



May 25, 2011

HIGHLIGHTS

- In this short note, we present a brief overview of the 2011-12 government budget season.
- In FY 11-12, the aggregate Canadian government deficit tally is 3.2% of GDP. Aggregate debt burden is 62.5% of GDP.
- Deficit tallies have improved due to lapsing temporary fiscal stimulus, better-than-expected economic growth, a lower interest rate profile and deficit reduction strategies in place.
- In the June federal budget, we anticipate a stay-the-course outlook. Markets and investors have priced in the election campaign promise to balance in FY 14-15, a year earlier than planned. However, recent statements made by Minister Flaherty indicate that the budget will not reflect this new time-line.
- Deficit reduction timetables at the provincial level are in the same ballpark, with Ontario being the only outlier (2017-18).
- Canadian governments (federal and provincial) are better fiscal shape than many of their peers.
- The better international comparison runs the risk of creating complacency among Canadian governments. It is critical that the current deficit elimination commitments are executed according to plan and on time.

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OVERVIEW OF THE 2011-12 GOVERNMENT BUDGET SEASON

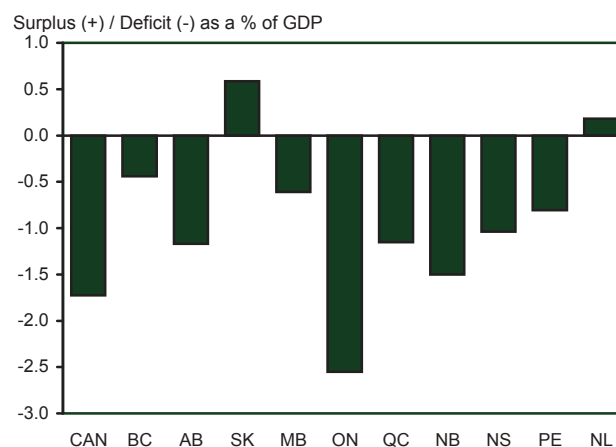
Restoring fiscal balance and the plans to get there

The 2011-12 budget season was certainly an interesting one to watch, not necessarily due to new announcements, but because of the events transpiring behind the scenes. However, public policy and estimates within these budget documents should not get lost in the shuffle. In this short note, we present a brief overview of the fiscal outlook across the country. Through performing this assessment, we note that Canadian governments (federal and provincial) are in comparatively better shape than many of their international peers. A more solid economic performance than anticipated has also reduced the deficit tally. Looking beyond this good news is the stark reality that the medium-term challenge of spending restraint remains the elephant in the room. Low-hanging fruit will soon become less plentiful and the need for structural reform to core programs will have to be tackled. This is why the task of reducing deficits is a much different ball of wax than eradicating them. Put simply, the hard work has only just begun.

The Canadian fiscal environment

Last fall, the aggregate Canadian shortfall was projected to be about \$76.5 billion for fiscal year (FY) 2010-11 or 4.7% of national GDP. Since then, the perking up of U.S. demand and the persistence of firm crude oil prices has translated into a better economic showing in Canada. Improved economic growth numbers typically translate into more dollars for government coffers. More revenues, combined with expenditures largely in check, resulted in an improved shortfall figure. The revised estimates now show this number to be \$67.8 billion, or \$6.7 billion better than last anticipated. At the individual level, ten out of eleven governments upgraded or maintained their fall deficit projection. The need for flooding relief made Saskatchewan the lone stand out. Lower financing needs typically accompany reduced debt burdens. No exception is met here – the total net debt for FY 10-11 is less than what was projected last year. More precisely, revised estimates have it sitting at just shy of \$1 trillion or 61.6% of national GDP.

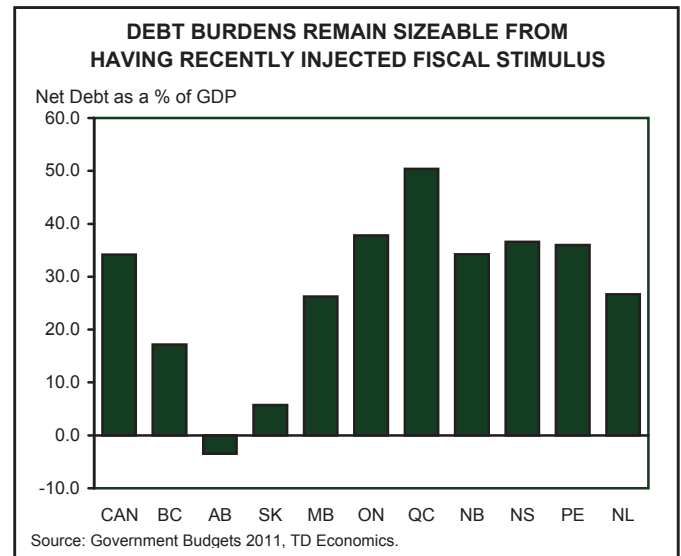
MOST CANADIAN GOVERNMENTS CONFRONTED WITH DEFICIT POSITIONS



Source: Government Budgets 2011, TD Economics.

