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FEDERAL GOVERNMENT FINANCES: QUESTIONS AND ANSWERS

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ABOUT THIS PUBLICATION

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Federal Government Finances: Questions and Answers
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CONTENTS

EXECUTIVE SUMMARY

Understanding economic statistics and federal government finances can be complex. Through 23 questions and answers, this HillStudy explores key economic and financial concepts, including

- production: gross domestic product (GDP);
- inflation: consumer price index;
- nominal and real GDP;
- raw and seasonally adjusted data;
- accrual and cash-based accounting;
- financial and calendar year;
- income distribution and poverty;
- government accounts;
- government revenues and expenditures, by category;
- public service workforce;
- budgetary balance;
- financial and non-financial assets and liabilities; and
- government debt and accumulated deficit.

Each answer defines a concept, illustrates it with a figure or a table featuring the latest related data available for Canada, and provides a historical and sometimes international perspective.

FEDERAL GOVERNMENT FINANCES: QUESTIONS AND ANSWERS

This document consists of 23 questions and answers intended to provide a better understanding of economic statistics and federal government finances.

1 HOW IS A COUNTRY'S PRODUCTION MEASURED?

The most common statistic for measuring a region or country's production of goods and services is gross domestic product (GDP). For Canada, GDP is available for provinces and territories, industries and even cities. GDP can be compiled based on value added, income (compensation of employees, business profits, etc.) or expenditures (consumption expenditures, government expenditures, etc.).[1]

Statistics Canada estimated Canada's GDP for 2019 to be $2,310.554 billion using the income-based method, and $2,310.869 billion using the expenditure-based method. The difference between the two results is called a "statistical discrepancy," and the official result published by Statistics Canada is the average of the two: $2,310.712 billion.[2]

GDP per capita is the measure generally used to compare regions or countries with different populations. As the population of Canada was 37.5 million on 1 July 2019, GDP per capita was $61,466.

Table 1 – Population and Gross Domestic Product (GDP), by Level and Per Capita, Canada and Provinces and Territories, 1 July 2019

Province or Territory	Population	GDP Level ($ billions)	GDP Per Capita ($)
British Columbia	5,090,955	309.059	60,707
Alberta	4,361,694	352.884	80,905
Saskatchewan	1,172,302	82.917	70,730
Manitoba	1,369,540	73.814	53,897
Ontario	14,544,718	891.811	61,315
Quebec	8,501,703	460.357	54,149
New Brunswick	776,868	38.236	49,218
Nova Scotia	969,747	46.586	48,039
Prince Edward Island	157,262	7.523	47,837
Newfoundland and Labrador	523,476	35.349	67,527
Yukon	41,477	3.157	76,114
Northwest Territories	45,028	4.542	100,871
Nunavut	38,614	3.689	95,535
Outside Canada	–	0.790	–
Total	37,593,384	2,310.712	61,466

Note: Activities outside Canada are those that take place in territorial enclaves, such as embassies or military bases located on foreign soil, with the permission of the foreign government concerned. See Statistics Canada, "Chapter 3 – Key concepts in brief," *User Guide: Canadian System of Macroeconomic Accounts*.

Sources: Table prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0221-01: Gross domestic product, income-based, provincial and territorial, annual (x 1,000,000)," Database, accessed 13 August 2021; and Statistics Canada, "Table 17-10-0009-01: Population estimates, quarterly," Database, accessed 13 August 2021.

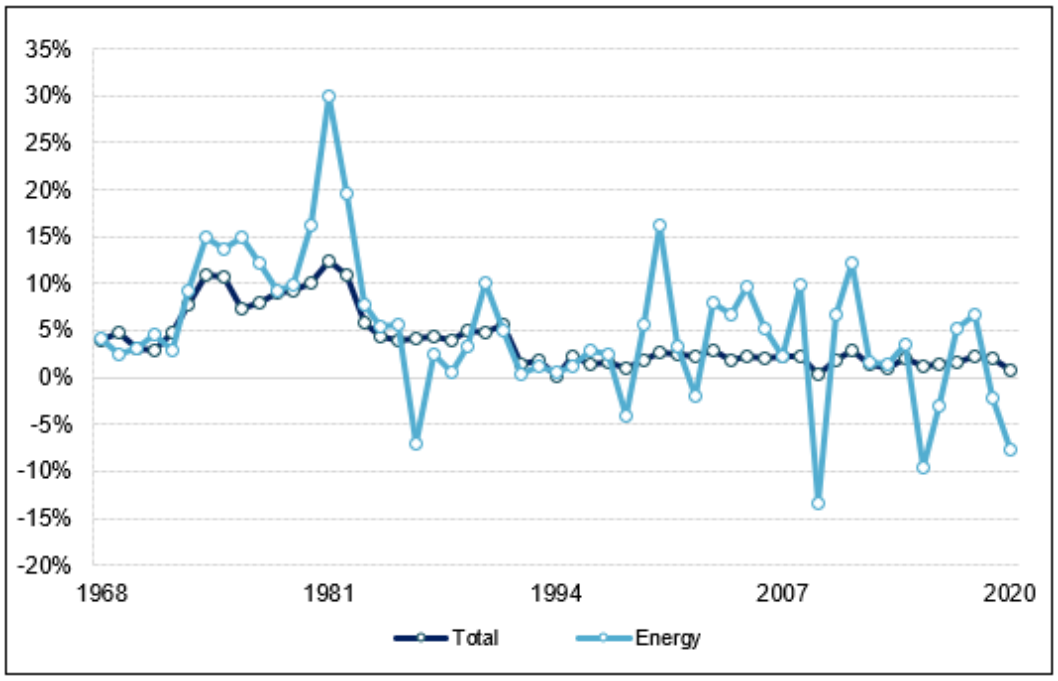
2 HOW DO WE MEASURE CHANGES IN THE PRICE OF GOODS AND SERVICES CONSUMED?

Statistics Canada produces the consumer price index (CPI), which is used to measure the price change of a basket of goods and services typically consumed by the "average Canadian." The importance accorded to each element in the basket is based on the Survey of Household Spending.[3] The basket is reviewed every two years to keep up with new Canadian consumption habits. If the CPI increases, we speak of inflation, and if it decreases, of deflation.

The CPI is often used to adjust (or index) monetary items, including wages and pay rates, government benefits (e.g., Old Age Security benefits) and parameters of the tax system (e.g., the basic personal amount). It is available monthly, by province, territory and major city. Given that it is an index (e.g., equal to 100 everywhere in Canada in 2002), it is not used to compare price levels from region to region, but rather inflation rates. Changes in the price of certain goods and services (e.g., shelter, food) are also available. The Bank of Canada produces other measures of the CPI that exclude its most volatile components.[4]

The CPI has been calculated in Canada since 1914. A basket of goods and services that cost $1 in 1914 cost $23.77 in 2021.[5] Over the years, there have been several significant jumps in the inflation rate of the CPI, particularly in its energy component (see Figure 1). Since 1991, however, the Bank of Canada has targeted a range of 1% to 3% for CPI inflation.[6]

Figure 1 – Inflation Rate for the Consumer Price Index, Total and Energy Component, Canada, 1968–2020



Source: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 18-10-0005-01: Consumer Price Index, annual average, not seasonally adjusted," Database, accessed 13 August 2021.

3 WHAT IS THE DIFFERENCE BETWEEN NOMINAL PRODUCTION AND REAL PRODUCTION?

If we want to measure the real increase in the production of goods and services in Canada (i.e., GDP), we must account for their price changes.[7] The measure of the price of goods and services is called the "Implicit Price Index (IPP) of the GDP" or, more commonly, the "GDP deflator."

Nominal GDP is GDP in current dollars, that is, in dollars based on their present value (for a given year or month). Real GDP is equal to the nominal GDP from which the effect of the increase in the price of goods and services produced has been deducted (to determine the real increase in production). To achieve this, the value must be expressed in constant dollars, which means that prices are fixed at the level of a given year.

For example, if nominal GDP was $2,000 billion in current dollars in 2019 and rose to $2,200 billion in current dollars in 2020, nominal GDP increased by 10%. However, if the IPP, as defined above, had a value of 100 in 2019 and a value of 105 in 2020, this means that the price of goods and services produced rose by 5%. If prices are fixed at their 2019 level, real GDP for 2020 will be obtained as follows, in $ billions:

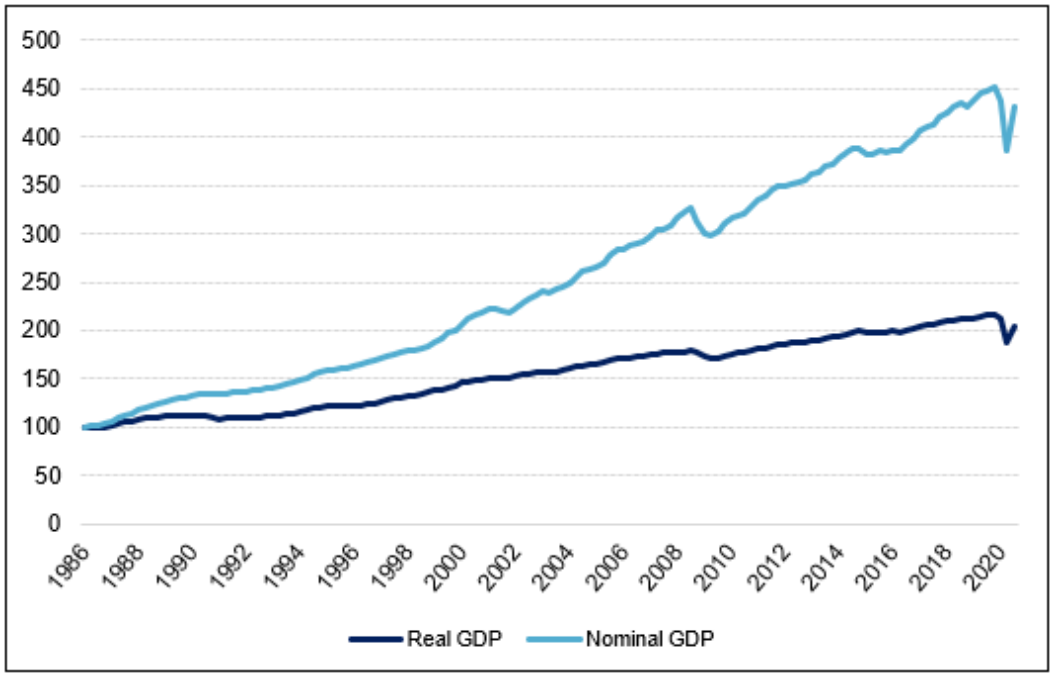
$$Real\ GDP\ 2020 = \frac{Nominal\ GDP\ 2020}{IPP\ 2020/IPP\ 2019} = \frac{2{,}200}{105/100} = 2{,}095.2$$

Real GDP therefore increased by 4.76% between 2019 and 2020:

$$Growth\ of\ real\ GDP\ (2020) = \frac{2{,}095.2}{2{,}000.0} = 0.0476 = 4.76\%$$

Figure 2 shows that the historical growth of nominal GDP has typically been faster than the growth of real GDP. Nominal GDP has grown faster than real GDP because it includes price changes, which are typically increasing.

