



June 22, 2012

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## PROVINCIAL BUDGETS OVERVIEW – OVERALL SHORTFALL GRINDING LOWER BUT A MIXED SHOWING REGIONALLY

### Highlights

- At an estimated \$22.1 billion (1.3% of GDP) in fiscal 2011-12, Canada's combined provincial budget deficit came in about \$5 billion below the target set in the 2011 budgets and was down modestly from the peak of \$26.2 billion (1.7% of GDP) in fiscal 2009-10.
- Across jurisdictions, fiscal performance was mixed, with commodity-based provinces in the Prairies and in Newfoundland & Labrador posting the best results. Elsewhere, progress in reducing shortfalls largely stalled.
- In the year ahead, governments plan to whittle down the aggregate deficit to \$18.4 billion, or 1.0% of GDP. The improved balance is expected to result from spending restraint across the country combined with higher resource royalties.
- Based on provincial medium-term budget plans, the combined shortfall is expected to be reduced to a slight \$3 billion in FY 2014-15, leaving full elimination by FY 2015-16 achievable.
- Despite the trend improvement to the overall provincial bottom line, the combined provincial net debt-to-GDP ratio is projected to keep rising to close to 30% in the year ahead.

Benefitting from stronger-than-expected economic growth and resilient commodity prices, Canada's overall provincial budget position came in at around \$22 billion in fiscal 2011-12 compared to the \$27 billion target set out during the 2011 budget season. Still, this unexpectedly good result conceals the fact that progress in reducing deficits stalled in more than half of the provinces. Based on 2012 budget projections, the aggregate shortfall is expected to be whittled down to around \$18 billion (or about 1% of GDP) in fiscal 2012-13. While nine provinces have targeted deficits – all except Saskatchewan – Ontario will continue to account for more than four fifths of the overall tally. Despite the lower aggregate shortfall, the all-province debt burden is expected to head higher in the upcoming year, reaching 29.2% of GDP.

### Economic growth surpasses expectations in 2011-12

In last year's budgets, real economic growth for 2011 had been anticipated to range from around 2% in PEI to a high of 4% in Saskatchewan. A surge in global financial uncertainty during the summer dealt a significant setback to provincial economies during the second half of the year. As a result, only three provinces representing about a third of the country's economy (B.C., Alberta and Newfoundland and Labrador) met or beat their economic forecasts in real terms. However, expectations for nominal GDP – which provide a better indicator of revenue growth – were actually surpassed in all provinces with the exception of Manitoba, Ontario and Nova Scotia. This upside surprise reflected higher-than-anticipated

commodity prices, and to a lesser extent, domestic prices. Perhaps not surprisingly, it was the commodity-based provinces of Alberta and Newfoundland & Labrador that recorded the largest nominal windfalls both in absolute terms and compared to their original forecasts. Indeed, of the additional \$6 billion in overall take recorded in fiscal 2011-12 compared to 2011 budget estimates, about half reflected higher resource royalties, of which 83% accrued to Alberta. Own source revenue was up \$2.5 billion, of which more than half was collected by Ontario, in part due to the repayment of a loan the province had extended to Chrysler.

Two provinces that faced the most notable “misses” in terms of their 2011 budget forecasts were British Columbia and Manitoba. More specifically, budget shortfalls exceeded their projections by \$1.6 billion and \$0.7 billion, respectively, and largely reflected exceptional circumstances. In B.C.’s case, the referendum-mandated return to the Provincial Sales Tax (PST) after a short experiment with a Harmonized Sales Tax (HST) required the reimbursement of \$1.6 billion in transition funding to the federal government. In Manitoba, severe flooding during the spring 2011 resulted in a one-time hit of \$0.5 billion for the provincial coffers after federal emergency support of \$0.4 billion is factored in. In other provinces, unanticipated deficits resulted mainly from higher-than-budgeted program spending notwithstanding interest rates coming in surprisingly low. Overall, total provincial outlays tipped the scale at 3.7% in fiscal 2011-12 compared to budget estimates of around 2%. Indeed, Québec, New Brunswick and Nova Scotia were the only governments recording lower spending than anticipated in fiscal 2011-12.

