

# Consolidated Canadian Government Finance Statistics, 2016

Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, November 22, 2017

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## Federal government expenses bring the net operating balance of Canadian General Government down

The deficit of the Canadian General Government (CGG)—federal, provincial-territorial and local governments combined—in their consolidated net operating balance totalled \$18.1 billion in 2016, following a \$12.9 billion deficit in 2015. This increase was largely attributable to expenses (+2.6%) outpacing revenues (+1.9%).

The net operating balance, also referred to as surplus or deficit, is calculated as revenues minus expenses over a reference period and constitutes a summary measure of the sustainability of governments operations.

The net operating balance deficit for the federal government totalled \$10.0 billion in 2016, compared with a \$2.1 billion surplus the previous year. Total federal expenses grew 4.2%, due to an increase in social benefits (old age and family allowances) and grants to provinces and territories expenses, while revenue edged down 0.1%.

On the other hand, consolidated provincial-territorial and local governments (PTLG) posted an \$8.0 billion deficit in their net operating balance in 2016, following a \$15.0 billion deficit in 2015. The increase in PTLG revenue (+3.6%) outpaced the growth in expenses (+2.1%).

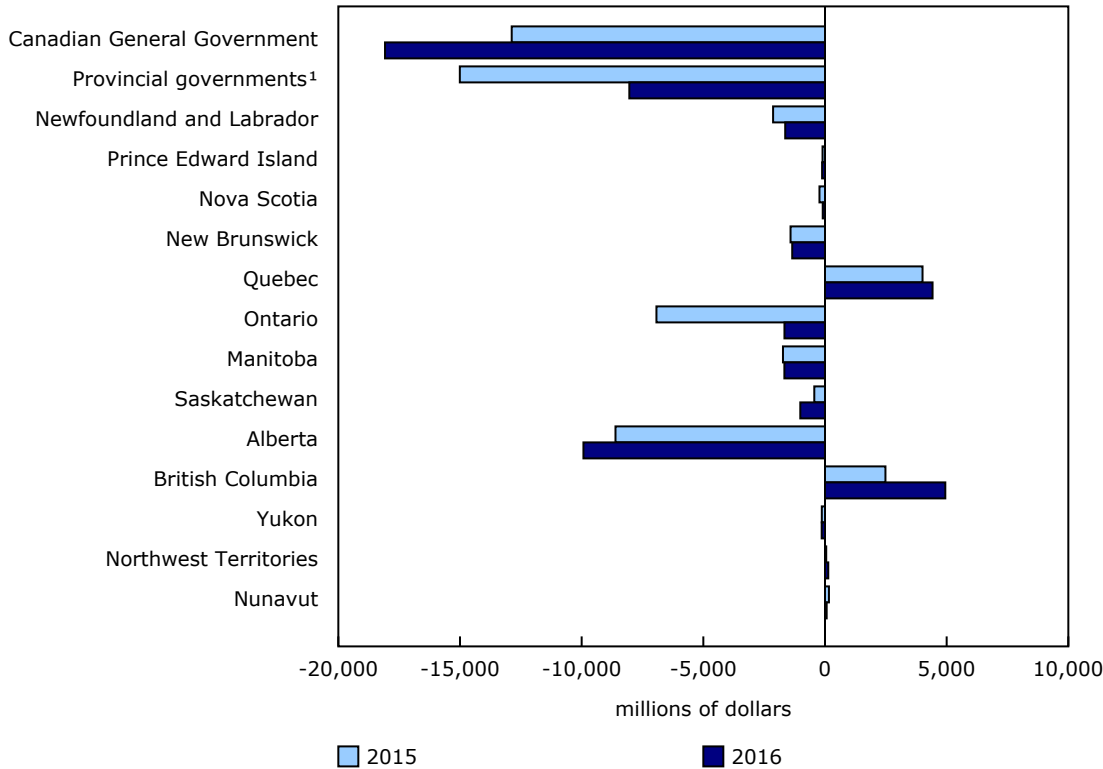
Net operating balances in deficit were reported in 9 of 13 jurisdictions. Alberta (-\$9.9 billion), Manitoba and Ontario (each -\$1.7 billion) had the largest deficits in 2016.