Figure 2 – Nominal and Real Gross Domestic Product (GDP), Canada, First Quarter of 1986 to Third Quarter of 2020



Note: GDP is shown here as an index, with a value of 100 for the first quarter of 1986.

Source: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0104-01: Gross domestic product, expenditure-based, Canada, quarterly (x 1,000,000)," Database, accessed 13 August 2021.

4 WHAT IS THE DIFFERENCE BETWEEN RAW DATA AND SEASONALLY ADJUSTED DATA?

Statistics are often collected on a monthly or quarterly basis. For a variety of reasons, statistics as collected (known as "raw data") seem to systematically post averages that are higher or lower than the annual average. For example, retail sales always increase in December due to the holiday season, and employment numbers increase as summer approaches, when students are hired for the season.

Statistical techniques can be used to seasonally adjust a series of data, thereby eliminating the seasonal effect. This makes it possible to compare two consecutive months (in the case of a monthly series) and to observe an increase that is not due to the exceptional nature of the month of December, in the case of retail sales, for example.

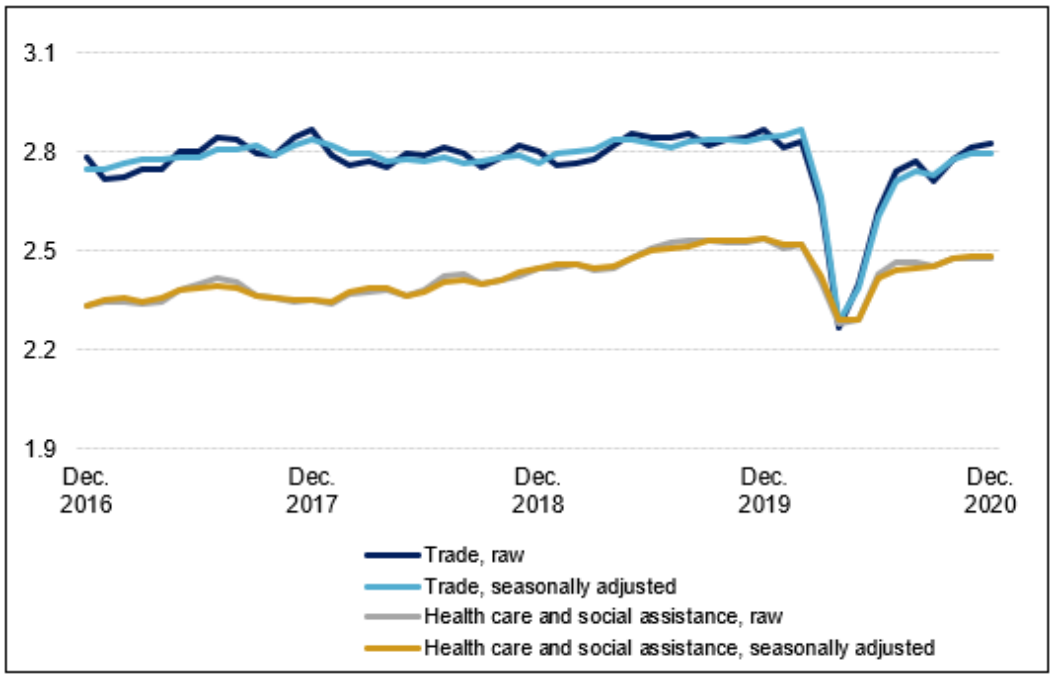
Raw data are generally used to compare two months or quarters from different years (e.g., December 2019 and December 2020), while seasonally adjusted data tend to be used to compare different months or quarters of the same year (e.g., November and December 2020).

Figure 3 shows that there are far more fluctuations in the raw series data for trade employment over the course of one year than in the seasonally adjusted series data.

There are also significantly fewer differences between the raw and seasonally adjusted data for the health care series since employment in that sector is much less seasonal.

Figure 3 also shows that there was a stronger decline in employment in the trade sector than in the health care and social assistance sector during the COVID-19 pandemic in 2020.

Figure 3 – Employment, Selected Industries, Raw and Seasonally Adjusted Series Data, Canada, December 2016–December 2020 ($ millions)



Source: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 14-10-0355-01: Employment by industry, monthly, seasonally adjusted and unadjusted, and trend-cycle, last 5 months (x 1,000)," Database, accessed 13 August 2021.

5 WHAT IS THE DIFFERENCE BETWEEN ACCRUAL ACCOUNTING AND CASH-BASED ACCOUNTING?

In accrual accounting, flows (expenditures or revenues) are recorded when the economic value is created or extinguished. For example, economic value is created when work is performed by an employee.

In cash-based accounting, flows are recorded when the economic event is settled, such as through a payment.

For example, suppose a department hires a consultant for two years of work, and the parties agree on an immediate payment of $100,000. Accrual accounting divides that expenditure of $100,000 between the two fiscal years in which the work is performed,[8] whereas cash-based accounting records that amount in a single year, at the time of payment. Table 2 illustrates this example.

Table 2 – Example of a Payment Recorded Using Accrual Accounting and Cash-Based Accounting

	2019–2020	2020–2021
Full accrual accounting	$50,000	$50,000
Cash-based accounting	$100,000	$0

Source: Table prepared by the Library of Parliament based on a fictitious example.

Beginning with Budget 2003,[9] the federal government adopted full accrual accounting to replace the modified accrual accounting that had been used since the mid-1980s. The full accrual method can better account for the fact that budget measures have economic impacts that last more than a fiscal year.

However, the main estimates and supplementary estimates – in which the government asks Parliament for spending authority for the various departments – still use modified cash accounting. This is mainly because, unlike the federal budget, which forecasts revenues and expenditures for several fiscal years, the estimates include spending authority for expenditures to be made in the coming year. The Public Accounts of Canada[10] are also published based on accrual accounting.

6 WHY ARE FINANCIAL STATISTICS SOMETIMES PUBLISHED FOR A CALENDAR YEAR AND SOMETIMES FOR A FISCAL YEAR?

The *Financial Administration Act* (FAA) defines a fiscal year as "the period beginning on April 1 in one year and ending on March 31 in the next year."[11] Various sections of the FAA stipulate that the federal government's revenues and expenditures must be published in the Public Accounts of Canada for each fiscal year.

This practice has been in place since 1906. Before then, the fiscal year ran from 1 July of one year to 30 June of the next year. Fiscal year 1906–1907 began on 1 July 1906 and ended on 31 March 1907.[12] Since then, fiscal years have begun on 1 April of one year and ended on 31 March of the next year.

This change was intended to render the fiscal year "more in harmony with the active business season."[13] Moving the end of the fiscal year to 31 March enabled Parliament to adjourn earlier in the summer. This allowed members to return to their ridings, and, when the sitting resumed in November, to have access to complete financial results. Given that the economy was more agricultural at the time, conducting the work of Parliament during a less busy period for business also served to "bring into public life in this country representative men from all parts of Canada."[14] This practice was also in effect in the United Kingdom. Legislation regarding the fiscal year (Bill 162, An Act respecting the Fiscal Year) was adopted in the Senate at third reading on 25 June 1906 and came into effect on 1 July 1906.[15]

Other statutes nevertheless provide for using the calendar year (1 January to 31 December), essentially for purposes of simplification. This is the case with the *Income Tax Act*,[16] pursuant to which individuals must declare their income for the calendar year, and the *Employment Insurance Act*,[17] under which changes to contribution rates take place as of 1 January.

Some statistics use data for the fiscal year and for the calendar year. By convention, that is the case for the federal debt-to-GDP ratio, which indicates the value of the federal debt in relation to the annual production of goods and services in Canada. Because the results for the fiscal year become available in the summer, when the calendar year is not yet over, the debt-to-GDP ratio for 2019, for example, is determined by dividing the debt for fiscal year 2019–2020 by the 2019 GDP, both of which are already available.

7 WHAT STATISTICS ARE USED TO MEASURE INCOME DISTRIBUTION AND POVERTY?

Several measures provide for estimating income distribution,[18] including the "Gini coefficient," which is one of the most widely used. This coefficient is based on the comparison of cumulative proportions of the population against cumulative proportions of income they receive, and it varies between 0 and 1: a coefficient of 1 represents perfect inequality in income distribution, in that one person has all of the income, while a coefficient of zero represents perfect equality, in that everyone has exactly the same income. This measure allows for comparing income inequalities across different countries or for comparing inequalities within the same country before and after income redistribution by the state.

In addition to the Gini coefficient, the Organisation for Economic Co-operation and Development (OECD) uses four other indicators to measure income inequality among individuals. The S80/S20 ratio is the ratio of the average income of the 20% richest to the 20% poorest; the D9/D1 interdecile ratio is the ratio of the upper bound value of the ninth decile (i.e., the 10% of people with the highest income) to that of the first decile; the D9/D5 interdecile ratio is the ratio of the upper bound value of the ninth decile to the median income; and the D5/D1 interdecile ratio is the ratio of median income to the upper bound value of the first decile. The Palma ratio is the share of all income received by the 10% of people with highest disposable income divided by the share of all income received by the 40% of people with the lowest disposable income. The measures regarding the D9/D1 interdecile ratio and the income of individuals and families before or after taxes and transfers (which can also be organized in ascending order) are presented in Table 3 for Canada.[19]

In 2018, the Government of Canada announced that the Market Basket Measure would be used as Canada's Official Poverty Line. The Market Basket Measure is based on the cost of a basket of goods and services that individuals and families require to meet their basic needs and achieve a modest standard of living.[20]

Other measures of low income include the Low Income Cut-Offs and the Low Income Measure.[21] All three define thresholds below which a family or individual is considered to have a low income. Therefore, the proportion of the population that has a low income can be determined using three different measures, all of which are presented in Table 3, using after-tax income and transfers.

Table 3 – Measures of Income Distribution and the Proportion of the Total Population with a Low Income Based on Various Measures, Canada

Year	Income Distribution[a]			Proportion of the Total Population with Low Income (%)		
	Gini Coefficient		Income Above the 9th Decile/ Income Above the 1st Decile[b] (%)	Low Income Cut-Offs, After Taxes	Low Income Measure, After Taxes	Canada's Official Poverty Line Market Basket Measure – 2008 Base
	Market Income, Before Taxes and Transfers	Disposable Income, After Taxes and Transfers				
2009	0.436	0.316	4.3	10.1	13.7	13.4
2014	0.427	0.313	4.2	8.8	13.0	11.3
2019	0.421	0.301	4.0	6.5	12.1	8.2

Notes:
a. Both the Gini coefficient and the interdecile ratio rely on a new Organisation for Economic Co-operation and Development (OECD) definition of income that was introduced in 2012. These data may not be directly comparable with older income distribution data.
b. Disposable income after taxes and transfers is used.

