,710 2.7	27,480 2.9	28,611 4.1	30,193 5.5	31,865 5.5	33,349 4.7	34,583 3.7	35,766 3.4	36,955 3.3	38,180 3.3	39,436 3.3
Other adjustments	0	0	0	0	0	0	0	0	0	0	0
Operating balance	20,447 0.3	20,382 -0.3	20,292 -0.4	20,623 1.6	21,290 3.2	22,188 4.2	23,331 5.2	24,454 4.8	25,303 3.5	26,228 3.7	27,166 3.6
Budgetary balance	-6,264 11.6	-7,099 13.3	-8,319 17.2	-9,570 15.0	-10,575 10.5	-11,161 5.5	-11,252 0.8	-11,312 0.5	-11,653 3.0	-11,952 2.6	-12,270 2.7
Budgetary balance as a percentage of GDP	-0.4	-0.4	-0.5	-0.5	-0.6	-0.6	-0.6	-0.5	-0.5	-0.5	-0.5
Net debt	281,750 2.3	288,849 2.5	297,169 2.9	306,739 3.2	317,314 3.4	328,475 3.5	339,726 3.4	351,038 3.3	362,691 3.3	374,642 3.3	386,913 3.3
Per capita net debt (\$)	8,529	8,681	8,866	9,086	9,331	9,590	9,847	10,101	10,361	10,625	10,894
Net debt as a percentage of GDP	18.1	17.8	17.6	17.4	17.3	17.2	17.0	16.9	16.7	16.6	16.4

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Provincial/Territorial Departments of Finance.

TABLE 4
Provincial/Territorial Government Per Capita Health Expenditures by Age Cohort

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Per capita health expenditures (\$)	1,711 1.0	1,814 6.0	1,946 7.3	2,063 6.0	2,198 6.5	2,284 3.9	2,379 4.2	2,482 4.3	2,587 4.2	2,697 4.2	2,814 4.3	2,938 4.4
Aged 0 to 14	739 3.3	798 8.0	871 9.1	911 4.6	957 5.0	977 2.1	1,000 2.3	1,026 2.6	1,050 2.4	1,075 2.4	1,102 2.5	1,130 2.5
Aged 15 to 24	938 1.2	968 3.3	1,036 7.0	1,091 5.3	1,156 6.0	1,196 3.5	1,241 3.7	1,288 3.8	1,333 3.5	1,381 3.6	1,431 3.7	1,485 3.8
Aged 25 to 34	1,047 2.3	1,120 7.0	1,224 9.4	1,276 4.2	1,330 4.2	1,357 2.0	1,390 2.4	1,426 2.6	1,461 2.5	1,498 2.5	1,537 2.6	1,578 2.7
Aged 35 to 44	904 2.0	953 5.4	1,021 7.1	1,065 4.2	1,115 4.7	1,139 2.1	1,165 2.3	1,193 2.4	1,219 2.2	1,246 2.2	1,276 2.4	1,309 2.6
Aged 45 to 54	1,187 2.0	1,247 5.1	1,317 5.6	1,378 4.6	1,453 5.5	1,496 3.0	1,541 3.0	1,589 3.1	1,635 2.9	1,682 2.9	1,733 3.1	1,787 3.1
Aged 55 to 64	1,961 3.1	2,078 6.0	2,202 6.0	2,302 4.5	2,420 5.2	2,473 2.2	2,548 3.0	2,631 3.3	2,709 3.0	2,791 3.0	2,877 3.1	2,968 3.2
Aged 65 to 74	4,261 -0.3	4,522 6.1	4,847 7.2	5,121 5.6	5,445 6.3	5,631 3.4	5,836 3.6	6,055 3.8	6,273 3.6	6,491 3.5	6,722 3.6	6,958 3.5
Aged 75 to 84	7,764 -2.9	8,086 4.2	8,488 5.0	8,973 5.7	9,543 6.4	9,890 3.6	10,277 3.9	10,708 4.2	11,140 4.0	11,576 3.9	12,042 4.0	12,527 4.0
Aged 85 and Over	15,647 -3.6	15,951 1.9	16,423 3.0	17,397 5.9	18,629 7.1	19,222 3.2	19,892 3.5	20,567 3.4	21,110 2.6	21,734 3.0	22,429 3.2	23,226 3.6
Aged 65 and Over	6,515 -1.5	6,842 5.0	7,262 6.1	7,740 6.6	8,296 7.2	8,639 4.1	9,009 4.3	9,401 4.4	9,803 4.3	10,210 4.1	10,632 4.1	11,045 3.9

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Health Canada; Canadian Institute for Health Information.

