



December 17, 2010

HIGHLIGHTS

- The magnitude of deficits and lingering uncertainties will make next year's budget season interesting to watch.
- Governments are faced with the difficult choice between the short-run risk of subduing recovery and the longer-run risks of credit worthiness.
- Aggregate FY 10-11 deficit estimate improved by \$4.7 billion to \$76.9 billion or 5.1% of GDP, compared to budget estimates
- Notable mid-year fiscal improvements were recorded for the federal government, Ontario and Newfoundland and Labrador.
- Expenditure restraint and revenue generating measures are the most obvious deficit slashing choices. However, moves to innovate and streamline program delivery and administration may actually improve the quality of public services while reducing costs.
- Going forward, the elephant in the room remains how governments will sustainably constrain annual program spending to 2.5%.
- Political uncertainties add challenges to addressing the fiscal situation as four provinces (ON, PEI, MB and SK) have general elections in 2011, BC has a leadership race in 2011, and the federal government is in a minority position.

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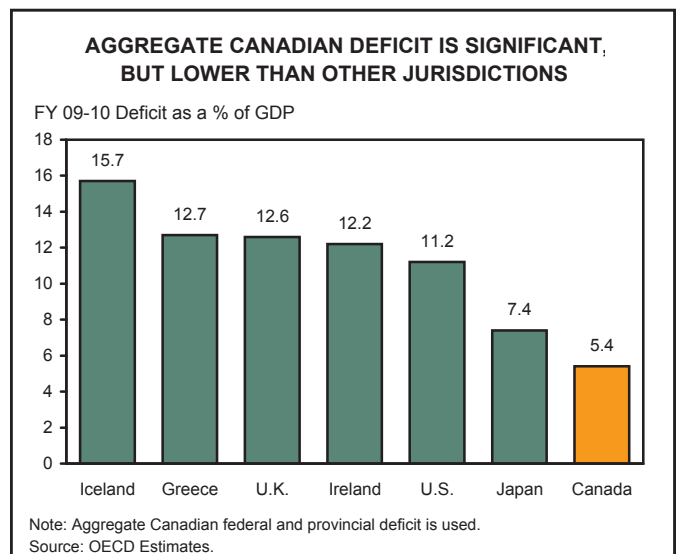
SNAPSHOT OF FEDERAL AND PROVINCIAL FISCAL POSITIONS

Many governments around the world are faced with significant fiscal challenges and large budget deficits, some of which stem from the recent injection of fiscal stimulus, while others are structural in nature. On top of this, governments are faced with the difficult choice between the short-run risk of subduing the recovery and the longer-run risks of deficits and credit worthiness. Canadian governments, including federal and provincial governments, are included in this group as they too have posted large deficits and have seen their debt levels rise since FY 08-09. The recent mid-year updates released by Canadian governments contained some encouraging news. The aggregate FY 10-11 deficit estimate has improved by \$4.7 billion, to \$76.9 billion, or 5.1% of GDP, compared to 2010 budget estimates. Improved fiscal positions were most noteworthy in dollar terms, for the federal government (improved by \$3.8 billion to \$45.4 billion deficit), the Ontario government (improved by \$1 billion to \$18.7 billion deficit) and Newfoundland and Labrador (deficit of \$194 million now estimated to be a \$12 million surplus). Furthermore, the significant increase in federal and provincial debt burdens have made governments more vulnerable to the risk of rising interest rates. Despite the fact that deficits have been beating forecasts, the combined federal and provincial debt burden is still estimated to be 62.3% of GDP in FY 10-11, up from 53.9% only two years ago.

These improved showings suggest that governments are generally on track to achieve their multi-year deficit elimination plans. Still, many details surrounding these plans are outstanding. For the most part, achieving targets will typically require constraining program spending growth to 2.5% per year or less over the medium-term. How governments will accomplish this feat remains the elephant in the room.