<b>PROVINCIAL BALANCES, FY 2011-12</b>			
<b>(C\$ Millions)</b>			
	Forecast (2011 Budget)	Estimate (2012 Budget)	Difference
B.C.	-925	-2,497	-968
Alberta	-3,405	-1,318	-886
Saskatchewan	383	353	47
Manitoba	-438	-1,120	-460
Ontario	-16,300	-15,000	-14,800
Québec	-3,800	-2,452	-589
New Brunswick	-449	-471	-183
Nova Scotia	-390	-261	-211
P.E.I.	-42	-79	-75
Nfld. & Labrador	-160	776	-258
<b>TOTAL</b>	<b>-25,526</b>	<b>-22,069</b>	<b>-18,383</b>

Source: Provincial 2011 and 2012 budgets.

### 2012 budgets look to resume a downward deficit path

In the recent spring budgets, governments reiterated their commitment to achieving deficit elimination over the medium term. Based on 3-year plans released in the 2012 budgets, the aggregate shortfall is expected to drop steadily to \$18 billion (1.6% of GDP) in fiscal 2012-13, then to a slight \$3 billion (0.2% of GDP) by fiscal 2014-15. With Newfoundland & Labrador joining the ranks of deficit provinces in the year ahead due to lower crude oil production forecasts, only Saskatchewan is on track to record black ink. The last time that at least nine provinces recorded deficits was fiscal 1993-94, when all provinces were in the red following the 1992 recession.

<b>CONSOLIDATED FINANCIAL STATEMENT - ALL PROVINCES COMBINED</b>							
<b>(\$ Billion unless otherwise specified)</b>							
	2011-12F (2011 Budgets)	2011-12E (2012 Budgets)	2012-13F (2012 Budgets)	2011-12E v. 2011-12F		2012-13F v. 2011-12E	
					% chg		% chg
<b>Revenue</b>	299.8	306.3	316.5	6.5	2.2	10.2	3.3
Taxes and other own revenue	220.0	222.5	232.9	2.5	1.1	10.4	4.7
Natural resource royalties	17.8	21.4	21.3	3.6	19.9	-0.1	-0.3
Federal transfers	62.0	62.4	62.3	0.4	0.7	-0.1	-0.2
<b>Expenditures</b>	325.0	329.6	334.7	4.6	1.4	5.2	1.6
Program spending	300.2	305.5	309.1	5.3	1.8	3.6	1.2
Debt servicing costs	24.8	24.1	25.6	-0.7	-2.9	1.5	6.4
Adjustments	-0.3	1.2	-0.2				
<b>Balance</b>	<b>-25.5</b>	<b>-22.1</b>	<b>-18.4</b>	<b>3.5</b>		<b>3.7</b>	

Source: Provincial 2012 budgets. Compilation by TD Economics.

Among the deficit-carrying provinces in fiscal 2012-13, the extent of the challenge will continue to vary widely, with deficit-to-GDP ratios ranging from a very modest 0.2% in Québec to 2.3% in Ontario. Despite a number of these provinces beginning the year on a weaker footing, all provinces maintained their timetables for a return to fiscal balance. The target dates range from fiscal 2013-14 for B.C., Alberta, Québec and Nova Scotia to fiscal 2017-18 for Ontario. Based on 3-year budget plans<sup>1</sup>, by fiscal 2014-15, Ontario's by-then smaller deficit of \$7.2 billion is expected to be dominated by a combined \$10-14 billion surplus in other provinces.