TABLE 4
Provincial/Territorial Government Per Capita Health Expenditures by Age Cohort

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Per capita health expenditures (\$)	3,068 4.4	3,206 4.5	3,351 4.5	3,499 4.4	3,651 4.3	3,807 4.3	3,970 4.3	4,138 4.2	4,310 4.2	4,494 4.3	4,688 4.3
Aged 0 to 14	1,160 2.6	1,192 2.8	1,224 2.8	1,255 2.5	1,286 2.5	1,318 2.5	1,350 2.4	1,384 2.5	1,418 2.5	1,455 2.6	1,492 2.6
Aged 15 to 24	1,542 3.8	1,602 3.9	1,664 3.9	1,726 3.8	1,790 3.7	1,856 3.7	1,927 3.8	1,995 3.5	2,062 3.4	2,132 3.4	2,205 3.4
Aged 25 to 34	1,622 2.8	1,670 3.0	1,719 2.9	1,767 2.8	1,816 2.7	1,865 2.7	1,915 2.7	1,966 2.6	2,017 2.6	2,072 2.7	2,129 2.8
Aged 35 to 44	1,343 2.6	1,377 2.5	1,411 2.5	1,444 2.4	1,480 2.4	1,516 2.5	1,555 2.5	1,594 2.5	1,632 2.4	1,673 2.5	1,716 2.6
Aged 45 to 54	1,844 3.2	1,906 3.4	1,970 3.4	2,034 3.2	2,097 3.1	2,159 3.0	2,223 3.0	2,288 2.9	2,354 2.9	2,425 3.0	2,498 3.0
Aged 55 to 64	3,061 3.1	3,159 3.2	3,265 3.3	3,374 3.3	3,475 3.0	3,578 3.0	3,683 2.9	3,789 2.9	3,899 2.9	4,011 2.9	4,131 3.0
Aged 65 to 74	7,211 3.6	7,487 3.8	7,764 3.7	8,015 3.2	8,305 3.6	8,613 3.7	8,927 3.6	9,245 3.6	9,565 3.5	9,901 3.5	10,241 3.4
Aged 75 to 84	13,045 4.1	13,578 4.1	14,123 4.0	14,668 3.9	15,211 3.7	15,763 3.6	16,343 3.7	16,911 3.5	17,487 3.4	18,071 3.3	18,698 3.5
Aged 85 and Over	24,050 3.5	24,927 3.6	25,841 3.7	26,758 3.6	27,664 3.4	28,603 3.4	29,536 3.3	30,483 3.2	31,462 3.2	32,505 3.3	33,607 3.4
Aged 65 and Over	11,466 3.8	11,906 3.8	12,335 3.6	12,691 2.9	13,074 3.0	13,479 3.1	13,900 3.1	14,330 3.1	14,766 3.0	15,226 3.1	15,691 3.1

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Health Canada; Canadian Institute for Health Information.

TABLE 5
Provincial/Territorial Education Spending by Sector and Per Student and Enrolments by Sector