Closing the books on fiscal year 2009-10

Over the past four months, federal and provincial governments, with the exception of Newfoundland and Labrador, have released their Public Accounts which serve to close the fiscal books for FY 09-10. Stimulus at the federal and provincial levels drove up the aggregate shortfall to \$82.2 billion (5.4%



of GDP) in FY 09-10, more than ten times higher than the \$7 billion aggregate deficit recorded the prior fiscal year.

With uncertainty as to the extent of recessionary impacts on the Canadian economy, many governments released deficit projections for FY 09-10 that were quite far off from their ultimate tally. This is quite apparent from the table on the right. Closing out FY 09-10, only Saskatchewan recorded a surplus of \$425 million and Alberta used its rainy day fund to completely wipe out its deficit. All other governments were in a deficit position. The federal government estimated a \$53.8 billion deficit for FY 09-10 in its 2010 budget. When Public Accounts were issued more than six months later, the actual deficit recorded was \$55.6 billion. However, this deterioration was mostly due to an accounting change, rather than a result of worsening economic performance or new expenditures.

Putting these deficits in perspective, Canada's combined deficit-to-GDP ratio in FY 09-10 (5.4% of GDP) is significantly lower than in the early to mid-1990s when this measure ranged from 8-9%. Furthermore, according to estimates from the Organisation for Economic Co-operation and Development (OECD), Canada's combined deficit-to-GDP in 2009 is below many other industrialized countries including the United Kingdom (12.6%), the United States (11.2%) and Japan (7.4%).

Where things stand for fiscal year 2010-11

Closing FY 09-10 in better shape than anticipated at the time of 2009 budget releases has improved the starting point for fiscal performances in FY 10-11. When all 2010 budgets were released, the combined federal and provincial deficits were estimated to be \$81.6 billion or 5.1% of GDP. Since the spring, all governments have released fall fiscal updates or at the minimum, quarterly fiscal updates. At present, the combined deficit tally sits at \$76.9 billion or \$4.7 billion

GOVERNMENT BUDGET BALANCE , FY 09-10 (surplus(+)/deficit(-)), C\$ millions					
	2009 Budget	Fiscal Update	2010 Budget	Public Accounts	% Change from 2009 Budget
Federal	-33,700	-55,900	-53,800	-55,598	65%
BC	-495	-2,775	-2,775	-1,779	259%
AB	-4,714	-3,624	-3,624	-1,032	-78%
SK	425	425	425	425	0%
MB	48	-555	-555	-555	1256%
ON	-14,100	-24,716	-21,300	-19,300	37%
QC	-3,946	-4,695	-4,257	-3,174	-20%
NB	-741	-741	-754	-738	0%
NS	-592	-525	-592	-330	-44%
PE	-85	-85	-84	-74	-13%
NL	-750	-295	-295	N/A	N/A

Note: Shaded regions are in a worse fiscal position versus 2009 budget.
Source: Provincial and federal budgets and fiscal updates.

better than earlier this year.

A key theme amongst all updates was building in additional prudence to the fiscal plan. Canadian economic growth is proceeding at a pace softer than what was anticipated in the earlier part of 2010, mostly as a result of net trade being more of a drag to the economy than originally anticipated. On the flip side, low borrowing rates are reducing debt servicing charges. All quarterly or fall fiscal updates pointed to these economic uncertainties and noted that fiscal planning under these circumstances is particularly challenging. Prudence was incorporated into fiscal plans in one of two ways. A contingency fund was built into the fiscal plan in the event of unforeseen expenditures, as was done by the Québec government. Other governments, notably the federal and Ontario governments, chose to build in prudence by using lower economic growth forecasts than the private-sector average.

Much is lost when we attempt to paint all Canadian governments with one brush, so we briefly describe the fiscal trends that have developed over the last six months. Eight of eleven Canadian governments are on track to record better or identical deficits to that estimated in 2010 budgets. The three exceptions to this trend are Alberta, Québec and New Brunswick.