Shifting our attention to the current fiscal year, 2011-12, the total deficit has fallen to \$54.9 billion or 3.2% of GDP. The almost \$13 billion drop in this figure when compared to last fiscal year can best be explained by four different factors. First, FY 11-12 is the first year that captures the lapse of temporary fiscal stimulus measures. Second, the economic momentum generated in the latter half of 2010 is spilling over to FY 11-12. Third, the interest rate profile was lower than originally thought. Fourth, many governments have implemented deficit reduction strategies which are helping rein in spending and/or bring in new revenues. Despite the improved shortfall position, the aggregate debt-to-GDP ratio rose to 62.5% from 61.6%.

Much of the story is lost when we simply look at the national totals. This is not surprising given that there are ten provinces versus only one federal government. Recognizing this, significant variations exist in the fiscal and debt positions across the country. To start, the western provinces generally have low debt and deficits. Their good fortunes are best explained by their resource-based economies and rainy day funds that help smooth out year-over-year volatility. In the ten years leading up to the 2008-09 recession, Ontario also had relatively low deficits and debt levels. However, the Province injected a significant amount of fiscal stimulus into its hard-hit economy during the recession. In turn, its deficit noticeably deteriorated. In the other camp, is Québec and anything east of it. This group generally has lower deficits, but higher debt. In the case of Québec and Nova Scotia, their debt burdens reflect financing to expand their crown hydro corporations.

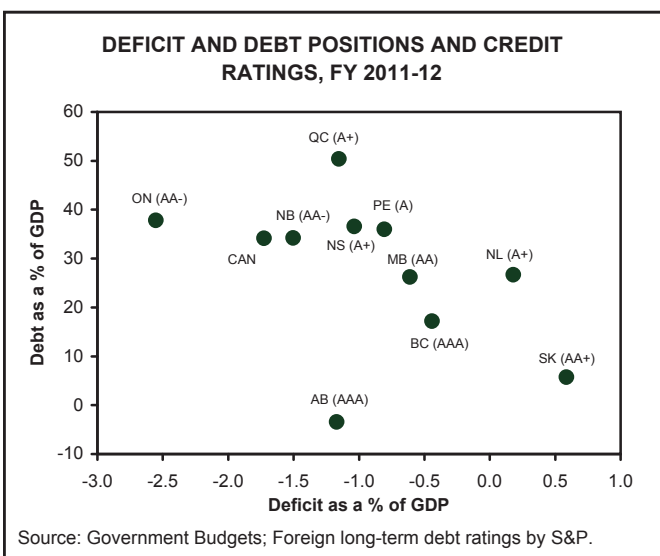


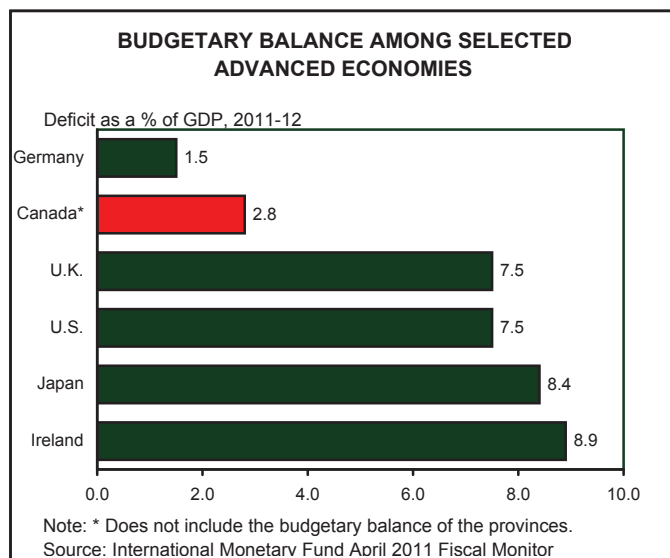
Developments since the end of the budget season

While the title to this section as well as this report allude to the end of the 2011-12 budget season, round one is really the only thing done. This is because we expect a second budget to be tabled by the British Columbia government, now led by Premier Christy Clark. A second federal budget will also be released in early-to-mid June. On this latter point, the first federal budget was never passed, so in some sense, the June document will be the first one approved by the House for the current fiscal year.

Although 2011 Q1 economic growth was a lot stronger than expected, annual forecasts should not be much higher. That being said, enhanced responsiveness to the economic climate and high commodity prices appear to be benefitting the government's bottom line. While 2010-11 Fiscal Monitor numbers still require year-end adjustments, the federal government should be well positioned to meet its \$40.5 billion target for FY 10-11. A lower interest profile might also help reduce debt servicing costs. If a small deficit tally is realized in FY 10-11, this would mean a better starting point on which to build the medium-term plan.