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Total education spending (\$ millions)	31,941 1.7	36,625 14.7	39,503 7.9	39,619 0.3	41,154 3.9	42,636 3.6	43,992 3.2	45,328 3.0	46,527 2.6	47,917 3.0	49,389 3.1	50,864 3.0
School boards	20,386 0.9	24,005 17.8	24,435 1.8	24,902 1.9	25,852 3.8	26,743 3.4	27,529 2.9	28,277 2.7	28,921 2.3	29,692 2.7	30,520 2.8	31,357 2.7
Colleges	3,456 3.4	3,526 2.0	3,922 11.3	3,660 -6.7	3,795 3.7	3,930 3.6	4,056 3.2	4,208 3.7	4,369 3.8	4,551 4.2	4,744 4.2	4,922 3.8
Universities	6,694 6.3	6,931 3.5	7,818 12.8	7,551 -3.4	7,922 4.9	8,291 4.7	8,659 4.4	9,020 4.2	9,350 3.7	9,711 3.9	10,082 3.8	10,463 3.8
Other expenditures	1,406 -10.0	2,164 54.0	3,328 53.8	3,507 5.4	3,585 2.2	3,671 2.4	3,748 2.1	3,823 2.0	3,887 1.7	3,963 1.9	4,042 2.0	4,123 2.0
Enrolments (000s)	6,630 -0.5	6,620 -0.2	6,649 0.4	6,677 0.4	6,704 0.4	6,697 -0.1	6,682 -0.2	6,661 -0.3	6,636 -0.4	6,616 -0.3	6,599 -0.3	6,578 -0.3
School boards	5,317 -0.6	5,299 -0.3	5,314 0.3	5,330 0.3	5,345 0.3	5,331 -0.3	5,309 -0.4	5,279 -0.6	5,245 -0.7	5,216 -0.6	5,190 -0.5	5,163 -0.5
Colleges	490 1.2	495 1.0	498 0.6	501 0.5	503 0.5	504 0.2	505 0.2	509 0.7	515 1.2	521 1.2	527 1.2	531 0.8
Universities	823 -0.8	826 0.4	837 1.3	847 1.1	856 1.1	861 0.6	868 0.8	873 0.6	877 0.4	880 0.3	882 0.2	884 0.2
Education spending per student (\$)	4,818 2.2	5,533 14.8	5,941 7.4	5,934 -0.1	6,139 3.5	6,367 3.7	6,584 3.4	6,805 3.4	7,011 3.0	7,242 3.3	7,484 3.3	7,733 3.3
School boards	3,834 1.5	4,530 18.2	4,598 1.5	4,672 1.6	4,837 3.5	5,016 3.7	5,185 3.4	5,356 3.3	5,514 3.0	5,693 3.2	5,881 3.3	6,074 3.3
Colleges	7,049 2.2	7,123 1.0	7,875 10.6	7,311 -7.2	7,543 3.2	7,798 3.4	8,035 3.0	8,273 3.0	8,490 2.6	8,737 2.9	8,996 3.0	9,261 3.0
Universities	8,136 7.2	8,387 3.1	9,338 11.3	8,919 -4.5	9,256 3.8	9,625 4.0	9,975 3.6	10,332 3.6	10,664 3.2	11,039 3.5	11,433 3.6	11,839 3.6

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Statistics Canada.

TABLE 5
Provincial/Territorial Education Spending by Sector and Per Student and Enrolments by Sector

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
<u>Total education spending</u> (\$ millions)	52,291 2.8	53,695 2.7	55,174 2.8	56,685 2.7	58,253 2.8	59,814 2.7	61,378 2.6	63,050 2.7	64,895 2.9	66,933 3.1	69,129 3.3
School boards	32,119 2.4	32,823 2.2	33,572 2.3	34,369 2.4	35,250 2.6	36,208 2.7	37,225 2.8	38,344 3.0	39,679 3.5	41,167 3.7	42,783 3.9
Colleges	5,059 2.8	5,168 2.1	5,266 1.9	5,318 1.0	5,368 0.9	5,415 0.9	5,459 0.8	5,535 1.4	5,673 2.5	5,844 3.0	6,039 3.3
Universities	10,910 4.3	11,422 4.7	11,968 4.8	12,544 4.8	13,093 4.4	13,557 3.5	13,964 3.0	14,343 2.7	14,615 1.9	14,889 1.9	15,165 1.9
Other expenditures	4,203 1.9	4,283 1.9	4,368 2.0	4,454 2.0	4,542 2.0	4,634 2.0	4,729 2.1	4,827 2.1	4,927 2.1	5,033 2.1	5,141 2.2
<u>Enrolments (000s)</u>	6,544 -0.5	6,501 -0.7	6,458 -0.7	6,417 -0.6	6,380 -0.6	6,341 -0.6	6,299 -0.7	6,267 -0.5	6,254 -0.2	6,253 0.0	6,261 0.1
School boards	5,123 -0.8	5,073 -1.0	5,025 -0.9	4,982 -0.9	4,947 -0.7	4,919 -0.6	4,893 -0.5	4,877 -0.3	4,882 0.1	4,897 0.3	4,919 0.5
Colleges	531 -0.1	527 -0.7	522 -1.0	512 -1.9	502 -1.9	492 -2.0	481 -2.1	474 -1.6	471 -0.5	471 -0.1	472 0.2
Universities	890 0.7	901 1.2	912 1.2	923 1.2	931 0.8	930 0.0	925 -0.6	916 -0.9	901 -1.7	885 -1.8	869 -1.8
<u>Education spending per student (\$)</u>	7,991 3.3	8,260 3.4	8,543 3.4	8,834 3.4	9,131 3.4	9,433 3.3	9,743 3.3	10,061 3.3	10,377 3.1	10,704 3.2	11,042 3.2
School boards	6,270 3.2	6,471 3.2	6,682 3.3	6,899 3.3	7,125 3.3	7,361 3.3	7,607 3.3	7,863 3.4	8,128 3.4	8,406 3.4	8,697 3.5
Colleges	9,530 2.9	9,803 2.9	10,090 2.9	10,385 2.9	10,690 2.9	11,008 3.0	11,340 3.0	11,683 3.0	12,039 3.0	12,411 3.1	12,798 3.1
Universities	12,254 3.5	12,678 3.5	13,126 3.5	13,589 3.5	14,071 3.5	14,575 3.6	15,102 3.6	15,650 3.6	16,221 3.6	16,820 3.7	17,447 3.7

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Statistics Canada.