Saskatchewan and Alberta experienced the largest drop in net operating balance in 2016. While still in deficit, Ontario's net operating balance improved the most, due to higher corporate income taxes and taxes on goods and services.

The largest surpluses in net operating balances in 2016 were recorded in British Columbia (+\$4.9 billion) and Quebec (+\$4.4 billion).



**Chart 1**  
**Net operating balance, Canadian General Government and provincial–territorial and local governments, 2015 and 2016**



1. Provincial–territorial and local governments.  
 Source(s): CANSIM table [385-0042](#).

### Fiscal burden increases in most provincial-territorial and local governments

In 2016, CGG reported consolidated revenues of \$728.6 billion, with taxes and social contributions accounting for 83.7% of total revenue. The remainder includes revenue from sales of goods and services, interest and dividends and other sources.

PTLG consolidated revenues totalled \$529.3 billion in 2016, with taxes (\$323.5 billion) and social contributions (\$13.6 billion) accounting for 63.7% of the overall total.

The federal government, in turn, had \$288.5 billion in total revenue in 2016, down slightly (-0.1%) from 2015. The increases in total revenue from taxes (+1.3%) were more than offset by lower social contributions (-2.6%) and other revenue (-18.1%), mainly dividends from government business enterprises and voluntary transfers other than grants.

Measured in nominal dollars, and on a per capita basis, the CGG fiscal burden—tax revenues and social contributions imposed by governments on individuals, businesses and non-residents—increased from \$16,617 in 2015 to \$16,827 in 2016.

The PTLG fiscal burden per capita rose in eight provinces, with Newfoundland and Labrador (+\$1,075) and British Columbia (+\$604) recording the largest increases. Declining tax revenues resulted in a lower fiscal burden in Saskatchewan (-\$639) and Alberta (-\$121).

## **Largest increase in federal grant revenue since 2009**

In 2016, \$84.3 billion of Canada's PTLG consolidated revenues came from grants, up 5.4% from \$80.0 billion in 2015. This was the largest increase since 2009 (+16.8%), when Canada's Economic Action Plan was launched following the global recession.

PTLG grants are transfers received from the federal government, including the Canada Health Transfer, Canada Social Transfer, equalization payments, and other current and capital grants.

Among the provinces, Prince Edward Island received the most grants per capita (\$4,723) followed by New Brunswick (\$4,143), while British Columbia (\$1,728) recorded the least.

PTLG in the territories are highly dependent on federal funding, where it represents on average 74.4% of revenues, compared with 15.3% in the provinces in 2016.