For Alberta, the deficit is now forecast to be \$5.0 billion, up from the \$4.7 billion estimate at the time of the budget. In spite of rising crude oil prices at the heels of an impressive Chinese economic performance and perking up global demand heading into 2011, the government cites increased expenditure and lower than expected revenues for the deterioration in its fiscal position. On the expenditure side, increased outlays were dispersed for disaster and emergency assistance for municipal flooding, wildfires, the agricultural sector and mountain pine beetles. With a somewhat depleted

GOVERNMENT BUDGET BALANCE , FY 10-11 (surplus(+)/deficit(-)), C\$ millions				
	2010 Budget	Fiscal Update	Difference	
			\$ millions	%
Federal	-49,200	-45,400	3,800	-8%
BC	-1,715	-1,695	20	-1%
AB	-4,748	-5,005	-257	5%
SK	20	69	49	243%
MB	-545	-471	74	-14%
ON	-19,700	-18,700	1,000	-5%
QC	-4,506	-4,606	-100	2%
NB	-749	-820	-72	10%
NS	-222	-203	19	-9%
PE	-55	-55	0	0%
NL	-194	12	-207	-106%

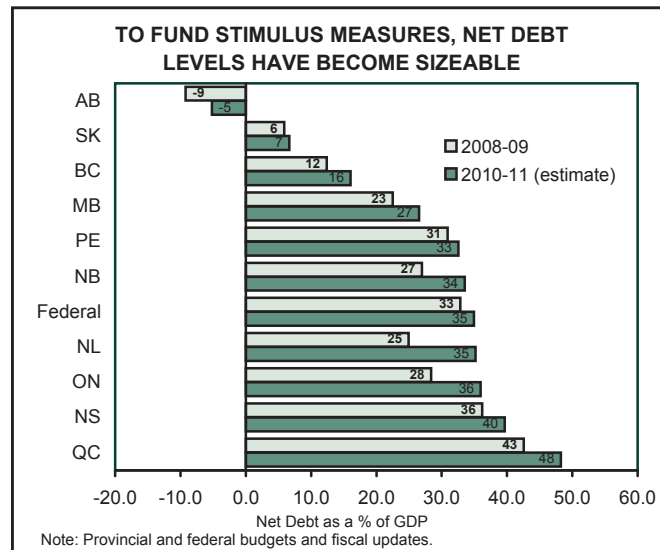
Note: Shaded regions are in a worse fiscal position.
Source: Provincial and federal budgets and fiscal updates.

but healthy rainy day fund of almost \$11 billion, the province is expected to be able to reach into its reserves to completely offset this FY 10-11 deficit.

Not much has changed for the Québec government since its 2010 budget. Although the deficit now stands at \$4.6 billion, or \$100 million or 2% higher than budgeted, this is simply because the government chose to add a contingency reserve in this amount for FY 10-11. Other than incorporating this prudence, the deficit profile and magnitudes are identical to that forecast in the 2010 budget.

New Brunswick's fiscal challenges are certainly serious. The new Alward government is looking at \$820 million deficit. This revised deficit estimate is almost \$70 million or nearly 10% more than was anticipated. With tough fiscal choices ahead, the government held an Economic Summit in November to discuss the fiscal and economic challenges facing the province. For further details on the fiscal challenges ahead for the province and our key recommendations, please refer to our report entitled "[New Brunswick Faces Tough Fiscal Choices Ahead](#)."

For the remaining seven provinces and the federal government, small improvements or no change to budget estimates are anticipated. Singling out Ontario due to its notable improvement, the government improved its deficit projection by \$1 billion (or 5.1%) to \$18.7 billion, but the medium-term deficit profile was left unchanged. The federal government also upgraded its deficit projection for FY 10-11 to \$45.4 billion, or \$3.8 billion better than the budget forecast, due to a higher anticipated revenue intake. Newfoundland and Labrador had estimated a \$194 million deficit in its budget, but buoyed by the recent rally in crude oil prices, the government now anticipates a \$12 million



surplus.