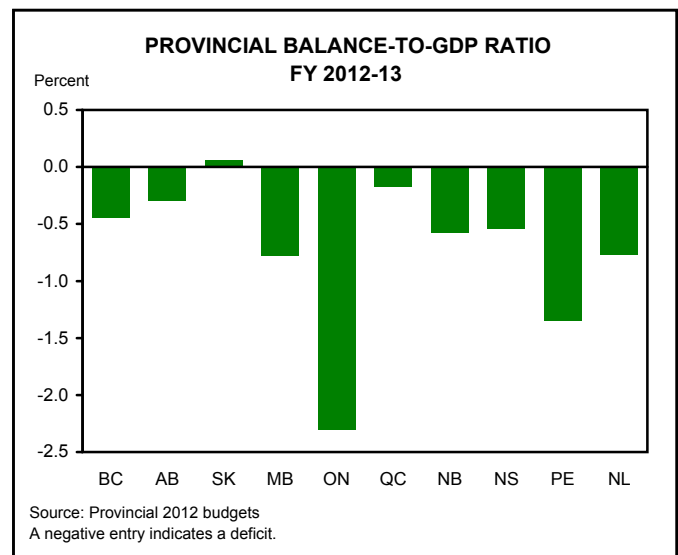
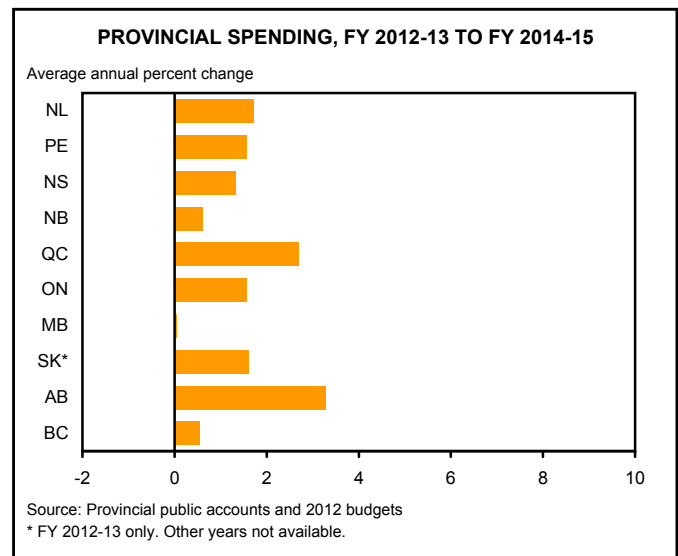
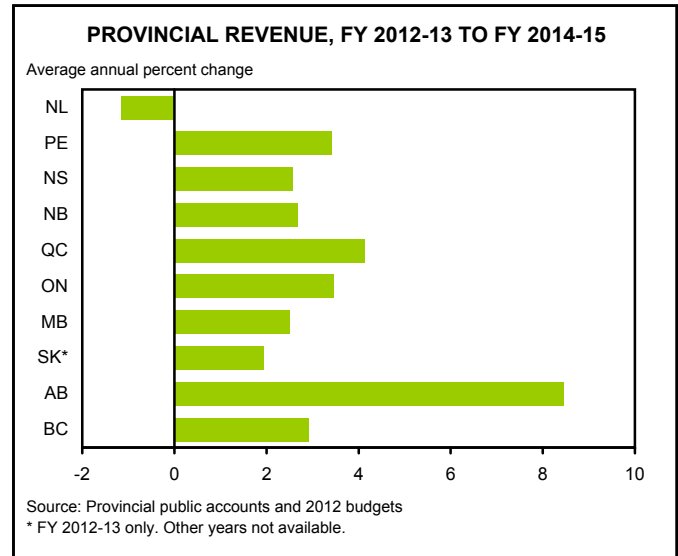
As the next section of this report highlights, the expected improvement in the combined bottom line in fiscal 2012-13 and beyond results from a combination of an outlook for moderate economic growth, stepped up efforts to restrain spending and a limited number of new revenue-raising measures.

**Revenue measures contain few headline grabbers**

Faced with prospects for only modest growth in most jurisdictions, aggregate provincial revenue is expected to rise by about 3% in FY 2012-13, which would represent the slowest overall growth rate in a decade apart from the declines recorded during the recent recession. Estimates for resource royalties point to a small decline (-0.4%) on the heels of last year's strong performance. Federal transfers are projected to also remain virtually flat (-0.2%) due to the permanent removal of Atlantic Accord payments to Newfoundland and Labrador (-\$0.5 billion) as it no longer is an equalization-receiving province.

Looking further ahead, most provinces are projecting modest revenue gains of around 2-4% annually to continue over the next three fiscal years. One of the exceptions is Alberta, where optimistic projections for oil prices mean that high revenue originating from natural resource royalties is expected to boost overall revenue growth to a lofty rate of 8% per year. The other exception to the rule is Newfoundland and Labrador, which in addition to the federal transfer hit is also facing a pinch from lower resource royalties of \$0.6 billion in the year ahead due to planned oil extraction shutdowns. N&L's provincial revenue is projected to decline this year and next before own-revenue growth brings it back to \$7.7 billion in FY 2014-15, just below the average of the five years ending with FY 2011-12.