The Conservatives' election platform does include some new spending promises. However, the bulk of these will be implemented once balance is achieved. The promise made on the campaign trail is to return to surplus in FY 14-15, one year earlier than planned. No changes are on tap for the major federal-provincial fiscal transfers. This means that the Canada Health Transfer (6%), Canada Social Transfer (3%) and Equalization (nominal GDP growth) will continue to grow at their legislated maximums, shown here in brackets. While FY 14-15 is the new deficit target, federal





Finance Minister has stated that the budget will not reflect this new time line. Instead, the government will embark on a consultation plan to explore ways to further cut the deficit.

At the provincial level, stronger resource market conditions are likely contributing to improved fiscal positions in the commodity-based provinces which will help speed their return to balance. Provinces like Alberta and Newfoundland and Labrador stand to benefit the most. Three other provinces, British Columbia Ontario and Nova Scotia could also outperform their growth projections due to the recent momentum. This is because of their inclusion of growth assumptions quite lower than the private sector consensus forecast.

How does Canada compare to others?

Given the synchronous nature of the recent global financial crisis, most governments around the world saw their revenues plummet and expenditures surge as a result of fiscal stimulus injection. In its April 2011 Fiscal Monitor, the International Monetary Fund (IMF)¹ revised its medium-term fiscal estimates for advanced and developing economies alike. While accurate comparisons across jurisdictions are difficult to perform, they do allow us to get a better gauge of how Canada is faring relative to others. We note that the IMF statistics only consider the federal fiscal position to allow for comparability across countries. As such, they only tell part of the picture. Still, the average headline deficit and net debt as a per cent of GDP in advanced G20 economies runs at 8.0% and 75.2% respectively in FY 11-12¹. With this benchmark in mind then, the Canadian federal government is in relatively good shape.

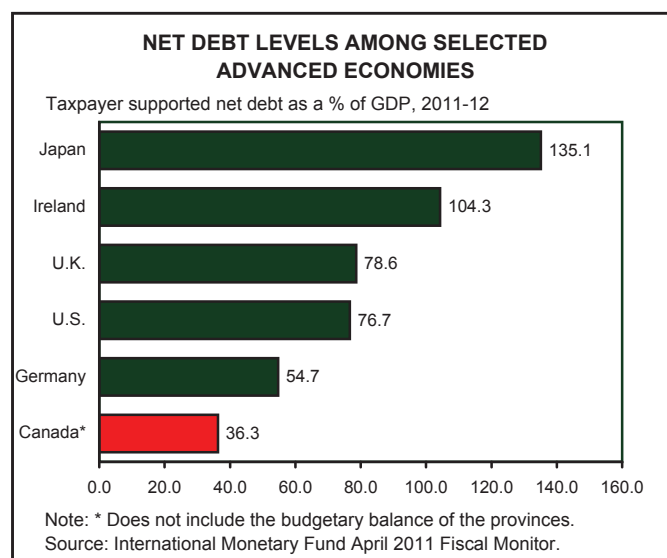
Looking beyond the current fiscal year, the consolidation

efforts between Canada and others appear to be diverging. In the former's case, the federal government has committed to return to a surplus position in FY 14-15 or three years from now. Timetables at the provincial level are in the same ballpark, with Ontario being the only outlier (2017-18).

By contrast, the U.S. government deferred its consolidation plans when it extended further fiscal stimulus in December of last year. While a Congressional agreement to raise the statutory debt limit is a good bet over the next few months, we do not expect serious deficit reduction strategies to be implemented until after the presidential election at the end of 2012. In the interim though, the S&P outlook downgrade in April is a stark reminder that upcoming fiscal challenges are a pressing issue. These challenges continue to loom especially in light of Congressional Budget Office (CBO) estimates showing the U.S. with a structural deficit of around 5% of GDP by 2021². Debt held by the public will also balloon to 87.4% of GDP in this same year, representing a 25 percentage point increase since the decade's start². According to the IMF April Fiscal Monitor, Japan is the only other advanced economy to forecast an increase in its cyclically adjusted deficit in FY 11-12. Heading into the year, fiscal policy was expected to be similar to last, but public funds are now required to repair damage caused by the March 11th earthquake and tsunami. European fiscal challenges also look like they will be a dominant economic and fiscal issue over the coming years.

Better shape, but focus must be on the road ahead

One may get lost in the potential future accolades for Canada when looking at the fiscal health of other advanced countries. But, in doing so, we would lose sight of the



DEFICIT ELIMINATION TIMETABLES

Fiscal Year	
New Brunswick	N/A
Saskatchewan	N/A
Newfoundland and Labrador	N/A
British Columbia	2013-14
Alberta	2013-14
Nova Scotia	2013-14
Québec	2013-14
Prince Edward Island	2014-15
Manitoba	2014-15
Federal government	2014-15
Ontario	2017-18

Source: Provincial budgets and Conservative election platform.

aggressive deficit elimination plan that is required here at home. If the federal government can accomplish its 2014-15 surplus target, Canada will become the first G7 nation to return to surplus. Germany is slated to be the second. But, this will not take place until 2016-17, two years later than Canada.