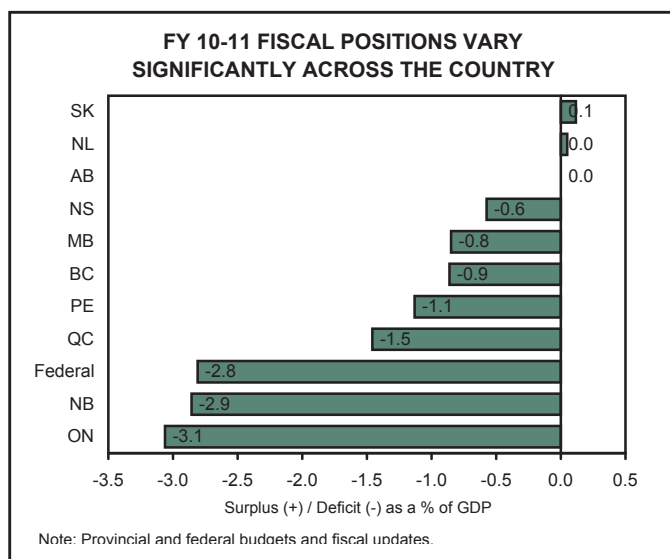
Fall fiscal updates do not generally provide revised net debt estimates. Using 2010 budget numbers, the combined federal-provincial debt for FY 10-11 is 62.3% of GDP. The most indebted provinces are Québec and New Brunswick. However, putting this in perspective, in FY 95-96, the combined Canadian net debt-to-GDP was 101.5%. In many respects then, the current fiscal situation is concerning, but less so than previous episodes in our history books. Furthermore, today's fiscal position, both in terms of net debt and deficit levels, is in better shape than most other industrialized nations.

Looking ahead to next year's budget season

For those provinces saddled with deficits, the timetable to return to budgetary balance varies across the country. A four year return to balance (by FY 13-14) is planned by Québec, Nova Scotia, Prince Edward Island and British Columbia. Both Manitoba and New Brunswick plan a return to budgetary balance by FY 14-15. The federal government aims to return to balance by FY 15-16. With its seven year timetable, Ontario trails the rest of the pack with its plan to return to surplus by FY 17-18. In their mid-year fiscal updates, governments provided revised in-year deficit estimates, but left reduction timetables unchanged.

Diverging Regional Economic Performances

As we outlined in our Quarterly Economic Forecast released earlier this week, since mid-2010, variations in economic performances will likely remain pronounced over the next few years. In particular, robust growth has shifted away from British Columbia, central Canada, and much



of the Atlantic, towards the Prairies and Newfoundland and Labrador. The momentum shift is in part due to the significant rally in prices for crude oil, base and precious metals and agricultural products that we have seen of late. However, it often takes time for these improved conditions to work their way into key economic growth components such as corporate profits, land sales and personal income. In turn, the recent resurgence was a bit lagged compared to the other regions. Looking ahead to 2011, a two-tiered profile to economic growth is expected to continue with growth leaders coming in at between 3.0-3.5%, compared to the 2.0-2.5% anticipated for the lagging provinces. On the plus side, economic prospects have brightened for all provinces compared to our previous quarterly forecast in September. What's more, we expect this to continue heading into 2011. This, in turn, will help keep deficit reduction plans on track.

Key Risks

There are two key risks for federal and provincial deficit reduction plans that need highlighting. First, government fiscal plans, which are built on private-sector forecasts, assume interest rates rise only gradually over the medium-term. Even though most government debt holdings are of medium-term maturity, any upward spike or loss of investor confidence could spell fiscal trouble. Second, in light of expectations for continued moderate growth in both economic activity and revenues over the medium-terms, existing deficit elimination plans are predicated on holding annual spending growth to 2.5% or less. Expenditure restraint can take on many forms including public sector wage freezes; reducing the size of government; and across-the-board cuts to departmental allocations. To achieve savings, governments must review every cent they spend. Many governments including Ontario, British Columbia, Québec and the federal government have already begun this crucial step. However, details and recommendations have not yet been released publicly.