TABLE 6
Population by Age and Gender Cohort (Percentage of Total Population) - Canada

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Males	49.40	49.43	49.43	49.41	49.40	49.41	49.41	49.41	49.41	49.41	49.21	49.09
Females	50.35	50.37	50.36	50.36	50.36	50.39	50.40	50.40	50.41	50.41	50.60	50.73
Aged 0 to 14	19.91	19.66	19.36	19.05	18.75	18.50	18.25	17.96	17.64	17.32	17.01	16.74
Males	10.21	10.08	9.93	9.77	9.62	9.49	9.36	9.22	9.05	8.88	8.73	8.59
Females	9.70	9.58	9.43	9.28	9.14	9.01	8.89	8.75	8.59	8.43	8.28	8.15
Aged 15 to 24	13.49	13.48	13.49	13.49	13.47	13.43	13.38	13.36	13.37	13.37	13.37	13.35
Males	6.90	6.90	6.91	6.91	6.90	6.88	6.85	6.84	6.84	6.84	6.85	6.84
Females	6.58	6.58	6.58	6.58	6.57	6.55	6.53	6.52	6.52	6.52	6.53	6.51
Aged 25 to 34	15.51	15.02	14.58	14.27	14.10	13.97	13.86	13.77	13.69	13.63	13.61	13.62
Males	7.84	7.60	7.38	7.22	7.14	7.07	7.02	6.98	6.95	6.92	6.91	6.91
Females	7.67	7.43	7.21	7.05	6.97	6.90	6.83	6.79	6.75	6.72	6.70	6.71
Aged 35 to 44	17.00	17.18	17.24	17.21	17.07	16.81	16.50	16.18	15.86	15.52	15.16	14.75
Males	8.51	8.61	8.65	8.64	8.58	8.45	8.29	8.14	7.98	7.82	7.44	7.10
Females	8.49	8.57	8.59	8.56	8.49	8.36	8.20	8.04	7.87	7.70	7.72	7.65
Aged 45 to 54	13.08	13.42	13.77	14.14	14.44	14.61	14.82	15.05	15.28	15.52	15.71	15.88
Males	6.53	6.69	6.87	7.05	7.20	7.29	7.39	7.50	7.62	7.74	7.84	7.94
Females	6.55	6.72	6.90	7.09	7.24	7.33	7.43	7.54	7.66	7.77	7.86	7.94
Aged 55 to 64	8.60	8.75	8.93	9.12	9.36	9.80	10.20	10.56	10.92	11.26	11.58	11.88
Males	4.24	4.31	4.40	4.49	4.61	4.82	5.02	5.20	5.37	5.54	5.70	5.84
Females	4.36	4.44	4.53	4.63	4.75	4.98	5.18	5.37	5.55	5.72	5.88	6.04
Aged 65 to 74	7.02	7.02	6.98	6.93	6.89	6.87	6.86	6.87	6.89	6.93	7.01	7.15
Males	3.24	3.26	3.26	3.25	3.24	3.24	3.24	3.25	3.26	3.29	3.32	3.39
Females	3.78	3.76	3.72	3.68	3.65	3.63	3.62	3.62	3.62	3.65	3.69	3.76
Aged 75 to 84	3.96	4.05	4.14	4.22	4.30	4.38	4.46	4.52	4.55	4.58	4.59	4.60
Males	1.57	1.61	1.65	1.68	1.72	1.76	1.80	1.84	1.87	1.89	1.91	1.93
Females	2.39	2.45	2.49	2.54	2.58	2.62	2.66	2.68	2.69	2.69	2.68	2.67
Aged 85 and Over	1.19	1.23	1.29	1.34	1.38	1.43	1.48	1.53	1.61	1.69	1.77	1.84
Males	0.36	0.37	0.39	0.40	0.41	0.42	0.43	0.44	0.46	0.49	0.51	0.53
Females	0.83	0.86	0.90	0.94	0.98	1.02	1.05	1.09	1.15	1.21	1.26	1.31
Aged 65 and Over	12.17	12.30	12.40	12.50	12.58	12.68	12.80	12.92	13.05	13.20	13.37	13.59
Males	5.17	5.24	5.29	5.33	5.37	5.42	5.47	5.53	5.59	5.66	5.75	5.86
Females	7.00	7.07	7.11	7.16	7.21	7.27	7.33	7.39	7.46	7.54	7.62	7.73

Unless indicated otherwise, for each indicator the first line represents the level and the second, the annual percentage change.