However accomplished, it is safe to say that eradicating Canada's deficit will not be an easy task. Some might be puzzled by this statement when looking at how far the aggregate shortfall tally has fallen in the past year alone (\$13 billion or about 1% of GDP). Much of the descent can be attributed to better economic growth numbers, lapsing temporary stimulus and low hanging fruit already picked

off the vine. Looking to the future, these good fortunes are not likely to endure. In turn, improving the bottom line will become more difficult until other ideas are brought to the table.

In this past budget season, we got a better sense as to how governments plan on balancing their books. This is not to say that all the details are crystal clear. But, we are looking at something other than a blank slate. This reinforces the notion that Canadians place a great deal of emphasis on embarking on a sustainable fiscal course. We provide more substantial detail in the accompanying table, but generally speaking, reduction strategies have been pulled from the usual solution jar.

While some provincial governments announced significant tax increases, most are loathe to do so as many head to the polls later this year. By contrast, the solution being adopted across the board is restraining annual program spending growth to roughly the rate of inflation. Details on how this will be achieved are largely missing.

To date, core areas like health and education have been largely protected from expenditure restraint policies. Due to the fact that structural reforms have not been implemented, spending pressures are simply bottling themselves up. If decade long averages were to continue, health care costs and debt servicing costs will increasingly crowd out budgetary revenues. Even with some degree of spending restraint built

DEFICIT/DEBT REDUCTION STRATEGIES IN PLACE

Revenue-Based	Spending Restraint		Other
	Departmental	Securing Administrative Efficiencies	
<ul style="list-style-type: none"> Given the pre-election environment, new small tax measures were announced. Examples include a reduction in the small business tax rate, education property tax relief and staying the course on corporate income tax reductions. Some governments opted to hike user fees (e.g., licenses, post-secondary tuition fees) to bring them more in line with the cost of service delivery. To bring in additional revenues, some provinces have implemented sin tax increases. New emission tax on coal implemented in Manitoba. Previously announced provincial sales tax increase in Québec is on schedule. 	<ul style="list-style-type: none"> To rein in spending, most governments are flat-lining or constraining annual program spending growth to roughly the rate of inflation. Rather than implement across-the-board cuts to all departments, core areas (e.g., education, health care) are largely being protected. Some provinces are using their rainy day fund (e.g., Alberta) to help pay for expenditures. 	<ul style="list-style-type: none"> Targeting savings through operational efficiencies, consolidation and streamlining programs. Change compensation policies for broader public sector workers and implement civil service reduction plans. Freeze compensation for senior management and some provincial politicians. 	<ul style="list-style-type: none"> Contingency reserve in place to cushion against unexpected expenditures, deviations from forecast. Adoption of more prudent economic forecasts than private sector consensus. Undertaking a strategic spending review to better assess where every dollar is spent.

Note: Please see individual budget summaries for the cost and projected savings of these initiatives. Further detail can also be found at the following site: http://www.td.com/economics/gov_finances.jsp

Source: 2011 provincial and federal budgets.

in, these two areas are expected to eat up as much as 60 cents out of every dollar earned by Canadian governments in 2014-15. Pent up demand created by spending restraint, combined with upcoming demographic challenges, bring to the forefront the pressing need for a thorough review of how core public services need to be delivered going forward to ensure fiscal sustainability.

In addition to health outlays, higher debt servicing costs will also carve out some of the remaining spending room. While public sector debt holdings are partially protected from market fluctuations, exposure to interest rate increases will add to the interest bite. Given the economic and fiscal climate, constraining overall program spending growth to roughly the rate of inflation will be difficult to achieve and sustain. What's more, while the deficit profile is improved, debt levels are not set to peak at around 65-66% of GDP in or around 2015-16. Reducing the national public sector debt burden will become the next task at hand.

Compounding the medium-term picture are pertinent economic risks. At present, these risks are tilted more to the downside. Examples on the radar include the potential for an inflation induced hard landing in emerging economies, the continued ascent of crude oil prices potentially undermining the global economic recovery, lingering fiscal

challenges in the Eurozone, fragility in the U.S. economic recovery, and high personal indebtedness in Canada. With these headwinds, we anticipate a modest economic outlook over the next few years. If this turns out to be the case, economic growth cannot be solely counted upon to boost revenues sufficiently to eliminate government shortfalls. To recall, economic fortunes played a huge role in improving Canada's fiscal position in the 1990s. It does not look like this will be in the cards this time around.