Sources: Table prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 11-10-0135-01: Low income statistics by age, sex and economic family type," Database, accessed 13 August 2020; and OECD, OECD.Stat, Database, accessed 13 August 2021. Under "Data by theme," select "Social Protection and Well-being," then "Income distribution and poverty," then "By country."

8 WHAT ARE THE FEDERAL GOVERNMENT ACCOUNTS?

The federal government accounts can be separated into four main categories: the real accounts of financial statements, the notional accounts of financial statements, the real off-balance-sheet accounts and the fictional off-balance-sheet accounts.

8.1 REAL ACCOUNTS OF FINANCIAL STATEMENTS

8.1.1 Consolidated Revenue Fund

The federal government's income (e.g., taxes, income taxes) and expenditures (e.g., personnel, benefits) are managed out of the Treasury or Consolidated Revenue Fund,[22] which is defined as the "aggregate of all public moneys that are on deposit at the credit of the Receiver General."[23]

In practice, the federal government has accounts in Canadian financial institutions and the Bank of Canada that enable it to receive and spend money. The aggregate of all these accounts is the Consolidated Revenue Fund. As at 31 March 2020, the Consolidated Revenue Fund totalled $37 billion,[24] including $20 billion for the federal government's prudential liquidity-management plan, on deposit at the Bank of Canada. This plan exists to enable the federal government to have sufficient liquidity to cover its net projected payments for the following month, in the event of exceptional circumstances that impede the proper functioning of financial markets.

8.1.2 Exchange Fund Account

Pursuant to the *Currency Act*, the Exchange Fund Account is intended to "aid in the control and protection of the external value of the monetary unit of Canada."[25] As at 31 March 2020, it contained the equivalent of $112 billion.[26]

8.2 NOTIONAL ACCOUNTS OF FINANCIAL STATEMENTS

This type of account does not contain any liquidity and does not refer to "bank accounts" in the traditional sense. These accounts nevertheless have an accounting life that allows users of financial statements to examine the income and expenditures associated with certain programs.

For example, the Employment Insurance Operating Account was created on 1 January 2009. It provides for recording the expenditures and revenues of the program that are credited to this account under the provisions of the *Employment Insurance Act*.[27] The annual deficit or surplus in this account is therefore included in the Public Accounts of Canada.[28]

8.3 REAL OFF-BALANCE-SHEET ACCOUNTS

Real off-balance-sheet accounts are identical to real accounts of financial statements, except that, as their name indicates, they are not included in the federal government's financial statements.

The largest real off-balance-sheet account is that of the Canada Pension Plan (CPP). Its revenues and expenditures are also published in the Public Accounts of Canada,[29] but the CPP "is excluded from the reporting entity because changes to CPP require the agreement of two thirds of participating provinces and it is therefore not controlled by the [federal] government."[30] Since 2000, CPP benefits have been considerably lower than contributions, which results in the accumulation of significant surpluses.[31]

8.4 FICTIONAL OFF-BALANCE-SHEET ACCOUNT

There is a popular belief that the federal government has a "contingency reserve," from which it can withdraw money in the event of emergencies (catastrophe, war, etc.). However, there is no such account, except for the previously mentioned $20 billion on deposit at the Bank of Canada that is intended to ensure sufficient liquidity in the event of a collapse of the financial system and which is part of the Consolidated Revenue Fund.

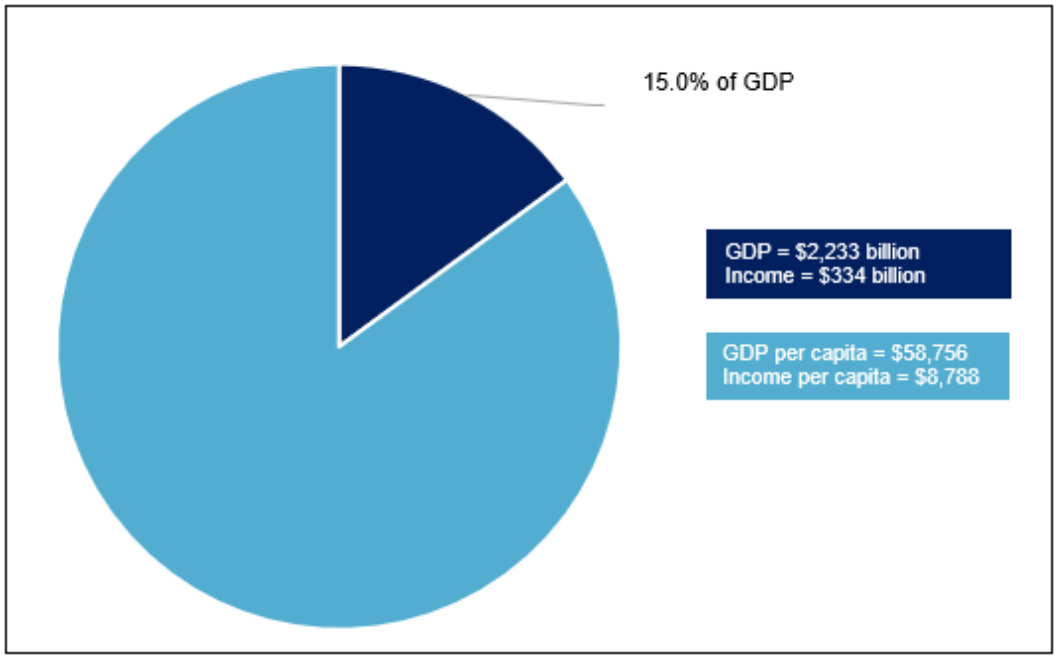
Rather, the contingency reserve is a precautionary measure that is included in federal budget forecasts. Since 2009 it has been called the "adjustment for risk."[32] It is considered when establishing budget forecasts. For example, it was $3 billion in the 2019 budget and was forecasted to remain at $3 billion until 2023–2024.[33] In the 2021 budget, there was no such provision. Rather, the impact of alternative growth scenarios on public finances was provided. For example, the slower growth scenario would lead to a deficit of $169.3 billion rather than $154.7 billion in 2021–2022.[34] It is yet unknown if or when the Department of Finance Canada will go back to having an adjustment for risk.

9 WHAT ARE THE FEDERAL GOVERNMENT'S TOTAL REVENUES?

The revenues of the federal government include personal and corporate income taxes, excise taxes on certain products, Employment Insurance premiums and the revenues generated by federal departments and Crown corporations but not Canada Pension Plan premiums.

In 2019–2020, the federal government's revenues totalled $334 billion, or $8,788 per Canadian.[35] They represented 15.0% of the GDP, which was $2,233 billion in 2020[36] (see Figure 4).

Figure 4 – Federal Government Revenues, as a Percentage of Gross Domestic Product (GDP) and Per Capita, 2019–2020



Sources: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0221-01: Gross domestic product, income-based, provincial and territorial, annual (x 1,000,000)," Database, accessed 13 August 2021; and Statistics Canada, "Table 17-10-0009-01: Population estimates, quarterly," Database, accessed 13 August 2021. See also Government of Canada, "Revenues compared to 2019," in "Section 1 – Financial statements discussion and analysis," *Public Accounts of Canada 2020: Volume I*.

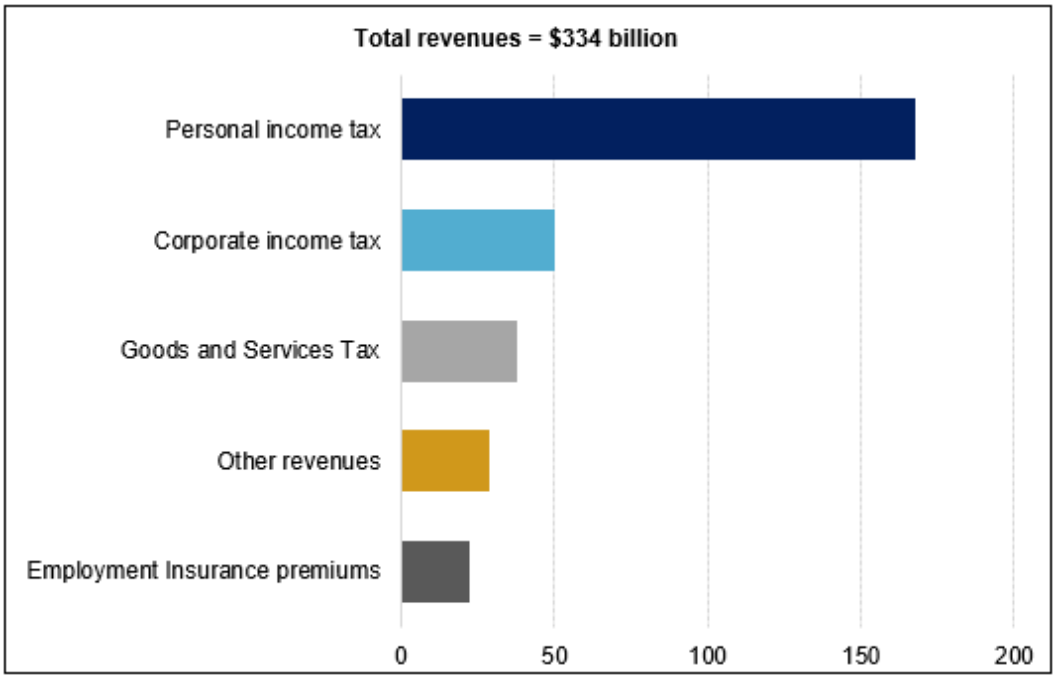
10 WHAT ARE THE FEDERAL GOVERNMENT'S PRIMARY SOURCES OF REVENUE?

In 2019–2020, the federal government's revenues totalled $334 billion. Figure 5 breaks down total revenues by source:

- Income taxes totalled $227 billion, including $168 billion in personal income tax, $50 billion in corporate income tax and $9 billion in income tax paid by non-residents. Personal income tax alone represented over half of the federal government's total revenues.
- The Goods and Services Tax (GST) generated revenues of $37 billion in 2019–2020, which is approximately $7.4 billion for each tax point (the GST is currently at 5%).
- Employment Insurance premiums represented $22 billion.
- Of the $47 billion in other revenues,
  - $20.8 billion came from other programs;
  - $5.1 billion came from Crown corporations;

- $5.7 billion came from energy taxes;
- $6 billion came from other excise taxes and duties (e.g., alcohol and tobacco);
- $4.9 billion came from customs import duties;
- $2.7 billion came from fuel charge proceeds; and
- $2.4 billion came from foreign exchange.