**Table 1**  
**Revenue per capita, Canadian general government and provincial–territorial and local governments, 2016**

	Canadian general government	Provincial–territorial and local governments	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario
dollars								
<b>Revenue</b>	<b>20,092</b>	<b>14,597</b>	<b>14,754</b>	<b>13,595</b>	<b>14,519</b>	<b>13,949</b>	<b>16,045</b>	<b>13,722</b>
Taxes	15,818	8,920	8,752	6,871	7,905	7,122	9,975	9,169
Taxes on income, profits, and capital gains	8,937	3,566	3,370	2,790	3,325	2,543	4,360	3,421
Payable by individuals	6,729	2,756	3,038	2,395	2,784	2,168	3,609	2,450
Payable by corporations, other enterprises and non-residents	2,208	810	330	395	541	376	752	970
Taxes on property	1,950	1,968	920	1,198	1,484	1,670	1,709	2,198
Taxes on goods and services	4,449	3,041	4,133	2,883	3,096	2,909	3,169	3,136
Other taxes	483	345	330	0	0	0	737	415
Social contributions	1,009	376	388	241	336	281	566	353
Grants	0	2,325	2,674	4,723	3,650	4,143	2,591	1,879
Other revenue	3,265	2,977	2,940	1,760	2,628	2,403	2,913	2,321
Property income	889	771	784	187	288	580	1,106	199
Sales of goods and services	2,074	1,908	2,018	1,472	2,008	1,615	1,341	1,989
Other miscellaneous revenue	302	297	138	100	332	209	466	133
	Manitoba	Saskatchewan	Alberta	British Columbia	Yukon	Northwest Territories	Nunavut	
dollars								
<b>Revenue</b>	<b>14,274</b>	<b>16,022</b>	<b>14,323</b>	<b>14,020</b>	<b>35,210</b>	<b>50,877</b>	<b>59,795</b>	
Taxes	8,231	8,298	7,751	8,379	4,096	8,719	3,443	
Taxes on income, profits, and capital gains	3,058	3,045	3,421	3,267	1,733	5,267	1,964	
Payable by individuals	2,677	2,257	2,541	2,577	1,575	3,631	1,641	
Payable by corporations, other enterprises and non-residents	381	789	880	689	158	1,636	323	
Taxes on property	1,691	1,482	2,191	2,046	1,024	1,703	565	
Taxes on goods and services	3,182	3,771	2,139	3,066	1,339	1,748	915	
Other taxes	300	0	0	0	0	0	0	
Social contributions	209	263	246	314	525	1,434	0	
Grants	3,155	2,697	1,883	1,728	28,304	34,404	46,480	
Other revenue	2,679	4,764	4,443	3,599	2,284	6,298	9,872	
Property income	875	1,381	1,705	1,028	499	1,659	403	
Sales of goods and services	1,620	2,088	2,334	2,389	1,575	4,438	8,984	
Other miscellaneous revenue	184	1,296	404	183	210	202	484	

Source(s): Calculations are based on data from CANSIM tables [051-0001](#) and [385-0042](#).

## The ratio of interest expense to revenue decreases for Canadian General Government

The CGG paid 7.9 cents in interest for every dollar of revenue in 2016, which represents \$57.4 billion in interest expense. This ratio was down compared with 2015, when it stood at 8.2 cents.

The ratio of interest expense to revenue provides a measurement of the public debt burden. The more interest a government has to pay to service debt, the fewer funds it has at its disposal to administer government and deliver services.

In 2016, PTLG interest expenses totalled \$35.6 billion, up slightly from \$35.1 billion in 2015.

Among the provinces in 2016, Newfoundland and Labrador (at 10.1 cents compared with 10.9 cents in 2015) and Quebec (at 10.2 cents, down from 10.4 cents in 2015) continue to have the highest PTLG interest expense to revenue ratio.

Alberta (at 1.6 cents, up slightly from 1.5 cents in 2015) had the lowest interest expense to revenue ratio followed by Saskatchewan (at 3.8 cents, up slightly from 3.6 cents in 2015).

The federal government paid 7.6 cents in interest for every dollar of revenue in 2016, compared with 8.2 cents in 2015. Since revenues decreased slightly and the stock of interest bearing debt increased in 2016, this decline in the federal government can be traced to lower average effective interest rates.