Bottom line

The improved fiscal picture hanging in front of Canadian governments is due in part to better economic fortunes and several deficit reduction strategies in place. Relative to its international peers, Canada also stacks up quite well. However, we should not become complacent. The challenge of eradicating budget shortfalls will not be an easy one. The elimination strategies outlined so far represent an important first step. The provincial election campaigns slated for the fall will help us gauge the public's appetite for austerity measures. Once leaders are in place, the medium-term fiscal plan will need to be ironed out. Critical discussions about the sustainability of public service delivery are also long overdue.

End Notes

¹ [Shifting Gears: Tackling Challenges on the Road to Fiscal Adjustment](#), Fiscal Monitor, International Monetary Fund, April 2011.

² ["An Analysis of the President's Budgetary Proposals for Fiscal Year 2012"](#), Congressional Budget Office, April 2011.

APPENDIX: GOVERNMENT BUDGET BALANCES AND NET DEBT

GOVERNMENT BUDGET BALANCE (surplus(+)/deficit(-)), C\$ millions																
	All Provinces & Territories			BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YK	NWT^	NU
	Total	Federal														
86-87	-42,799	-29,842	-12,957	-635	-4,033	-1,232	-559	-2,634	-2,972	-368	-277	-13	-231	-4	1	
87-88	-36,846	-29,017	-7,829	71	-1,365	-542	-300	-2,489	-2,396	-335	-227	-17	-197	-3	-29	
88-89	-33,206	-27,947	-5,259	930	-2,007	-324	-141	-1,479	-1,704	-79	-242	-11	-226	5	19	
89-90	-33,438	-29,143	-4,295	496	-2,116	-378	-142	90	-1,764	-24	-267	-8	-175	3	-10	
90-91	-43,881	-33,899	-9,982	-667	-1,832	-361	-292	-3,029	-2,975	-182	-257	-20	-347	-12	-8	
91-92	-54,823	-32,319	-22,504	-2,339	-2,629	-843	-334	-10,930	-4,301	-354	-406	-50	-276	-14	-28	
92-93	-63,717	-39,019	-24,698	-1,476	-3,324	-592	-566	-12,428	-5,030	-264	-617	-82	-261	-64	6	
93-94	-58,723	-38,530	-20,193	-899	-1,371	-272	-431	-11,202	-4,923	-266	-546	-71	-205	15	-22	
94-95	-52,624	-36,632	-15,992	-228	938	128	-196	-10,129	-5,821	-79	-233	-1	-374	29	-26	
95-96	-42,082	-30,006	-12,076	-317	1,151	19	157	-8,800	-3,947	41	-201	4	-190	29	-22	
96-97	-16,787	-8,719	-8,068	-753	2,489	407	91	-6,905	-3,212	66	-116	-4	-107	-12	-12	
97-98	-742	2,959	-3,701	-167	2,659	35	76	-3,966	-2,157	0	-442	-7	133	4	131	
98-99	3,446	5,779	-2,333	-961	1,094	28	31	-2,002	126	-204	-261	6	-187	30	-33	
99-00	16,723	14,258	2,465	-13	2,791	83	11	668	7	-30	-797	-5	-269	-16	-37	72
00-01	30,130	19,891	10,239	1,198	6,571	58	40	1,902	427	43	147	-12	-350	35	118	62
01-02	8,363	8,048	315	-1,035	1,081	1	63	375	22	79	113	-17	-468	-21	120	2
02-03	4,830	6,621	-1,791	-2,621	2,133	1	4	117	-728	1	28	-55	-644	-5	-34	12
03-04	4,291	9,145	-4,854	-1,342	4,136	1	-579	-5,483	-358	-182	38	-125	-914	12	-65	7
04-05	7,979	1,463	6,516	2,689	5,175	383	562	-1,555	-664	236	170	-34	-489	5	-17	55
05-06	26,743	13,218	13,525	2,995	8,551	400	394	298	36	235	196	1	199	75	36	109
06-07	30,291	13,752	16,539	3,986	8,510	293	485	2,269	109	236	182	24	154	57	88	146
07-08	20,822	9,597	11,225	2,773	4,581	641	558	600	0	97	419	-4	1,421	10	94	35
08-09	-9,235	-5,755	-3,480	75	-852	2,389	451	-6,409	-1,251	-192	26	-31	2,350	-7	-41	12
09-10e*	-82,095	-55,598	-26,497	-1,779	-1,032	425	-201	-19,262	-3,174	-738	-242	-120	-295	-23	-48	-8
10-11f*	-67,940	-40,500	-27,440	-1,265	-4,821	20	-467	-16,700	-4,200	-740	447	-54	485	-20	6	-132
11-12f*	-54,904	-29,600	-25,304	-925	-3,405	383	-438	-16,300	-3,797	-449	-390	-42	59	38	17	-50