Figure 5 – Federal Government Revenues, by Source, 2019–2020 ($ billions)



Source: Figure prepared by the Library of Parliament using data obtained from Government of Canada, "Section 2 – Consolidated financial statements of the Government of Canada and report of the Auditor General of Canada," *Public Accounts of Canada 2020: Volume I*.

11 HOW HAVE THE VARIOUS SOURCES OF FEDERAL GOVERNMENT REVENUE CHANGED IN RECENT YEARS?

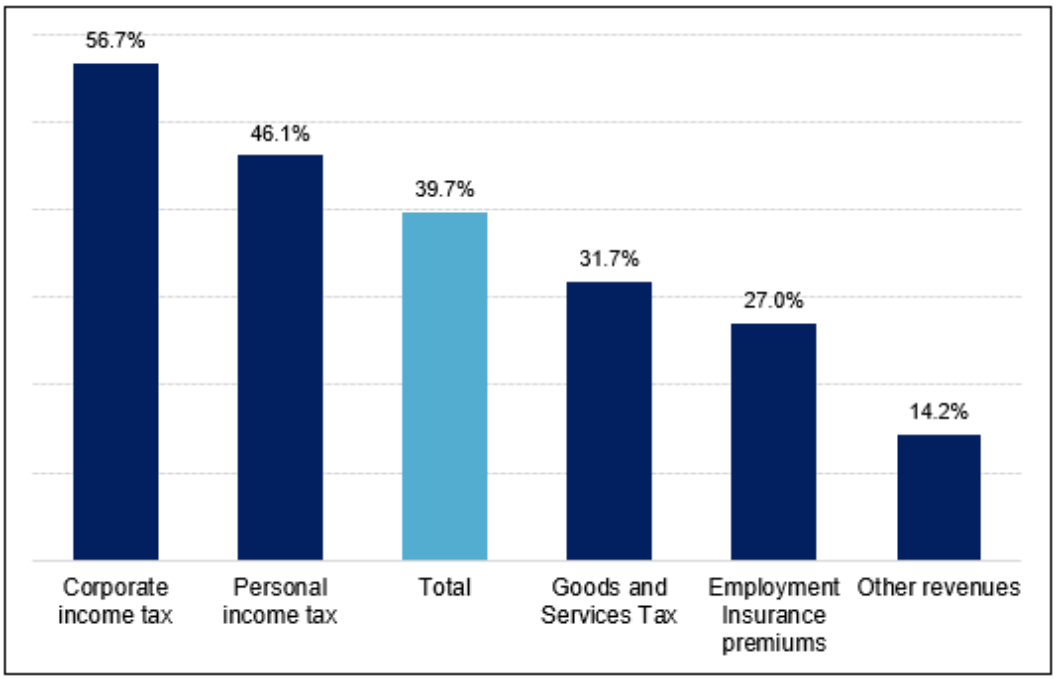
Between 2011 and 2020, the federal government's revenues, unadjusted for inflation, rose 39.7%, from $239 billion to $334 billion (see Figure 6). During that same period:

- Employment Insurance premiums rose from $18 billion to $22 billion (a growth of 27.0%), notably due to increases[37] in maximum insurable earnings, beginning in 2007, and in premium rates between 2011 and 2016. These premium rates, however, decreased after 2016 to reach their lowest point in 2020.
- Revenues from corporate income taxes increased by 57%; however, revenues from corporate income taxes were partially reduced by the recession of 2008–2009

and a decrease in corporate taxation rates, from 21% in 2007 to 15% in 2012 (excluding the small business deduction).[38]

- GST revenues increased by 32%. (The GST rate decreased from 7% to 6% on 1 July 2006, and then to 5% on 1 January 2008.)[39]
- Other revenues increased by 14.2%. This category includes revenues from energy taxes (+6.4%), customs import duties (+37.9%), other excise taxes and duties (+5.2%), Crown corporations (-47.2%), net foreign exchange (+33.2%) and other (+32.5%).

Figure 6 – Increase in Federal Government Revenues Between 2011 and 2020, by Principal Source



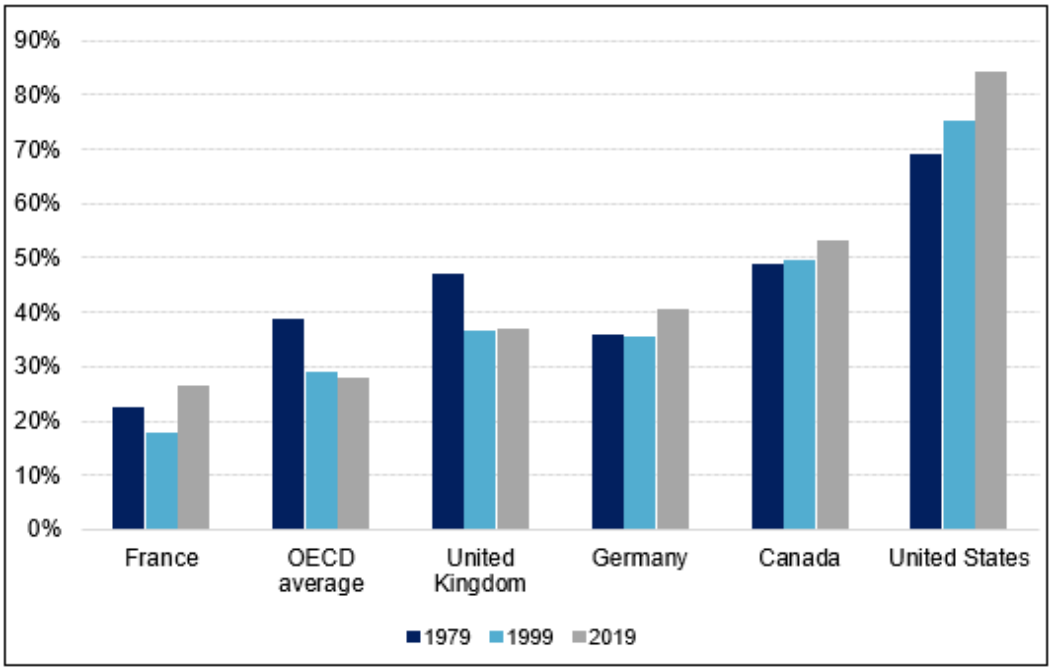
Source: Figure prepared by the Library of Parliament using data obtained from Government of Canada, "Table 1.1: Government of Canada – Consolidated Statement of Operations and Accumulated Deficit – detailed," in "Section 1 – Financial statements discussion and analysis," *Public Accounts of Canada 2020: Volume I*.

12 HOW HAS THE SHARE OF PERSONAL INCOME TAX IN THE FEDERAL GOVERNMENT'S REVENUES CHANGED OVER TIME?

Introduced in 1917 to finance Canada's participation in the First World War and intended to be a temporary measure,[40] personal income tax represented only 3% of federal government revenues in 1918–1919.[41] This share held steady at close to 10% until 1939–1940 and then rose to 25% in 1944–1945. In 2019–2020, $168 billion, or 50.2%, of the federal government's $334 billion in revenues came from personal income tax.

According to the OECD, 53.2% of the Canadian federal government's revenues came from taxes on the income, profits and capital gains of individuals in 2019, which is higher than the 27.7% average for OECD member countries (see Figure 7).

Figure 7 – Share of Personal Income Taxes in Total National Government Revenues, Selected Countries, 1979, 1999 and 2019



Note: The Organisation for Economic Co-operation and Development (OECD) average for the reference year 2019 was not available at the time of writing. Therefore, the 2019 percentage presented uses the number for the previous reference year of 2018.

Source: Figure prepared by the Library of Parliament using data obtained from OECD, OECD.Stat, Database, accessed 13 August 2021. Under "Data by theme," select "Public Sector, Taxation and Market Regulation," then "Taxation," then "Revenue Statistics – OECD Member Countries," then "Revenue Statistics – OECD Member Countries: Comparative tables."

The United States federal government also draws a large share of its revenues from personal income tax; it should be noted, however, that there is no general federal sales tax in that country. European countries tend to draw a larger share of their revenues from general taxes on goods and services. For example, in 2019, this figure reached 54.2% in Germany, 46.4% in France and 42.9% in the United Kingdom, compared with 19.5% in Canada and 8.2% in the United States.

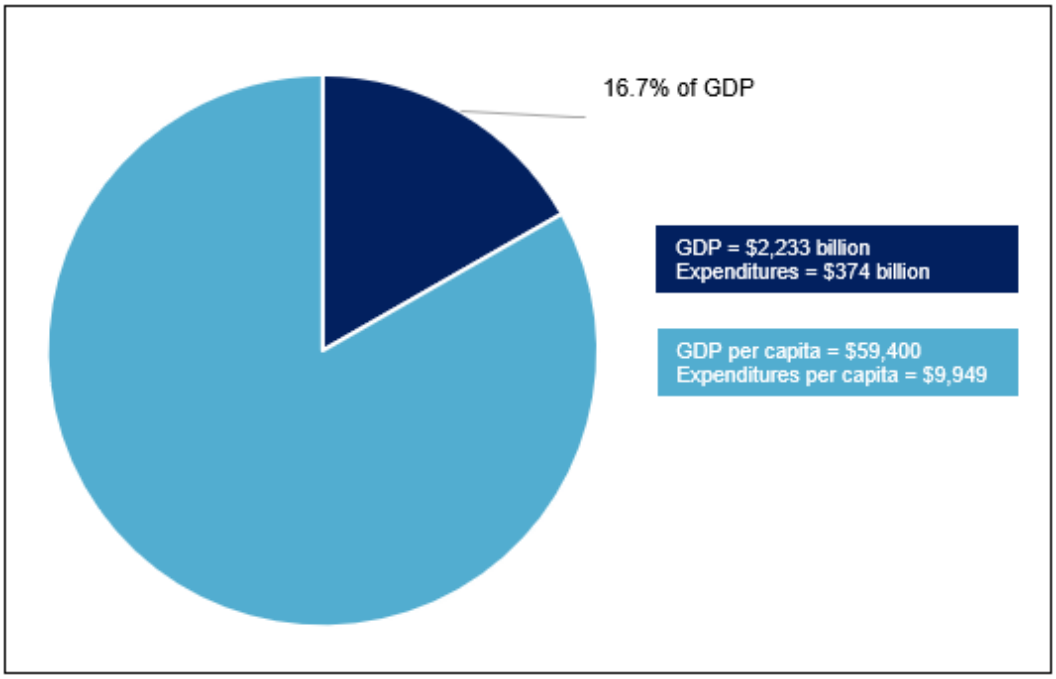
13 WHAT ARE TOTAL FEDERAL GOVERNMENT EXPENDITURES?