Expenditure Restraint Plans

To achieve the constrained spending growth target, some programs will have to be cancelled so that valuable ones can be preserved. Accordingly, many difficult decisions will be required, especially regarding the provision of health care that has seen program spending recently grow on average by 5-7% per year. What's more, there are few success stories of any government in Canada leveling health care spending for more than a few years. In the few instances where this occurred, spending ramped up a few years later and govern-

DEFICIT ELIMINATION TIMETABLES	
	Fiscal Year
AB	N/A
SK	N/A
NL	N/A
BC	By 2013-14
NS	By 2013-14
QC	By 2013-14
PE	By 2013-14
MB	By 2014-15
NB	By 2014-15
Federal	By 2015-16
ON	By 2017-18

Source: Provincial and federal budgets.

ments were right back on their former treadmills as cutbacks were not underpinned by underlying reform.

Going forward, governments will need to be innovative in the way public services are delivered. Looking at the issue in a little more detail, improving the delivery and administration of public services can bring about expenditure savings, while increasing the quality of government programs and services. Recent examples of such transformation initiatives include the federal government's Service Canada. In short, these measures serve to shrink the size of government by delivering programs/services less expensively and more often than not, the streamlined process improves the quality of public service. In turn, by pursuing this approach, the usual tradeoff between savings and reduced public services may be avoided in some cases.

Revenue Generating Measures

To the extent that spending growth cannot be constrained, tax increases or new user fees would need to be considered. For instance, Saskatchewan recently raised its excise tax rates for cigarettes and alcohol. Nova Scotia has raised its Harmonized Sales Tax (HST) rate by two percentage points. Québec is also slated to raise its HST one percentage point at a time in 2011 and 2012. Furthermore, the federal and Québec government have recently looked at ways to improve tax compliance. In the past, governments have used advertising campaigns to discourage tax avoidance, implemented a six-month forgiveness period to return back taxes, and made policy and legislative changes to make it more difficult for Canadians to hide money overseas. To ensure that tax increases do not dampen overall economic competitiveness, excise and consumption taxes are considered to be the more favourable policy reform options.

Political Uncertainties

Adding to the arduous fiscal task ahead, political uncertainties will add to the challenges ahead for governments. Four provinces (Ontario, Prince Edward Island, Manitoba and Saskatchewan) have general elections scheduled for 2011 and there is a leadership race in British Columbia scheduled for early 2011. Adding to the uncertainty mix is a minority federal government where a general election is certainly always possible. Bringing this into the fold, the magnitude of deficits and lingering uncertainties will undoubtedly make next year's budget season interesting to watch.

Conclusion

The combined federal-provincial deficit-to-GDP ratio for FY 10-11 is estimated to be 5.1%, putting Canada at par or ahead of its counterparts. As we embark on a path to zero deficits, austerity efforts announced will depend upon three things: (1) the magnitude of the deficits; (2) the economic climate, risks and uncertainties; (3) the general public's appetite for fiscal austerity. It is too soon to tell whether governments will actively pursue deficit reduction next budget season or wait on the sidelines until the economy firmly finds its footing. But all told, the discussions started this pre-budget consultation season have started to spark the right debate. We hope these discussions continue and we will be eager to see how things unfold heading into 2011.