NET DEBT*, C\$ billions																
All Provinces & Territories																
	Total	Federal		BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YK	NWT^	NU
86-87	359.6	281.8	77.8	3.7	-1.2	2.0	3.8	31.5	28.7	2.6	3.5	0.2	3.2	-0.1	-0.1	
87-88	400.4	313.0	87.4	3.8	1.5	2.5	4.4	34.0	31.1	2.9	3.8	0.2	3.3	0.0	0.0	
88-89	436.4	343.6	92.9	3.5	3.6	2.9	4.3	35.5	32.8	3.0	3.9	0.2	3.2	-0.1	-0.1	
89-90	474.9	374.8	100.2	5.5	5.9	3.3	4.4	35.4	34.6	3.0	4.5	0.2	3.4	-0.1	-0.1	
90-91	519.2	411.1	108.1	6.3	5.7	3.7	4.8	38.4	37.6	3.2	4.7	0.2	3.6	-0.1	-0.1	
91-92	578.1	445.7	132.4	8.8	7.9	6.0	5.2	49.4	41.9	3.6	5.4	0.3	3.9	-0.1	0.0	
92-93	648.4	487.2	161.2	10.5	11.8	6.6	6.4	61.8	46.9	5.3	7.3	0.4	4.3	0.0	-0.1	
93-94	721.0	527.9	193.0	11.5	13.4	7.8	6.8	80.6	51.8	5.8	8.1	0.8	6.5	0.0	0.0	
94-95	777.3	567.5	209.8	12.0	12.7	7.6	6.9	90.7	57.7	5.9	8.5	1.0	6.8	0.0	0.0	
95-96	823.0	598.6	224.4	12.2	11.6	7.6	6.9	101.9	61.6	5.9	8.7	1.0	7.1	-0.1	0.0	
96-97	840.5	609.0	231.5	12.3	8.7	7.2	6.5	108.8	64.8	5.8	9.1	1.0	7.3	0.0	0.0	
97-98	867.1	607.2	260.0	12.5	6.0	7.2	9.7	112.7	88.6	5.8	9.3	1.0	7.3	-0.1	-0.1	
98-99	875.3	602.9	272.4	21.9	4.9	7.2	9.9	114.7	88.8	6.0	10.3	1.0	7.9	-0.1	0.0	
99-00	883.2	590.1	293.0	23.0	2.1	7.1	10.0	134.4	89.2	7.1	11.2	1.0	8.1	-0.1	0.0	0.0
00-01	855.8	571.7	284.0	23.1	-4.3	7.0	9.9	132.5	88.2	6.9	11.4	1.0	8.4	-0.1	-0.1	0.0
01-02	855.7	565.3	290.4	24.8	-5.0	7.0	10.0	132.1	92.8	6.8	12.1	1.1	8.9	-0.1	-0.1	0.0
02-03	856.9	559.6	297.3	27.7	-6.8	7.0	10.3	132.6	95.6	6.9	12.2	1.2	10.6	-0.1	0.0	0.0
03-04	855.5	551.0	304.5	28.9	-10.5	7.1	11.1	138.8	97.0	7.0	12.3	1.3	11.5	-0.1	0.1	0.1
04-05	851.7	549.6	302.1	27.2	-15.2	6.9	10.7	140.9	99.0	6.8	12.3	1.3	11.9	0.0	0.1	0.1
05-06	843.8	536.9	306.9	25.9	-22.9	6.6	10.6	149.9	104.7	6.7	12.2	1.3	11.7	-0.1	0.1	0.0
06-07	840.6	523.9	316.7	23.3	-30.5	6.4	10.8	150.6	124.3	6.6	12.4	1.3	11.6	-0.1	0.1	-0.1
07-08	832.1	516.3	315.8	22.5	-31.5	6.0	10.6	153.2	124.3	6.9	12.3	1.4	10.2	-0.1	0.1	-0.1
08-09	867.7	525.2	342.5	24.9	-26.9	3.8	11.5	165.9	134.2	7.4	12.3	1.4	8.0	-0.1	0.1	0.0
09-10e*	982.5	587.5	395.0	28.0	-23.7	3.6	11.8	193.6	150.1	8.4	13.3	1.6	8.2	-0.1	0.2	0.0
10-11f*	999.8	556.4	443.4	31.5	-14.0	3.6	13.2	217.3	159.0	9.6	13.1	1.8	8.2	-0.1	0.2	0.0
11-12f*	1,072.8	586.0	486.8	36.0	-10.0	3.7	14.8	241.5	166.1	10.2	13.7	1.9	8.7	-0.1	0.2	0.1

*Government estimates and forecasts; only certain provinces provide estimates of net debt for the current year; Source: 2010 Federal Fiscal Reference Tables and Government Budgets 2011. ^AIncluded Nunavut (NU) until 1999.