Federal government expenditures are varied, and include the following:

- grants and contributions;
- social benefits;
- transfers to other levels of government;
- salaries of federal government employees;
- use of goods and services; and
- interest charges.

In 2019–2020, the federal government's expenditures totalled $374 billion, or $9,949 per Canadian. They represented 16.7% of Canadian GDP in 2020, or $2,233 billion[42] (see Figure 8, below).

Figure 8 – Federal Government Expenditures, as a Percentage of Gross Domestic Product (GDP) and Per Capita, 2019−2020



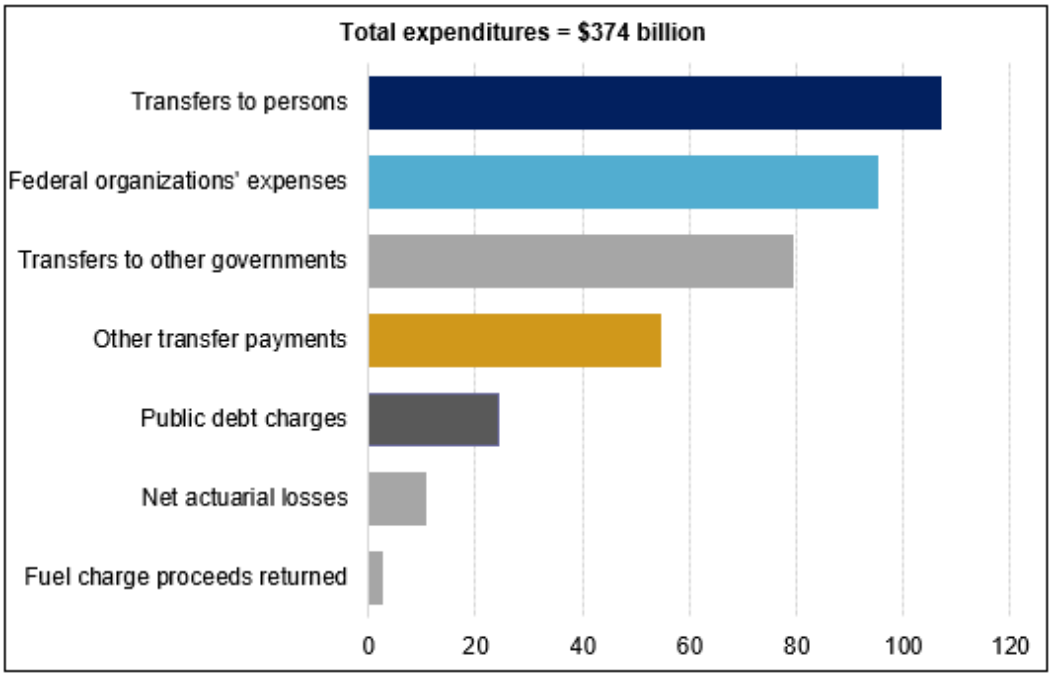
Sources: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0104-01: Gross domestic product, expenditure-based, Canada, quarterly (x 1,000,000)," Database, accessed 13 August 2021; and Statistics Canada, "Table 17-10-0009-01: Population estimates, quarterly," Database, accessed 13 August 2021. See also Government of Canada, "Section 1 – Financial statements discussion and analysis," *Public Accounts of Canada 2020: Volume I*.

14 WHAT ARE THE MAIN CATEGORIES OF FEDERAL GOVERNMENT EXPENDITURE?

In 2019–2020, federal government expenditures totalled $374 billion (see Figure 9). The primary categories of expenditure were the following:

- Transfer payments to persons – the Old Age Security program ($56.2 billion), Employment Insurance benefits ($21.8 billion), children's benefits ($24.3 billion) and the new Canada Emergency Response Benefit ($4.7 billion) – totalled $107.1 billion in 2019–2020, or 28.7% of total expenditures.
- Transfer payments to other levels of government – Canada Health Transfer ($40.9 billion), fiscal arrangements such as equalization and territorial financing, including the Quebec Abatement[43] ($18.0 billion), the Canada Social Transfer ($14.6 billion) and other transfers ($5.7 billion), such as the Canada Community-Building Fund (formerly known as the federal Gas Tax Fund program) – totalled $79.2 billion in 2019–2020, or 21.2% of total expenditures.
- Other transfer payments – such as assistance for farmers, students and businesses, support for research and development and international assistance – totalled $54.4 billion, or 14.6% of total expenditures.
- Federal departments and Crown corporations spent $95.2 billion (25.5% of the total) in capital and operating expenses.
- Public debt charges represented $24.4 billion (6.5% of total expenditures).
- Net actuarial losses totalled $10.6 billion (2.8% of the total). They represent changes arising from the annual reassessment of the government's existing obligations for future pensions and benefits owed to veterans and government employees.

Figure 9 – Federal Expenditures, by Category, 2019–2020 ($ billions)



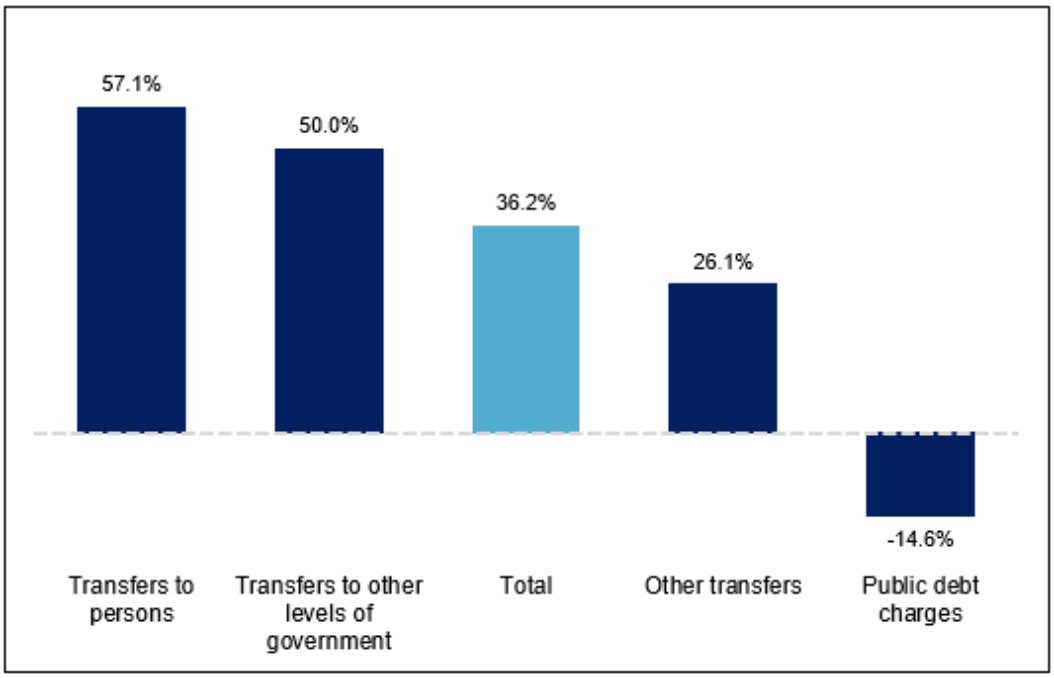
Source: Figure prepared by the Library of Parliament using data obtained from Government of Canada, "Section 2 – Consolidated financial statements of the Government of Canada and report of the Auditor General of Canada," *Public Accounts of Canada 2020: Volume I*.

15 HOW HAVE THE VARIOUS CATEGORIES OF FEDERAL GOVERNMENT EXPENDITURE CHANGED IN RECENT YEARS?

Between 2011 and 2020, federal government expenditures, unadjusted for inflation, rose from $274 billion to $374 billion (+36.2%) (see Figure 10). Transfers to other levels of government (+50.0%) and to persons (+57.1%) increased the most, while public debt charges decreased by 14.6%.

- Transfers to other levels of government experienced the largest increase, rising from $53 billion to $79 billion, an increase of 50.0%.
- Transfers to persons increased significantly, due in large part to increased children's benefits, which grew from $13 billion to $24 billion (+92.4%) and the Old Age Security program, which rose from $36 billion to $56 billion (+57.8%). Employment Insurance benefits increased somewhat less, from $20 billion to $22 billion (+9.6%).
- Public debt charges decreased by 14.6% in 10 years, from $29 billion to $24 billion, despite an increase in the public debt. This is because the increased debt was offset by lower interest rates. In 2007–2008, the average interest rate paid on the federal debt was 4.61%, whereas it was 2.19% in 2019–2020.[44]

Figure 10 – Change in Primary Categories of Federal Government Expenditure Between 2011 and 2020



Source: Figure prepared by the Library of Parliament using data obtained from Government of Canada, "Table 1.1: Government of Canada – Consolidated Statement of Operations and Accumulated Deficit – detailed," in "Section 1 – Financial statements discussion and analysis," *Public Accounts of Canada 2020: Volume I*.

16 WHAT ARE THE SIZE AND COST OF THE PUBLIC SERVICE WORKFORCE, AND HOW HAVE THEY CHANGED IN RECENT YEARS?

Table 4 presents data on the size of the federal public service workforce, which includes the core public administration – the employees of the federal departments and agencies listed in schedules I and IV of the *Financial Administration Act* – and the separate agencies listed in Schedule V of that Act.[45]

Table 4 – Federal Public Service Workforce, by Type, 2014 to 2020

Type of Agency	2014	2015	2016	2017	2018	2019	2020
Core public administration	188,436	191,164	192,053	190,484	194,335	197,671	215,102
Separate agencies	61,808	61,469	58,223	57,443	65,259	67,668	69,274
Total	250,244	252,633	250,276	247,927	259,594	265,339	284,376

Note: The total includes all active employees (permanent, temporary, casual, students working full- and part-time, federal judges and deputy ministers), but does not include employees on leave without pay, employees hired locally outside Canada, regular members of the Royal Canadian Mounted Police (RCMP) or Canadian Armed Forces, or employees of certain agencies not covered by the Regional Pay System (including employees of the Canadian Security Intelligence Service and the National Capital Commission). As of 1 April 2021, the workforce of the RCMP was composed of 30,558 employees, including 8,307 public service employees and 3,087 civilian members (see RCMP, "Actual strength," *About the RCMP*). Employees of Crown corporations are not included in Table 4. Their numbers and financial data are available through Government of Canada, *Crown Corporations Financial Data*.

Source: Table prepared by the Library of Parliament based on data obtained from Treasury Board of Canada Secretariat, "Population of the federal public service by department," Database, accessed 13 August 2021.