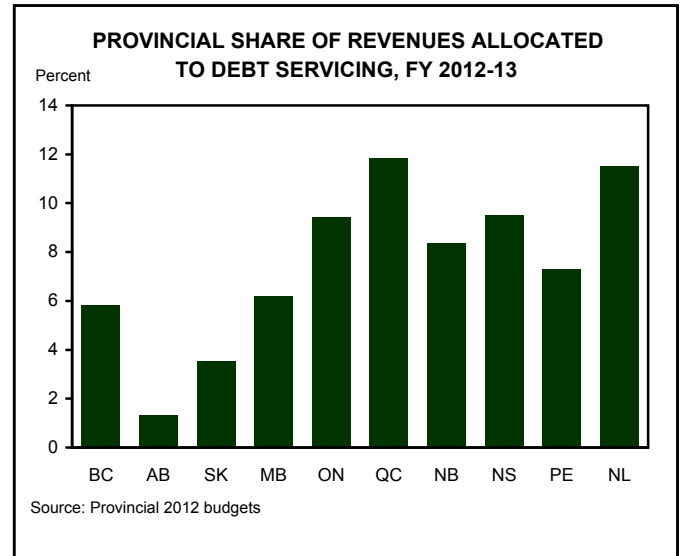
Most governments stayed clear of announcing major new



tax measures in fiscal 2012-13. Implementing the decision of its residents in a vote last year, the B.C. government confirmed that it would return to its previous 7% Provincial Sales Tax (PST) system on April 1, 2013. Effective the same day, P.E.I. will go the other way, adopting a 14% Harmonized Sales Tax (HST). Ontario's minority government canceled upcoming corporate income tax cuts as part of its March 27th budget. Since the March budget, the Ontario government announced that it would implement a new 2% surtax on individuals earning more than \$500,000 in order to win support from an opposition party. After some delays within the Budget Committee over additional changes to the legislation by members of the opposition, the budget was passed on June 20.

A number of provinces (including Saskatchewan and Manitoba) chose to increase their revenues by raising user fees on some government services. B.C. increased the health premiums for its means-based Medical Services Plan (MSP) by 4%. Asset sales were also part of the expected revenue-raising mix, especially in B.C., Ontario and New Brunswick. Tax relief was quite limited this year. Nova Scotia committed to reducing the HST rate from 15% to 13% over two years, and Québec provided a tax break for employers who hire staff aged 65 or more.

While not taking place until 2017, the federal government announced some major changes in transfer payment arrangements in the lead up to this year's budgets. Federal transfers represent from 10-40% of revenue depending on the province. The calculation of the Canada Health Transfer (currently worth \$29 billion) is scheduled to switch from a fixed 6% growth rate to one tied to nominal GDP growth

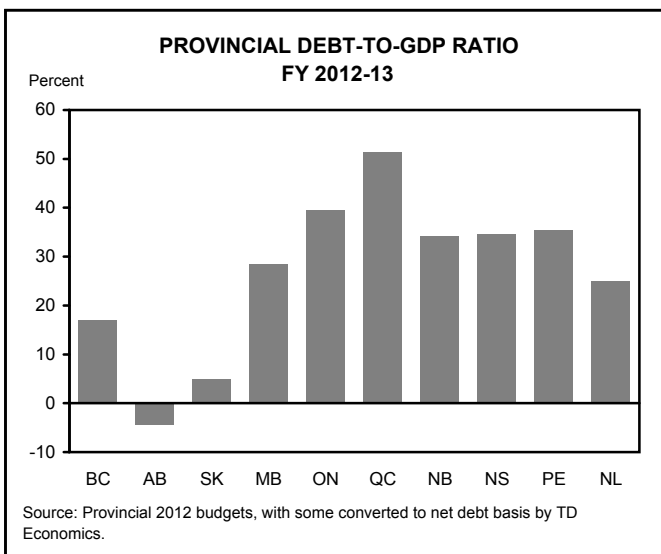


in fiscal 2017-18. While annual increases of at least 3% are guaranteed, this will likely represent an important shortfall for low-growth, smaller-tax-base provinces, especially in the Atlantic. In contrast, the Canada Social Transfer (worth \$12 billion) is not expected to be modified, with annual growth of exactly 3% combined with a per-capita distribution formula.