GOVERNMENT BUDGET BALANCES AND NET DEBT

GOVERNMENT BUDGET BALANCE (surplus+)/deficit(-), C\$ millions															
	All Provinces & Territories														
	Federal	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YT	NT ^A	NU	
86-87	-29,842	-12,957	-635	-4,033	-1,232	-559	-2,634	-2,972	-368	-277	-13	-231	-4	1	
87-88	-29,017	-7,829	71	-1,365	-542	-300	-2,489	-2,396	-335	-227	-17	-197	-3	-29	
88-89	-27,947	-5,259	930	-2,007	-324	-141	-1,479	-1,704	-79	-242	-11	-226	5	19	
89-90	-29,143	-4,295	496	-2,116	-378	-142	90	-1,764	-24	-267	-8	-175	3	-10	
90-91	-33,899	-9,982	-667	-1,832	-361	-292	-3,029	-2,975	-182	-257	-20	-347	-12	-8	
91-92	-32,319	-22,504	-2,339	-2,629	-843	-334	-10,930	-4,301	-354	-406	-50	-276	-14	-28	
92-93	-39,019	-24,698	-1,476	-3,324	-592	-566	-12,428	-5,030	-264	-617	-82	-261	-64	6	
93-94	-38,530	-20,193	-899	-1,371	-272	-431	-11,202	-4,923	-266	-546	-71	-205	15	-22	
94-95	-36,632	-15,992	-228	938	128	-196	-10,129	-5,821	-79	-233	-1	-374	29	-26	
95-96	-30,006	-12,076	-317	1,151	19	157	-8,800	-3,947	41	-201	4	-190	29	-22	
96-97	-8,719	-8,068	-753	2,489	407	91	-6,905	-3,212	66	-116	-4	-107	-12	-12	
97-98	2,959	-3,701	-167	2,659	35	76	-3,966	-2,157	0	-442	-7	133	4	131	
98-99	5,779	-2,333	-961	1,094	28	31	-2,002	126	-204	-261	6	-187	30	-33	
99-00	14,258	2,489	-13	2,791	83	11	668	7	-30	-797	-5	-269	-16	-13	72
00-01	19,891	10,251	1,210	6,571	58	40	1,902	427	43	147	-12	-350	35	118	62
01-02	8,048	339	-1,038	1,108	1	63	375	22	79	113	-17	-468	-21	120	2
02-03	6,621	-1,833	-2,623	2,093	1	4	117	-728	1	28	-55	-644	-5	-34	12
03-04	9,145	-4,830	-1,318	4,136	1	-579	-5,483	-358	-182	38	-125	-914	12	-65	7
04-05	1,463	6,261	2,721	4,889	383	562	-1,555	-664	235	170	-34	-489	5	-17	55
05-06	13,218	13,554	3,113	8,551	400	394	298	37	235	228	1	77	75	36	109
06-07	13,752	16,390	4,079	8,346	293	485	2,269	109	237	182	24	76	57	88	145
07-08	9,597	11,276	2,837	4,581	641	558	600	0	97	419	-4	1,377	35	94	41
08-09	-5,755	-1,272	99	0	2,389	470	-6,409	0	-192	20	-41	2,434	3	15	-60
09-10e*	-55,598	-25,918	-1,779	0	425	-555	-19,300	-3,174	-738	-330	-74	-295	-23	-21	-53
10-11f*	-45,400	-26,505	-1,695	0	69	-471	-18,700	-4,606	-820	-203	-55	12	3	35	-73

NET DEBT**, C\$ billions															
	All Provinces & Territories														
	Federal	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YT	NT ^A	NU	
86-87	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	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	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	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	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	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	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	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	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	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	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	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	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	590.1	293.2	23.1	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	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	565.3	290.3	24.7	-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	559.6	297.3	27.6	-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	551.0	304.4	28.8	-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	549.6	302.1	27.1	-15.2	6.9	10.7	140.9	99.0	6.8	12.3	1.3	12.0	0.0	0.1	0.1
05-06	536.9	306.9	25.8	-22.9	6.6	10.6	149.9	104.7	6.7	12.2	1.3	11.9	-0.1	0.1	0.0
06-07	523.9	316.7	23.1	-30.5	6.4	10.9	150.6	124.3	6.6	12.4	1.3	11.7	-0.1	0.1	-0.1
07-08	516.3	316.0	22.2	-31.5	6.0	10.6	153.2	124.7	6.9	12.3	1.4	10.3	-0.2	0.1	-0.1
08-09	525.2	336.8	24.5	-26.9	3.8	11.5	165.9	128.8	7.4	12.3	1.4	7.9	-0.2	0.1	0.1
09-10e*	587.5	387.7	27.2	-23.7	3.6	12.3	193.6	142.8	8.4	13.3	1.6	8.5	-0.1	0.1	0.2
10-11f*	564.5	441.1	31.5	-14.0	3.9	13.4	219.5	152.5	9.6	14.0	1.6	8.9	-0.1	0.1	0.2

*Government estimates and forecasts; only certain provinces provide estimates of net debt for the current year** For Quebec, debt is accumulated deficits; Source: 2009 Federal Fiscal Reference Tables and Government Budgets and Updates 2010. ^AIncluded Nunavut (NU) until 1999.