**Table 2**  
**Expense per capita, Canadian General Government and provincial–territorial and local governments, 2016**

	Canadian General Government	Provincial– territorial and local governments	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario
dollars								
<b>Expense</b>	<b>20,591</b>	<b>14,819</b>	<b>17,837</b>	<b>14,391</b>	<b>14,617</b>	<b>15,728</b>	<b>15,514</b>	<b>13,841</b>
Compensation of employees	6,645	5,612	8,258	6,436	5,798	6,018	5,266	5,323
Use of goods and services	4,390	3,906	4,599	3,660	4,243	4,426	3,153	3,614
Consumption of fixed capital	1,831	1,575	1,782	1,338	1,404	1,752	1,611	1,449
Interest expense	1,583	981	1,495	997	1,019	1,143	1,642	929
Subsidies	565	492	198	649	297	158	721	325
Grants	394	70	8	60	7	125	147	41
Social benefits	3,971	1,284	964	749	836	899	1,695	1,324
Other expense	1,211	900	534	502	1,012	1,207	1,278	837
	Manitoba	Saskatchewan	Alberta	British Columbia	Yukon	Northwest Territories	Nunavut	
dollars								
<b>Expense</b>	<b>15,540</b>	<b>16,906</b>	<b>16,666</b>	<b>12,980</b>	<b>38,781</b>	<b>47,874</b>	<b>57,966</b>	
Compensation of employees	6,458	7,179	6,535	4,889	15,859	18,580	20,550	
Use of goods and services	4,021	3,947	5,449	4,205	14,677	20,687	29,319	
Consumption of fixed capital	1,480	1,502	2,093	1,382	4,752	5,110	3,846	
Interest expense	1,278	602	226	584	184	291	134	
Subsidies	348	1,027	677	443	394	403	1,453	
Grants	121	105	37	45	263	493	27	
Social benefits	1,444	1,089	858	1,029	1,103	1,457	1,399	
Other expense	390	1,454	791	403	1,549	829	1,237	

Source(s): Calculations are based on data from CANSIM tables [051-0001](#) and [385-0042](#).

## Environmental protection expenses rise

The presentation of expenses according to the Canadian Classification of Functions of Government provides an important picture of the role governments play in delivering services such as health, education, social protection and public order and safety to citizens.

In 2016, combined expenses on health (24.7%) and social protection (24.7%) accounted for about half of total CGG expenses. CGG expenses in general public services (15.4%), education (13.7%), economic affairs (8.2%) and public order and safety (5.1%) followed.

Health expenses represented the largest share of total expenses in all PTLG. Among the provinces, Nova Scotia (38.7%) spent the most, and Saskatchewan (31.2%) the least.

Education was the next largest category for most provincial PTLGs, with Saskatchewan (21.4%) spending the most and Quebec (15.0%) the least.

Environmental protection expenses in Alberta PTLG totalled \$2.5 billion in 2016, up 71.6% from 2015. The increase was due to subsidies made in accordance with the Climate Leadership Plan in the province.

As a result, environmental protection expenses saw the largest growth (+15.3%) for PTLG at the Canada level in 2016.

**Table 3**  
**Proportional functional expenses, Canadian General Government and provincial–territorial and local governments, 2016**

	Canadian General Government	Provincial– territorial and local governments	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario
	%							
General public services	15	13	19	15	14	15	18	11
Defence	2	0	0	0	0	0	0	0
Public order and safety	5	5	4	4	5	5	4	6
Economic affairs	8	10	9	12	8	10	10	9
Environmental protection	2	2	1	2	2	1	1	2
Housing and community amenities	2	2	2	1	2	1	1	2
Health	25	34	37	34	39	36	31	34
Recreation, culture, and religion	3	3	1	1	2	1	3	3
Education	14	19	18	21	19	18	15	20
Social protection	25	13	9	10	10	12	15	14
	Manitoba	Saskatchewan	Alberta	British Columbia	Yukon	Northwest Territories	Nunavut	
	%							
General public services	13	9	7	12	12	15	13	
Defence	0	0	0	0	0	0	0	
Public order and safety	6	6	5	6	6	7	6	
Economic affairs	7	11	14	7	21	15	18	
Environmental protection	2	2	4	2	8	3	1	
Housing and community amenities	3	2	2	2	4	4	8	
Health	38	31	34	38	21	27	22	
Recreation, culture, and religion	1	2	3	3	3	3	3	
Education	18	21	21	18	14	13	14	
Social protection	13	15	10	12	10	14	14	

Source(s): CANSIM table [385-0041](#).

### While still negative, Canadian General Government's net financial worth increases

Growth in CGG's financial assets (+6.9%) outpaced liabilities (+2.5%) in 2016, improving the net financial worth (-\$1,156.4 billion) by \$13.1 billion compared with the level in 2015.