Table 5 shows federal government expenditures on personnel. These expenditures include those for employees of the Senate, the House of Commons, the Library of Parliament and the Royal Canadian Mounted Police, and comprise employee salaries, insurance and benefits.

Table 5 – Federal Government Expenditures on Personnel, 2015–2016 to 2019–2020 (in billions of current dollars)

	2015–2016	2016–2017	2017–2018	2018–2019	2019–2020
Expenditures	39.6	38.9	45.3	46.1	46.4

Source: Table prepared by the Library of Parliament based on data obtained from Government of Canada, "Personnel Expenditures (2015–16 to 2019–20)," GC InfoBase, Database, accessed 13 August 2021.

17 WHAT IS AN ANNUAL DEFICIT OR SURPLUS, AND WHAT HAVE ANNUAL DEFICITS OR SURPLUSES TOTALLED IN RECENT YEARS?

If all the federal government's expenditures are subtracted from its revenues for a given fiscal year, the result is the annual budgetary balance. There is a surplus when the balance is positive and a deficit when it is negative.

A new concept, the budgetary balance before net actuarial losses, was introduced in the *Public Accounts of Canada 2020*. Net actuarial losses come from the annual reassessment of the government's existing obligations for pensions and other future benefits owed to veterans and government employees:

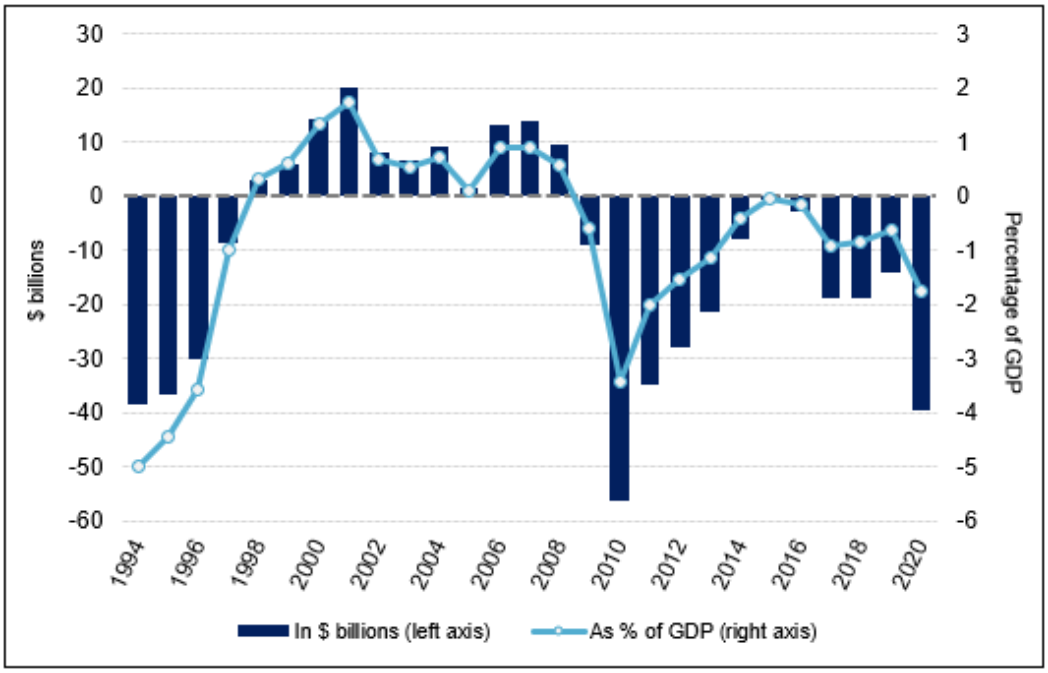
> While these adjustments and revaluations are an important part of providing an accurate picture of the government's statement of financial position at any given time, they can also result in large swings in the budgetary balance, which may impair the usefulness and understandability of the government's financial statements and fiscal projections, including as a measurement of the short-term impact of government spending and taxation choices on the economy.[46]

Another concept that is often used is the primary or operating balance. Instead of excluding net actuarial losses from total expenditures, the primary balance excludes public debt charges (interest payments on the debt).

In 2019–2020, net actuarial losses were $10.6 billion, up from $8.4 billion in 2018–2019, and interest charges represented $24.4 billion, up from $23.3 billion in 2018–2019. Hence, the budgetary deficit was $39.4 billion (up from $14 billion in 2018–2019), the deficit before net actuarial losses was $28.8 billion (up from $5.6 billion in 2018–2019) and the primary deficit totalled $14.9 billion (from a surplus of $9.3 billion in 2018–2019).[47]

Figure 11 presents the annual budgetary balance of the federal government from 31 March 1994 to 31 March 2020. The balance is also shown as a percentage of GDP from the previous calendar year.[48]

Figure 11 – Annual Budgetary Balance of the Federal Government, 1993–1994 to 2019–2020
(in $ billions and as a percentage of Gross Domestic Product [GDP])



Sources: Figure prepared by the Library of Parliament using data obtained from Government of Canada, "Table 1: Fiscal transactions," *Fiscal Reference Tables – 2020: Part 1 of 9*; and Statistics Canada, "Table 36-10-0104-01: Gross domestic product, expenditure-based, Canada, quarterly (x 1,000,000)," Database, accessed 13 August 2021.

Budgetary balances are influenced by the health of the economy. For example, after the recession of 2008–2009 and during the 2020 global pandemic, government revenues decreased and expenditures increased, generating significant annual deficits that affect balances for subsequent years.

18 WHAT HAPPENS WHEN THERE IS A BUDGETARY SURPLUS OR DEFICIT?

A budgetary surplus has an impact on the federal government's financial resources (and a budgetary deficit, on its financial requirements), which are also affected by changes in non-budgetary transactions (loans, foreign exchange activities) and cash balances. Cash balances are composed of liquidity held by the federal government at the Bank of Canada and financial institutions. They are primarily determined by actual requirements for the current year.

In 2019–2020, there was a budgetary deficit of $39.4 billion. However, non-budgetary transactions generated financial requirements of $47.2 billion, resulting in a net change in financing requirements of $46.8 billion.[49] The federal government financed part of this requirement by decreasing its cash balances by $0.4 billion, from $37.6 billion in 2018–2019 to $37.2 billion in 2019–2020. The remaining $46.4 billion of this financial requirement was financed through an increase in unmatured debt (to be repaid later).[50]

Where did this increase in unmatured debt come from? The government increased its debt in marketable bonds (Canadian currency) by $27.3 billion and its debt in Treasury bills by $17.6 billion. The government decreased its retail debt by $0.7 billion. It also increased other financing activities by $2.7 billion. Altogether, these sums led to an increase in unmatured debt of $46.4 billion.

19 WHAT IS THE DIFFERENCE BETWEEN GROSS DEBT, NET DEBT AND ACCUMULATED DEFICIT?

The gross debt is the total of liabilities and interest-bearing debt resulting from past deficits that had to be financed through loans, as well as debts associated with pension plans. It is called "gross" because it does not consider the financial assets held by the federal government.

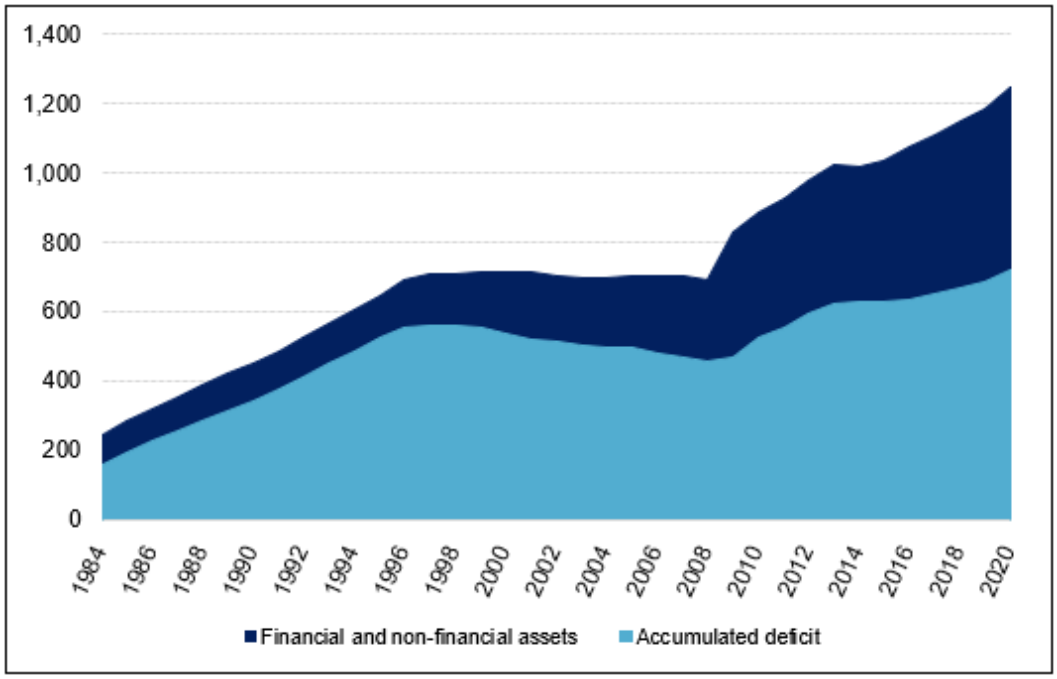
Net debt is obtained by subtracting financial assets from the gross debt.

Finally, the government's non-financial assets, such as the buildings and infrastructure it owns, can be deducted from the net debt to obtain the accumulated deficit, which is also known as the "federal debt."[51]

As at 31 March 2020, the gross federal debt – or total liabilities – totalled $1,249 billion. When $436 billion in financial assets are deducted, the net debt is $813 billion. If non-financial assets of $92 billion are further deducted, the accumulated deficit – the federal debt – is $721 billion.

Figure 12 shows changes in the gross federal debt and the accumulated deficit – the federal debt – from 1983–1984 to 2019–2020. The difference between the two is equal to the sum of financial and non-financial assets.

Figure 12 – Gross Federal Debt, 1983–1984 to 2019–2020 ($ billions)



Note: The accumulated deficit is obtained by subtracting financial and non-financial assets from gross federal debt.

Source: Figure prepared by the Library of Parliament based on data obtained from Government of Canada, "Table 15: Total liabilities, net debt and the accumulated deficit," *Fiscal Reference Tables – 2020: Part 3 of 9*.