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	YT	NT [^]	NU
	Federal	Territories													
86-87	-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	-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	-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	-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	-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	-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	-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	-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	-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	-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	-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	0.3	-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	0.6	-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	1.5	0.3	0.0	2.4	0.3	0.0	0.2	0.0	-0.2	-3.5	-0.2	-2.2	-1.5	-0.6	9.6
00-01	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	0.7	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	0.6	-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	0.8	-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	0.1	0.5	1.7	2.6	0.9	1.4	-0.3	-0.3	1.0	0.6	-0.9	-2.5	0.4	-0.4	5.1
05-06	1.0	1.0	1.8	3.9	0.9	0.9	0.1	0.0	1.0	0.7	0.0	0.3	5.0	0.8	9.6
06-07	0.9	1.1	2.2	3.5	0.6	1.1	0.4	0.0	0.9	0.6	0.6	0.3	3.5	2.1	11.8
07-08	0.6	0.7	1.5	1.8	1.3	1.1	0.1	0.0	0.4	1.3	-0.1	4.7	2.0	2.1	2.9
08-09	-0.4	-0.1	0.1	0.0	3.7	0.9	-1.1	0.0	-0.7	0.1	-0.9	7.7	0.2	0.3	-3.7
09-10e*	-3.6	-1.7	-0.9	0.0	0.8	-1.1	-3.3	-1.0	-2.7	-1.0	-1.6	-1.2	-1.2	-0.4	-3.6
10-11f*	-2.8	-1.6	-0.9	0.0	0.1	-0.8	-3.1	-1.5	-2.9	-0.6	-1.1	0.0	0.1	0.7	-4.7

NET DEBT**, % of GDP															
	All Provinces & Territories		BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YT	NT [^]	NU
	Federal	Territories													
86-87	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	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	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	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	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	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	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	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	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	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	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	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	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	60.1	29.8	19.1	1.8	23.0	31.4	32.9	42.3	37.1	48.7	32.4	66.4	-5.9	1.6	-3.1
00-01	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	51.0	26.2	18.5	-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	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	45.4	25.1	19.8	-6.2	19.2	29.5	28.2	38.7	31.1	42.7	34.6	63.3	-5.9	2.2	10.1
04-05	42.6	23.4	17.2	-8.0	16.9	27.0	27.3	37.7	28.8	41.2	33.4	61.6	-3.4	3.2	9.2
05-06	39.1	22.3	15.2	-10.4	15.1	25.4	27.9	38.5	27.2	39.2	32.3	54.0	-6.7	3.2	1.1
06-07	36.1	21.8	12.7	-12.7	14.1	24.0	26.9	44.0	25.4	39.1	30.4	44.8	-8.1	2.5	-6.7
07-08	33.8	20.7	11.6	-12.3	11.9	21.7	26.2	42.1	25.7	37.3	31.0	35.2	-9.5	1.2	-4.4
08-09	32.8	21.1	12.4	-9.2	5.9	22.5	28.4	42.5	27.0	36.2	30.9	24.9	-7.9	2.0	7.6
09-10e*	38.5	25.4	14.2	-9.6	6.4	24.0	33.5	47.0	30.4	38.9	33.3	33.9	-6.6	2.5	11.9
10-11f*	34.9	27.3	16.0	-5.2	6.7	25.4	36.0	48.3	33.5	39.6	32.5	35.2	-6.4	1.7	15.8

*Government estimates and forecasts; only certain provinces provide estimates of net debt for the current year** For Quebec, debt is accumulated deficits; Source: 2009 Federal Fiscal Reference Tables and Government Budgets and Updates 2010. ^Included Nunavut (NU) until 1999.