CGG held \$1,009.8 billion in financial assets, up from \$944.6 billion in 2015, mostly in the form of equity, loans to government business enterprises and accounts receivable. In turn, the CGG had \$2,166.2 billion in liabilities, mostly in the form of debt securities, pension liabilities and accounts payable.

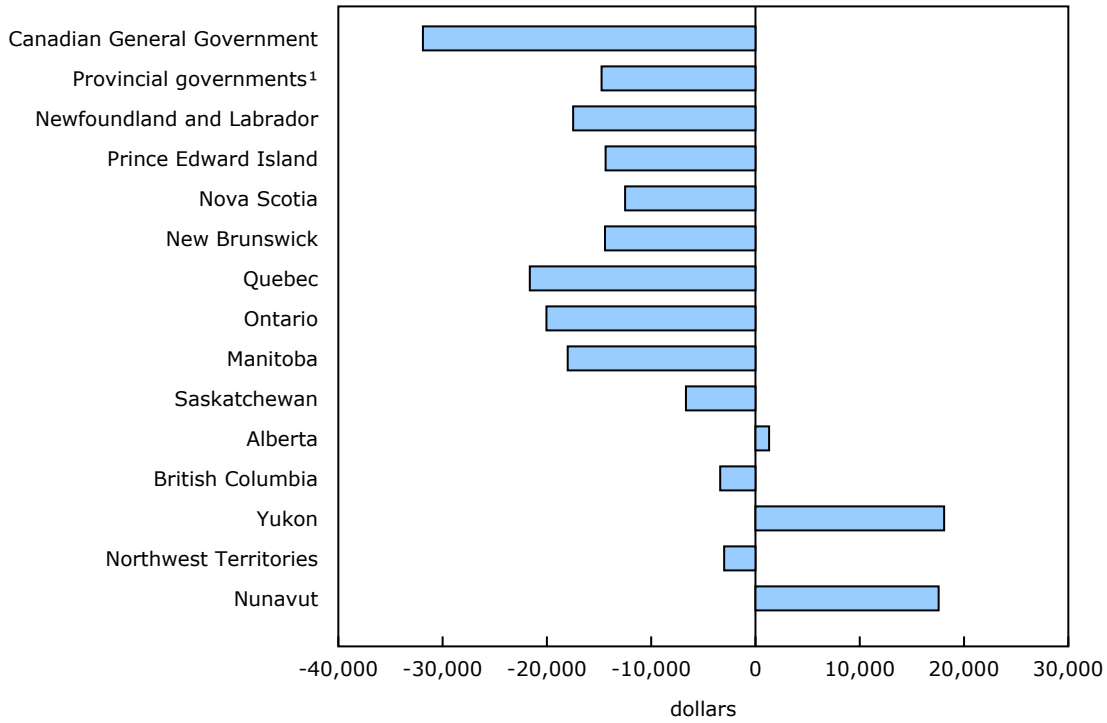
Alberta, Yukon and Nunavut PTLG recorded a net financial asset position in 2016, while all other jurisdictions were in a net liability position. Net liabilities on a per capita basis were highest in Quebec (\$21,639), followed by Ontario (\$20,045) and Manitoba (\$18,006).

While still negative, net financial worth rose in most PTLG, with the largest increase reported in Quebec (+\$8.6 billion), followed by British Columbia (+\$5.2 billion) and Ontario (+\$4.5 billion).

Net financial worth decreased the most in Alberta (-\$10.5 billion), followed by Saskatchewan (-\$1.9 billion), Manitoba (-\$1.4 billion) and Newfoundland and Labrador (-\$1.3 billion).

**Chart 2**

**Net financial worth per capita, Canadian General Government and provincial–territorial and local governments, 2016**



1. Provincial–territorial and local governments.

Source(s): Calculations are based on data from CANSIM tables [051-0001](#) and [385-0042](#).