20 WHAT ARE THE FEDERAL GOVERNMENT'S FINANCIAL AND NON-FINANCIAL ASSETS?

The federal government's assets totalled $527.2 billion as at 31 March 2020. They can be broken down into two main categories:

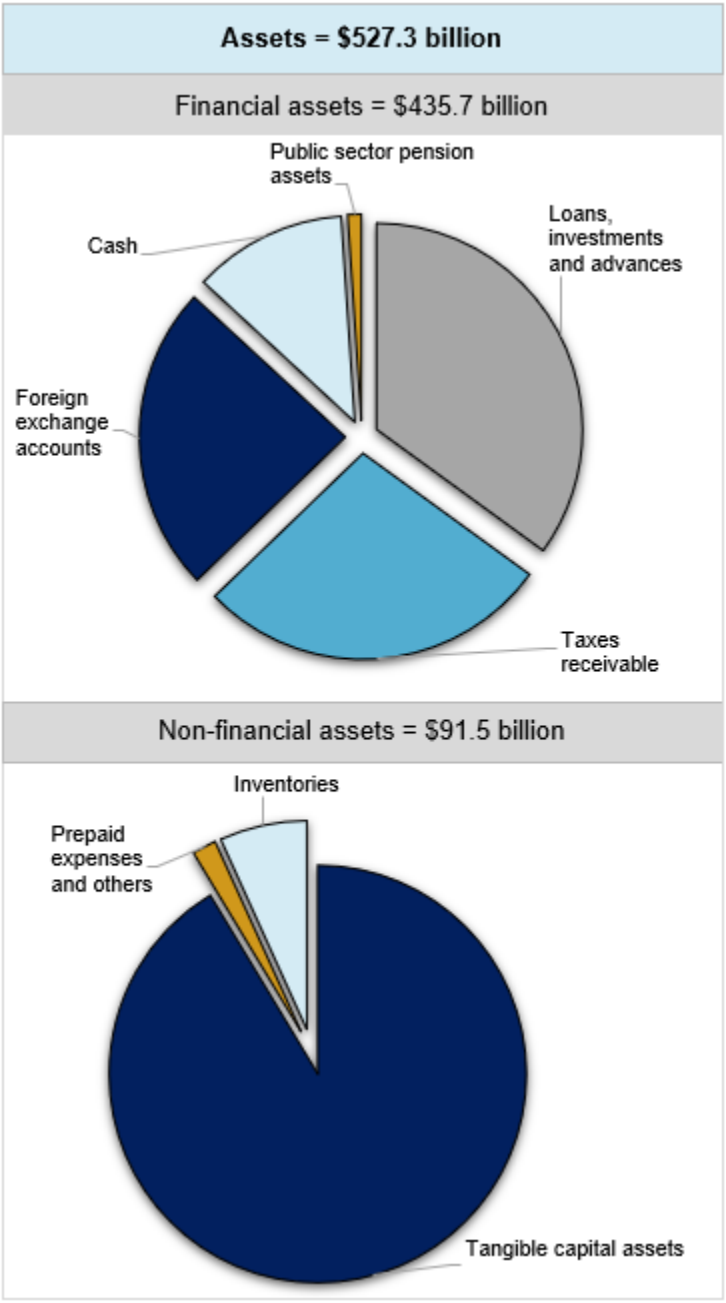
- financial assets ($435.7 billion); and
- non-financial assets ($91.5 billion).

Financial assets consist of money in the government's possession (e.g., cash) or money that is receivable (e.g., taxes receivable or loans granted). Loans, investments, advances and taxes receivable represent almost two-thirds of these assets.

Non-financial assets include tangible goods, such as buildings and land.

Figure 13 shows the breakdown of federal government assets by category.

Figure 13 – Federal Government Assets, by Category, as at 31 March 2020



Source: Figure prepared by the Library of Parliament using data obtained from Government of Canada, *Annual Financial Report of the Government of Canada: Fiscal Year 2019–2020*.

Compared with 2018–2019, financial and non-financial assets increased by $22.7 billion and $4.8 billion, respectively.

21 WHAT ELEMENTS ARE INCLUDED IN THE FEDERAL GOVERNMENT'S LIABILITIES?

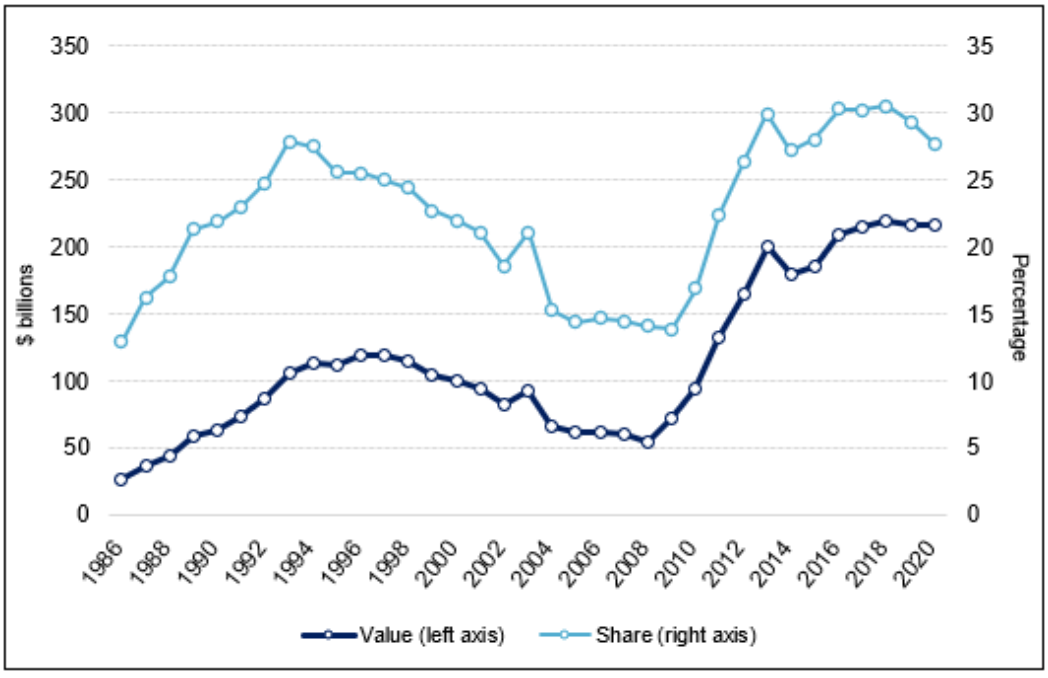
Between 2018–2019 and 2019–2020, the federal government's gross debt – or liabilities – rose from $1,185 billion to $1,249 billion. In 2019–2020, this debt could be broken down as follows:

- $1,085 billion in interest-bearing debt; and
- $164 billion in accounts payable and accrued liabilities.

Most of the interest-bearing debt ($784 billion) was unmatured debt such as marketable bonds ($612 billion) and Treasury bills ($152 billion). The rest ($301 billion) included future benefits of public service employees (notably $169 billion in pension benefits) and other types of liability.[52]

Figure 14 shows changes between 1985–1986 and 2019–2020 in the value and share of unmatured debt held by non-residents. These amounted to $217 billion in 2019–2020, or 28% of the total value of unmatured debt.

Figure 14 – Value and Share of Unmatured Debt Held by Non-residents, 1985–1986 to 2019–2020



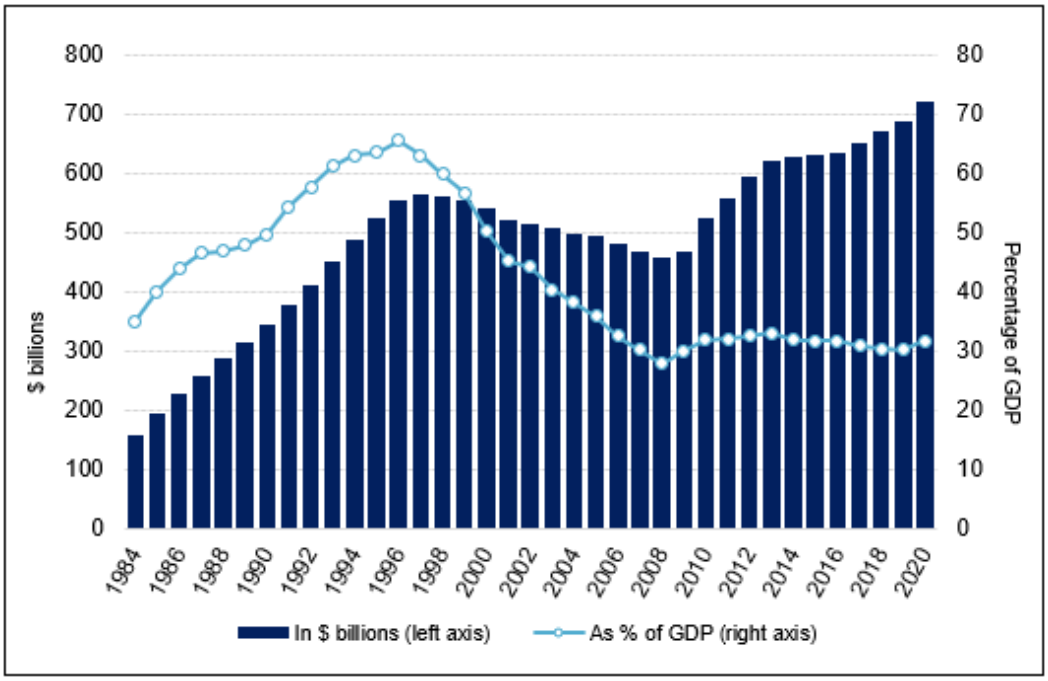
Source: Figure prepared by the Library of Parliament based on data obtained from Government of Canada, "Table 14: Interest-bearing debt," *Fiscal Reference Tables – 2020: Part 3 of 9*.

22 WHAT IS THE RELATIONSHIP BETWEEN THE FEDERAL DEBT AND GROSS DOMESTIC PRODUCT?

A country's debt is often divided by its annual GDP to gain an idea of its ability to repay this debt. If the GDP increases faster than the debt, the debt-to-GDP ratio decreases, which means that the capacity to repay the debt increases.

Figure 15 presents changes in Canada's federal debt (accumulated deficit) and debt-to-GDP ratio between 1983–1984 and 2019–2020.

Figure 15 – Federal Debt, 1983–1984 to 2019–2020
(in $ billions and as a percentage of Gross Domestic Product [GDP])



Sources: Figure prepared by the Library of Parliament using data obtained from Government of Canada, "Table 15: Total liabilities, net debt and the accumulated deficit," *Fiscal Reference Tables – 2020: Part 3 of 9*; and Statistics Canada, "Table 36-10-0104-01: Gross domestic product, expenditure-based, Canada, quarterly (x 1,000,000)," Database, accessed 13 August 2020.

The federal debt increased until 1997 when it reached $563 billion. One year earlier, the debt-to-GDP ratio had peaked at 66%. The debt then decreased until 2008, when it totalled $458 billion, with a debt-to-GDP ratio at 28%. After the recession of 2008–2009, the debt increased until it reached $721 billion as at 31 March 2020. The debt-to-GDP ratio, meanwhile, increased to 33% in 2013, and then declined slightly from 2013 to 2019 to increase again and reach 32% as at 31 March 2020.