Shaded areas represent forecast data.

Sources: The Conference Board of Canada; Statistics Canada.

TABLE 6
Population by Age and Gender Cohort (Percentage of Total Population) - Canada

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Males	48.99	48.94	48.93	48.97	49.02	49.08	49.15	49.22	49.31	49.41	49.51
Females	50.82	50.87	50.88	50.84	50.79	50.73	50.66	50.59	50.50	50.39	50.29
Aged 0 to 14	16.50	16.28	16.07	15.94	15.85	15.79	15.75	15.70	15.66	15.63	15.60
Males	8.47	8.35	8.25	8.18	8.14	8.10	8.08	8.06	8.04	8.02	8.01
Females	8.03	7.92	7.82	7.76	7.71	7.68	7.66	7.64	7.62	7.60	7.59
Aged 15 to 24	13.30	13.23	13.16	13.04	12.89	12.69	12.43	12.19	11.96	11.75	11.57
Males	6.81	6.78	6.74	6.68	6.60	6.50	6.37	6.24	6.12	6.02	5.92
Females	6.49	6.46	6.43	6.36	6.29	6.19	6.07	5.95	5.83	5.73	5.64
Aged 25 to 34	13.64	13.63	13.62	13.60	13.58	13.58	13.60	13.62	13.64	13.64	13.61
Males	6.92	6.92	6.92	6.90	6.89	6.89	6.90	6.91	6.92	6.91	6.90
Females	6.72	6.71	6.71	6.70	6.69	6.69	6.70	6.71	6.72	6.72	6.71
Aged 35 to 44	14.37	14.08	13.91	13.81	13.73	13.67	13.63	13.59	13.60	13.62	13.66
Males	6.81	6.61	6.52	6.50	6.51	6.54	6.58	6.62	6.70	6.81	6.93
Females	7.56	7.47	7.39	7.31	7.22	7.14	7.05	6.97	6.89	6.81	6.73
Aged 45 to 54	15.98	15.98	15.88	15.67	15.41	15.15	14.88	14.59	14.28	13.94	13.61
Males	8.00	8.01	7.96	7.86	7.74	7.61	7.48	7.34	7.19	7.02	6.86
Females	7.98	7.97	7.91	7.80	7.67	7.54	7.39	7.25	7.09	6.92	6.76
Aged 55 to 64	12.22	12.57	12.86	13.03	13.23	13.45	13.67	13.89	14.06	14.23	14.33
Males	6.01	6.18	6.33	6.41	6.52	6.63	6.74	6.85	6.95	7.04	7.10
Females	6.21	6.39	6.53	6.62	6.72	6.82	6.93	7.03	7.12	7.19	7.23
Aged 65 to 74	7.32	7.50	7.73	8.10	8.45	8.76	9.06	9.35	9.62	9.88	10.16
Males	3.48	3.56	3.67	3.85	4.02	4.17	4.32	4.46	4.60	4.72	4.86
Females	3.85	3.94	4.05	4.25	4.42	4.58	4.74	4.88	5.02	5.16	5.30
Aged 75 to 84	4.59	4.58	4.57	4.57	4.58	4.61	4.64	4.69	4.76	4.88	5.01
Males	1.94	1.95	1.96	1.97	1.98	2.00	2.02	2.04	2.08	2.14	2.21
Females	2.64	2.63	2.61	2.60	2.60	2.61	2.62	2.64	2.68	2.74	2.81
Aged 85 and Over	1.90	1.96	2.01	2.05	2.09	2.12	2.16	2.19	2.22	2.24	2.25
Males	0.55	0.57	0.59	0.61	0.63	0.65	0.67	0.68	0.70	0.72	0.73
Females	1.35	1.38	1.42	1.44	1.46	1.48	1.49	1.51	1.52	1.52	1.52
Aged 65 and Over	13.81	14.03	14.31	14.72	15.12	15.49	15.86	16.23	16.60	17.00	17.43
Males	5.97	6.09	6.23	6.43	6.63	6.82	7.00	7.19	7.38	7.58	7.79
Females	7.84	7.95	8.08	8.29	8.49	8.67	8.85	9.03	9.22	9.42	9.63

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