**Table 4**  
**Assets and liabilities per capita, Canadian General Government and provincial–territorial and local governments, 2016**

	Canadian General Government	Provincial– territorial and local governments	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario
dollars								
<b>Non-financial assets</b>	<b>24,970</b>	<b>23,255</b>	<b>24,608</b>	<b>16,177</b>	<b>18,943</b>	<b>21,043</b>	<b>16,649</b>	<b>22,998</b>
<b>Financial assets</b>	<b>27,846</b>	<b>17,647</b>	<b>22,693</b>	<b>9,902</b>	<b>13,388</b>	<b>21,824</b>	<b>23,861</b>	<b>12,430</b>
Currency and deposits	2,940	1,779	6,419	2,375	1,045	3,033	745	1,540
Debt securities	2,732	3,571	1,965	1,525	4,409	11,630	6,813	2,092
Loans	7,374	2,266	424	2,134	1,707	2,102	847	514
Equity and investment fund shares or units	7,608	6,303	12,515	2,047	4,499	2,097	10,371	3,846
Marketable shares	2,314	2,313	767	1,338	714	1,414	5,448	1,063
Non-marketable shares	3,672	2,384	10,075	415	279	515	3,219	1,997
Investment fund shares or units	1,621	1,605	1,673	288	3,505	168	1,704	785
Insurance and pension	374	370	0	0	20	13	10	937
Accounts receivable	6,818	3,357	1,371	1,820	1,709	2,950	5,074	3,502
<b>Liabilities</b>	<b>59,734</b>	<b>32,404</b>	<b>40,177</b>	<b>24,265</b>	<b>25,888</b>	<b>36,255</b>	<b>45,500</b>	<b>32,476</b>
Currency and deposits	166	0	0	0	0	0	0	0
Debt securities	42,877	23,164	26,473	17,087	19,293	29,500	28,626	26,491
Loans	1,402	1,197	1,407	2,723	1,521	1,649	1,400	1,148
Insurance and pension	7,850	3,535	9,006	903	2,672	893	10,986	489
Accounts payable	7,141	4,509	3,292	3,553	2,402	4,212	4,489	4,348
Monetary gold and special drawing rights	298	0	0	0	0	0	0	0
	Manitoba	Saskatchewan	Alberta	British Columbia	Yukon	Northwest Territories	Nunavut	
dollars								
<b>Non-financial assets</b>	<b>18,419</b>	<b>25,874</b>	<b>34,678</b>	<b>26,002</b>	<b>66,087</b>	<b>75,958</b>	<b>93,283</b>	
<b>Financial assets</b>	<b>25,136</b>	<b>24,804</b>	<b>21,883</b>	<b>17,740</b>	<b>29,985</b>	<b>29,002</b>	<b>32,278</b>	
Currency and deposits	1,137	3,079	1,658	3,472	4,122	4,729	21,008	
Debt securities	3,931	4,059	6,617	1,723	9,741	3,183	2,986	
Loans	13,731	7,864	3,196	4,867	7,063	1,569	592	
Equity and investment fund shares or units	3,892	7,376	8,005	5,759	5,934	10,825	2,932	
Marketable shares	1,250	1,162	4,026	214	3,072	3,743	0	
Non-marketable shares	2,073	4,077	1,428	2,499	2,757	3,026	2,932	
Investment fund shares or units	570	2,137	2,550	3,045	105	4,034	0	
Insurance and pension	0	9	6	24	1,497	202	27	
Accounts receivable	2,444	2,416	2,401	1,894	1,628	8,495	4,734	
<b>Liabilities</b>	<b>43,141</b>	<b>31,472</b>	<b>20,575</b>	<b>21,123</b>	<b>11,894</b>	<b>32,006</b>	<b>14,713</b>	
Currency and deposits	0	0	0	0	0	0	0	
Debt securities	34,651	15,955	12,541	15,635	158	4,034	0	
Loans	1,105	3,615	251	911	5,383	12,506	2,313	
Insurance and pension	2,095	7,323	2,433	61	420	784	403	
Accounts payable	5,289	4,579	5,350	4,516	5,908	14,658	11,997	
Monetary gold and special drawing rights	0	0	0	0	0	0	0	

Source(s): Calculations are based on data from CANSIM tables [051-0001](#) and [385-0042](#).