APPENDIX: GOVERNMENT BUDGET BALANCES AND NET DEBT AS A % OF GDP

GOVERNMENT BUDGET BALANCE (surplus(+)/deficit(-)), % of GDP																
	All Provinces & Territories			BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YK	NWT [^]	NU
	Total	Federal														
86-87	-8.4	-5.8	-2.5	-1.1	-7.0	-6.9	-2.9	-1.3	-2.5	-3.5	-2.1	-0.8	-3.2	-0.6	0.1	
87-88	-6.6	-5.2	-1.4	0.1	-2.3	-3.0	-1.5	-1.1	-1.9	-2.9	-1.6	-1.0	-2.5	-0.3	-1.7	
88-89	-5.4	-4.6	-0.9	1.3	-3.1	-1.7	-0.6	-0.6	-1.2	-0.6	-1.6	-0.6	-2.7	0.5	1.0	
89-90	-5.1	-4.4	-0.7	0.7	-3.1	-1.9	-0.6	0.0	-1.2	-0.2	-1.6	-0.4	-1.9	0.3	-0.5	
90-91	-6.5	-5.0	-1.5	-0.8	-2.5	-1.7	-1.2	-1.1	-1.9	-1.4	-1.5	-0.9	-3.8	-1.1	-0.4	
91-92	-8.0	-4.7	-3.3	-2.9	-3.6	-3.9	-1.4	-3.9	-2.8	-2.6	-2.3	-2.2	-2.9	-1.5	-1.3	
92-93	-9.1	-5.6	-3.5	-1.7	-4.4	-2.8	-2.3	-4.3	-3.2	-1.9	-3.4	-3.5	-2.7	-5.9	0.3	
93-94	-8.1	-5.3	-2.8	-1.0	-1.7	-1.2	-1.8	-3.8	-3.0	-1.8	-3.0	-2.9	-2.1	1.7	-1.0	
94-95	-6.8	-4.8	-2.1	-0.2	1.1	0.5	-0.8	-3.3	-3.4	-0.5	-1.2	0.0	-3.6	3.2	-1.1	
95-96	-5.2	-3.7	-1.5	-0.3	1.3	0.1	0.6	-2.7	-2.2	0.3	-1.0	0.2	-1.8	2.8	-0.9	
96-97	-2.0	-1.0	-1.0	-0.7	2.5	1.4	0.3	-2.0	-1.8	0.4	-0.6	-0.1	-1.0	-1.1	-0.5	
97-98	-0.1	0.3	-0.4	-0.1	2.5	0.1	0.3	-1.1	-1.1	0.0	-2.2	-0.3	1.3	0.4	4.9	
98-99	0.4	0.6	-0.3	-0.8	1.0	0.1	0.1	-0.5	0.1	-1.2	-1.2	0.2	-1.7	2.8	-1.3	
99-00	1.7	1.5	0.3	0.0	2.4	0.3	0.0	0.2	0.0	-0.2	-3.5	-0.2	-2.2	-1.5	-1.6	9.6
00-01	2.8	1.8	1.0	0.9	4.5	0.2	0.1	0.4	0.2	0.2	0.6	-0.4	-2.5	2.9	4.7	7.4
01-02	0.8	0.7	0.0	-0.8	0.7	0.0	0.2	0.1	0.0	0.4	0.4	-0.5	-3.3	-1.7	4.0	0.2
02-03	0.4	0.6	-0.2	-1.9	1.4	0.0	0.0	0.0	-0.3	0.0	0.1	-1.5	-3.9	-0.4	-1.1	1.3
03-04	0.4	0.8	-0.4	-0.9	2.4	0.0	-1.5	-1.1	-0.1	-0.8	0.1	-3.3	-5.0	0.9	-1.8	0.7
04-05	0.6	0.1	0.5	1.7	2.7	0.9	1.4	-0.3	-0.3	1.0	0.6	-0.9	-2.5	0.4	-0.4	5.1
05-06	1.9	1.0	1.0	1.8	3.9	0.9	0.9	0.1	0.0	1.0	0.6	0.0	0.9	5.0	0.8	9.6
06-07	2.1	0.9	1.1	2.2	3.6	0.6	1.1	0.4	0.0	0.9	0.6	0.6	0.6	3.5	2.1	11.9
07-08	1.4	0.6	0.7	1.4	1.8	1.3	1.1	0.1	0.0	0.4	1.3	-0.1	4.9	0.6	2.1	2.4
08-09	-0.6	-0.4	-0.2	0.0	-0.3	3.7	0.9	-1.1	-0.4	-0.7	0.1	-0.7	7.4	-0.4	-0.8	0.7
09-10e*	-5.4	-3.6	-1.7	-0.9	-0.4	0.8	-0.4	-3.3	-1.0	-2.7	-0.7	-2.5	-1.2	-1.2	-1.0	-0.6
10-11f*	-4.2	-2.5	-1.7	-0.6	-1.8	0.0	-0.8	-2.7	-1.3	-2.6	1.2	-1.1	1.6	-1.0	0.1	-7.8
11-12f*	-3.2	-1.7	-1.5	-0.4	-1.2	0.6	-0.6	-2.6	-1.2	-1.5	-1.0	-0.8	0.2	1.8	0.3	-2.8