23 HOW DOES THE FEDERAL GOVERNMENT'S LEVEL OF INDEBTEDNESS COMPARE WITH THAT OF OTHER COUNTRIES?

It can sometimes be difficult to draw comparisons between countries as some central governments may play a greater role in certain areas (spending on health care, education, etc.) than local governments, thereby generating a higher percentage of spending by central governments than local governments.

Public debt (all governments combined) can nevertheless be compared with GDP. The reality is that few countries can boast of having repaid their debt. According to data from the International Monetary Fund, in 2019 only a few countries, such as Estonia, Kazakhstan, Luxembourg, Norway, the Solomon Islands, and Trinidad and Tobago, had positive gross debt and negative net debt.

In 2019, for example, the government's net-debt-to-GDP ratio was -102% in Norway, 23% in Canada, 83% in the United States and 150% in Japan (see Table 6).

Table 6 – Government Gross Debt and Net Debt as a Percentage of Gross Domestic Product (GDP), Selected Countries, 2019

Country	Gross Debt (% of GDP)	Net Debt (% of GDP)
Norway	41	-102
Canada	87	23
Finland	59	25
Germany	60	41
United Kingdom	85	75
United States	108	83
France	98	89
Italy	135	122
Japan	235	150
Greece	185	n/a

Source: Table prepared by the Library of Parliament using data obtained from International Monetary Fund, World Economic Outlook Database, April 2021, accessed 13 August 2021.

NOTES

1. Statistics Canada, "Table 36-10-0434-01: Gross domestic product (GDP) at basic prices, by industry, monthly (x 1,000,000)," (by industry), Database, accessed 13 August 2021; Statistics Canada, "Table 36-10-0402-01: Gross domestic product (GDP) at basic prices, by industry, provinces and territories (x 1,000,000)" (by activity sector and province or territory), Database, accessed 13 August 2021; and Statistics Canada, "Table 36-10-0423-01: Metropolitan gross domestic product, experimental estimates (x 1,000,000)" (by census metropolitan area), Database, accessed 13 August 2021.

2. Statistics Canada, "Table 36-10-0221-01: Gross domestic product, income-based, provincial and territorial, annual (x 1,000,000)," Database, accessed 13 August 2021; and Statistics Canada, "Table 36-10-0222-01: Gross domestic product, expenditure-based, provincial and territorial, annual (x 1,000,000)," Database, accessed 13 August 2021.
3. Statistics Canada, *Survey of Household Spending (SHS)*.
4. Government of Canada, "Table 10-10-0106-01: Consumer Price Index (CPI) statistics, alternative measures, unadjusted and seasonally adjusted, Bank of Canada," Database, accessed 13 August 2021.
5. Bank of Canada, *Inflation Calculator*.
6. Bank of Canada, *Agreement on the Inflation-Control Target*.
7. Goods produced are not exactly the same as goods consumed, because some goods are produced in Canada, but exported. A different price index must therefore be used for consumption (consumer price index, or CPI) and gross domestic product (GDP).
8. Statistics Canada, "Section 2.B.2: Accrual accounting," *Overview of the Canadian Government Finance Statistics*.
9. Department of Finance Canada, "Annex 6: Implementation of Full Accrual Accounting in the Federal Government's Financial Statements," *The Budget Plan 2003: Supplementary Information and Notices of Ways and Means Motions Included*, pp. 278–298.
10. Government of Canada, *Public Accounts of Canada*.
11. *Financial Administration Act*, R.S.C. 1985, c. F-11, s. 2.
12. See Library of Parliament, "House of Commons Debates, 10th Parliament, 2nd Session: Vol. 1," Canadian Parliamentary Historical Resources, Database, 8 March 1906, p. 7. There is a reference from the Speech from the Throne to "the estimates for the nine months … terminating on the thirty-first of March, 1907."
13. Ibid., p. 6.
14. Library of Parliament, "House of Commons Debates, 10th Parliament, 1st Session: Vol. 5," Canadian Parliamentary Historical Resources, Database, 10 July 1905, p. 9096.
15. Library of Parliament, "Senate Debates, 10th Parliament, 2nd Session: Vol. 1," Canadian Parliamentary Historical Resources, Database, 25 June 1906, pp. 915–916.
16. *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), s. 249.
17. *Employment Insurance Act*, S.C. 1996, c. 23, s. 2(1).
18. For more information about income inequality, see Dominique Fleury and James Gauthier, "Income Inequality in Canada: Current Situation," *HillNotes*, Library of Parliament, 28 January 2016.
19. For more information on interdecile ratios, see Institut national de la statistique et des études économiques, "Definition," *Inter-decile ratios*, 13 January 2021.
20. See Statistics Canada, *Measuring low income and Canada's Official Poverty Line*.
21. See Government of Canada, "Measures of low income in Canada," *Towards a Poverty Reduction Strategy – A backgrounder on poverty in Canada*.
22. Sections 102 to 106 of the *Constitution Act, 1867*, refer to the Treasury as the "Consolidated Revenue Fund." See *Constitution Act, 1867*, 30 & 31 Victoria, c. 3 (U.K.).
23. *Financial Administration Act*, R.S.C. 1985, c. F-11, s. 2.
24. Government of Canada, "Table 7.2: Cash and cash equivalents," in "Section 7 – Cash and accounts receivable as at March 31," *Public Accounts of Canada 2020: Volume I*.
25. *Currency Act*, R.S.C. 1985, c. C-52, s. 17(2)(a).
26. Government of Canada, "Table 8.1: Foreign exchange accounts," in "Section 8 – Foreign exchange accounts as at March 31," *Public Accounts of Canada 2020: Volume I*.
27. *Employment Insurance Act*, S.C. 1996, c. 23, ss. 66(1) and 70.2–77.1.
28. Government of Canada, "Supplementary statement: Employment Insurance Operating Account," in "Section 4 – Consolidated accounts as at March 31," *Public Accounts of Canada 2020: Volume I*.

29. Government of Canada, "Canada Pension Plan," in "Section 6 – Interest-bearing debt as at March 31," *Public Accounts of Canada 2020: Volume I*.

30. Government of Canada, "Consolidated financial statements," in "Section 2 – Consolidated financial statements of the Government of Canada and report of the Auditor General of Canada," *Public Accounts of Canada 2020: Volume I*.

31. These surpluses are invested by CPP (Canada Pension Plan) Investments and will be used once contributions are insufficient to pay the benefits for a much higher number of retirees, beginning in 2023, according to CPP Investments' forecasts. See CPP Investments, *The Fund*.

32. For more details, see André Léonard, *Economic Forecasts Used for the Federal Budget and Adjustment for Risk*, Publication no. 2015-15-E, Library of Parliament, 9 March 2015.

33. Department of Finance Canada, "3. Fiscal Projections," *Investing in the Middle Class*, Budget 2019, p. 284.

34. Department of Finance Canada, "Chart A1.2: Deficit under alternative economic scenarios," *A Recovery Plan for Jobs, Growth, and Resilience*, Budget 2021, p. 341.

35. The population of Canada on 1 July 2019 was 37.5 million. On 1 July 2020, the population reached 38 million. See Statistics Canada, "Table 17-10-0009-01: Population estimates, quarterly," Database, accessed 13 August 2021.

36. Fiscal data such as revenues are always expressed per fiscal year (e.g., 2019–2020). Economic data, such as for the GDP, are always expressed per calendar year (e.g., 2020). The population for a given year is that on 1 July.

37. Government of Canada, *EI premium rates and maximums*.

38. For more details, see Brett Stuckey and Adriane Yong, *A Primer on Federal Corporate Taxes*, Publication no. 2011-44-E, Library of Parliament, 16 June 2011.

39. *Budget Implementation Act, 2006*, S.C. 2006, c. 4, ss. 2(1)–2(3); and *Budget and Economic Statement Implementation Act, 2007*, S.C. 2007, c. 35, ss. 183(1)–183(3).

40. On 25 July 1917, the Minister of Finance, the Honourable Sir Thomas White, told the House:

> Therefore I have placed no time limit upon this measure, but merely have placed upon Hansard the suggestion that, a year or two after the war is over, the measure should be deliberately reviewed by the Minister of Finance and the Government, with the view of judging whether it is suitable to the conditions which then prevail.

Library of Parliament, "House of Commons Debates, 12th Parliament, 7th Session: Vol. 4," Canadian Parliamentary Historical Resources, Database, 25 July 1917, p. 3765.

41. Statistics Canada, "Section H: Government Finance," *Historical Statistics of Canada*. Select "Federal Government Finance (Series H1-51)," then "Table H1-18: Federal government budgetary revenue, by major source, 1867 to 1975," available in CSV format.

42. Fiscal data such as expenditures are always expressed per fiscal year (e.g., 2019–2020). Economic data, such as for the GDP, are always expressed per calendar year (e.g., 2020).

43. The Quebec Abatement is a reimbursement by the federal government to the Government of Quebec for federal programs in which Quebec does not participate. See Government of Canada, *Quebec Abatement*.

44. Government of Canada, "Table 6.8: Market debt as at March 31, from 2016 to 2020, with the average rate of interest thereon," in "Section 6 – Interest-bearing debt as at March 31," *Public Accounts of Canada 2020: Volume I*; and Receiver General of Canada, "Table 6.8: Market debt as at March 31, from 2008 to 2012, with the average rate of interest thereon," in "Section 6 – Interest-Bearing Debt," *Public Accounts of Canada 2012: Volume 1*.

45. In 2019–2020, 86% of employees in separate agencies worked for the Canada Revenue Agency, the Canadian Food Inspection Agency, the National Research Council of Canada and Parks Canada.

46. Government of Canada, "The budgetary balance," in "Section 1 – Financial statements discussion and analysis," *Public Accounts of Canada 2020: Volume I*.

47. Government of Canada, "Table 1: Fiscal transactions," *Fiscal Reference Tables – 2020: Part 1 of 9*.

48. For example, the annual budgetary balance for 2019–2020 is divided by the GDP for 2019.

49. The data for this topic were all obtained from Government of Canada, *Annual Financial Report of the Government of Canada: Fiscal Year 2019–2020.*

50. Some sums may come out slightly differently than expected due to rounding.

51. See, for example, Government of Canada, *Update of Long-Term Economic and Fiscal Projections 2018*.

52. Government of Canada, "Table 14: Interest-bearing debt," *Fiscal Reference Tables – 2020: Part 3 of 9*; and Government of Canada, "Table 16: Unmatured debt held by outside parties," *Fiscal Reference Tables – 2020: Part 3 of 9*.