## Note to readers

This release includes revisions to both unconsolidated and consolidated Canadian Government Finance Statistics data for the 2014 and 2015 reference periods as well as the addition of the 2016 reference period.

Data are revised back to 2008 for municipalities and other local public administrations (CANSIM table [385-0037](#)) and for the Canadian Classification of Functions of Government (CANSIM table [385-0040](#) and [385-0041](#)).

For the first time, preliminary Canadian Government Finance Statistics data are published eight months after the end of the fiscal year, therefore; estimates were prepared before several public accounts and financial statements were audited and published by government entities.

Consolidation is a method of presenting one overarching statistic for a set of units. It involves eliminating all transactions and debtor–creditor relationships among the units being consolidated. In other words, the transaction of one unit is paired with the same transaction as recorded for the second unit and both transactions are eliminated.

Consolidated data are released for the **provincial–territorial and local governments (PTLGs)**, which include provincial and territorial governments, health and social service institutions, universities and colleges, municipalities and other local public administrations, and school boards.

The constitutional framework of PTLGs in the territories differs from that in the provinces, leading to differences in the roles and financial authorities of government. These differences, as well as other geographic, demographic and socioeconomic dissimilarities between the North and the rest of Canada, give rise to marked disparities in government finance statistics.

PTLG data can be compared across provinces and territories because consolidation takes into account differences in administrative structure and government service delivery by removing the effects of internal public sector transactions within each jurisdiction.

Because PTLG finance statistics vary significantly across jurisdictions in Canada due to size differences, per capita data are used to facilitate comparisons. Per capita data are based on population estimates for Canada, the provinces and the territories, available in CANSIM table [051-0001](#).

Consolidated data are also released for the **Canadian General Government (CGG)**, which combines federal government data with PTLG data but excludes data for the Canada Pension Plan and Quebec Pension Plan.

In this release, revenues, expenses, assets and liabilities are reported in nominal terms.

In 2016, the consolidation method removed \$341.7 billion in internal revenues and expenses, as well as \$378.5 billion related to internal debtor–creditor relationships for the CGG.

The fiscal burden is a fiscal indicator derived from the Government Finance Statistics framework. The fiscal burden, defined as revenue in the form of taxes plus social contributions, is a fiscal analysis indicator proposed by the International Monetary Fund.

Net financial worth is defined as the total value of financial assets minus the total value of outstanding liabilities. When financial assets are greater than liabilities the measure is referred to as net financial assets. When liabilities are greater than financial assets the measure is referred to as net liabilities.

Annual data correspond to the end of the fiscal year closest to December 31. For example, data for the federal government fiscal year ending on March 31, 2017 (fiscal year 2016/2017), are reported for the 2016 reference year.

Available in CANSIM: tables [385-0033](#) to [385-0042](#).

Definitions, data sources and methods: survey number [5218](#).

### **The Public Sector Universe for 2016 is now available**

The *Public Sector Universe* ([68-516-X](#)) is now available for the period from 2008 to 2016 for the federal and provincial-territorial governments, the government business enterprises they control and municipal government sector.

The *Public Sector Universe* is the list of institutional units that are included in the measurement of Canadian government finance statistics (CANSIM tables [385-0032](#) to [385-0042](#)). The list of reporting entities is a key element in understanding and reconciling Canadian government finance statistics to accounts published by governments. This year's updates include details for nearly 4,500 institutional units in local governments across Canada.

The [Canadian Government Finance Statistics 2014](#) classification structure is now available in the *Definitions, data sources and methods* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [STATCAN.infostats-infostats.STATCAN@canada.ca](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).