NET DEBT*, % of GDP																
	All Provinces & Territories			BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YK	NWT [^]	NU
	Total	Federal														
86-87	70.2	55.0	15.2	6.6	-2.0	11.1	19.6	15.1	24.5	24.7	26.1	10.0	43.5	-12.5	-4.2	
87-88	71.6	56.0	15.6	6.0	2.5	13.8	21.7	14.7	24.2	25.2	26.0	10.3	42.4	-5.1	-2.4	
88-89	71.2	56.0	15.1	5.1	5.6	15.3	19.7	13.8	23.3	24.1	25.8	10.0	37.7	-5.2	-3.3	
89-90	72.2	57.0	15.2	7.3	8.8	16.6	19.0	12.7	23.3	23.0	27.3	9.7	37.5	-5.3	-2.6	
90-91	76.4	60.5	15.9	8.0	7.8	17.4	19.7	13.6	24.5	24.0	27.8	10.1	38.5	-6.1	-2.5	
91-92	84.4	65.0	19.3	10.8	10.9	28.0	21.7	17.4	27.0	26.4	30.7	11.9	40.9	-5.2	-1.4	
92-93	92.6	69.6	23.0	12.1	15.8	31.0	26.1	21.6	29.6	37.7	40.3	15.0	44.7	1.2	-2.6	
93-94	99.1	72.6	26.5	12.2	16.5	33.9	27.7	27.5	32.0	39.5	44.3	31.2	66.0	-0.2	-0.8	
94-95	100.8	73.6	27.2	11.9	14.4	31.2	26.6	29.2	33.8	38.5	45.6	39.3	66.6	-3.4	0.5	
95-96	101.5	73.9	27.7	11.5	12.6	28.8	25.4	30.9	34.8	35.7	45.2	37.0	66.9	-5.7	1.2	
96-97	100.4	72.8	27.7	11.3	8.8	24.9	22.8	32.2	35.9	34.8	46.8	35.1	69.6	-4.3	0.8	
97-98	98.2	68.8	29.5	10.9	5.6	24.6	32.7	31.4	47.0	34.4	45.6	35.6	69.3	-4.6	-3.2	
98-99	95.7	65.9	29.8	19.0	4.5	24.2	32.0	30.4	45.3	34.0	48.1	33.2	70.2	-7.4	-1.6	
99-00	89.9	60.1	29.8	19.0	1.8	23.0	31.4	32.9	42.3	37.1	48.7	32.4	66.4	-5.9	0.7	-3.1
00-01	79.5	53.1	26.4	17.6	-3.0	20.7	29.0	30.1	39.2	34.4	46.1	30.8	60.6	-8.3	-2.6	-0.8
01-02	77.2	51.0	26.2	18.6	-3.3	21.2	28.4	29.1	40.1	32.7	46.9	30.7	63.0	-6.8	-4.3	2.9
02-03	74.3	48.5	25.8	20.0	-4.5	20.4	28.3	27.8	39.6	32.4	45.1	31.8	64.5	-6.4	-1.0	4.5
03-04	70.5	45.4	25.1	19.8	-6.2	19.2	29.5	28.2	38.7	31.1	42.7	34.6	63.4	-5.9	2.1	10.1
04-05	66.0	42.6	23.4	17.2	-8.0	16.9	27.0	27.3	37.7	28.8	41.2	33.4	61.3	-3.4	3.1	9.2
05-06	61.4	39.1	22.3	15.3	-10.4	15.1	25.4	27.9	38.5	27.2	39.2	32.3	53.2	-6.7	2.9	1.1
06-07	58.0	36.1	21.8	12.8	-12.7	14.1	23.9	26.9	44.0	25.4	39.1	30.4	44.3	-8.1	2.5	-6.8
07-08	54.4	33.8	20.6	11.7	-12.3	11.9	21.6	26.2	42.0	25.7	37.3	31.0	34.8	-8.1	1.2	-4.1
08-09	54.2	32.8	21.4	12.6	-9.2	5.9	22.5	28.4	44.3	27.0	36.2	30.4	25.2	-7.1	2.5	1.1
09-10e*	64.3	38.5	25.9	14.7	-9.6	6.4	23.1	33.5	49.4	30.4	38.9	33.4	32.9	-3.6	3.6	1.2
10-11f*	61.6	34.3	27.3	15.6	-5.2	6.1	24.7	35.6	50.1	33.6	36.3	35.2	27.7	-3.6	3.3	1.4
11-12f*	62.5	34.1	28.4	17.1	-3.4	5.7	26.2	37.8	50.4	34.2	36.6	36.0	26.7	-3.3	2.9	5.6

*Government estimates and forecasts; only certain provinces provide estimates of net debt for the current year; Source: 2010 Federal Fiscal Reference Tables and Government Budgets 2011. ^Included Nunavut (NU) until 1999.