### Spending restraint a common theme

Spending restraint was the common theme across all provincial budgets this year, with overall outlays held to a modest 1.6%. If the impacts of last year's one-time spending in B.C. and Manitoba are excluded, overall provincial spending is forecast to grow by 2.3%. A few provinces bucked the trend, announcing somewhat stronger increases of 3% or more. Alberta will increase spending in part to accommodate the fastest demographic growth in the country. Québec comes a surprisingly close second with 3.0%, in part due to having the fastest-growing debt servicing costs (+10.5%, compared to 4.6% on average in all the other provinces). Still, apart from Alberta and Québec, most jurisdictions announced spending reductions in real, after-inflation terms and hold spending down to 2% or less over the next three years.

The major thrust of spending restraint this year was containment of labour costs, which typically represent the bulk of government costs. In Saskatchewan, New Brunswick and P.E.I., the size of the public service will be reduced, mostly through attrition. Additionally, wage freezes for some or all of the public service have been announced in B.C., Ontario and New Brunswick.



PROVINCIAL FISCAL OVERVIEW					
	Fiscal profile			Debt rating	
	Target date for return to balance	3-year revenue growth*	3-year spending growth*	Moody's	Standard & Poor's
B.C.	2013-14	2.9	0.5	AAA	Aaa
Alberta	2013-14	8.4	3.3	AAA	Aaa
Saskatchewan**	n/a	1.9	1.6	AAA	Aa1
Manitoba	2014-15	2.5	0.0	AA	Aa1
Ontario	2017-18	3.6	1.6	AA-	Aa2
Québec	2013-14	4.1	2.7	A+	Aa2
New Brunswick	2014-15	2.7	0.6	A+	Aa2
Nova Scotia	2013-14	2.6	1.3	A+	Aa2
P.E.I.	2014-15	3.4	1.6	A	Aa2
Nfld. & Labrador	2014-15	-1.2	1.7	A+	Aa2

Source: Provincial 2012 budgets, Moody's, Standard & Poor's.  
 \* Percentage average growth rate from FY 2012-13 to 2014-15.  
 \*\* Already in surplus. Growth rates for 2012-13 only.

Health care remained the focus of provincial spending across the country. That said, the 3.6% overall growth rate in provincial health spending projected in fiscal 2012-13 is roughly half of its longer-term average pace. Given that health is the largest spending area in all provinces, it makes sense for governments to limit its cost increases in order to maintain long term fiscal sustainability. However, the health sector contains considerable built-in cost pressures, especially due to technological change, demographics and labour agreements. That will make restraining health costs very challenging for those governments.

While education budgets were also protected for the most part from government cuts, areas outside of health and education bore the brunt of spending reductions. In fact,

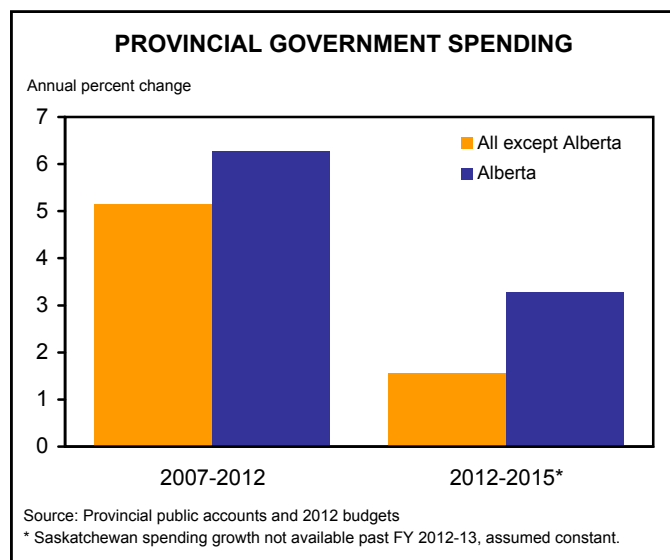
provincial program spending excluding health and education is set to fall by 2.3% in the year ahead.

#### Debt not expected to plateau for a while

While budget plans to hold spending growth to below that of revenues would help to keep deficits on a downward trajectory, the same cannot be said for the provincial debt burdens. The all-province net debt, which not only includes borrowing to finance deficits but also net capital acquisition and financial obligations towards pension funds, is set to reach 29.2% of GDP in fiscal 2012-13. This would be just shy of the peak of 30.0% reached by the provinces in fiscal 1999-2000 before a few years of combined budgetary surpluses started to chip away at the overall provincial debt.

Five jurisdictions are expected to record a rise in their debt burdens in the year ahead. Among the provinces, Ontario's debt burden is projected to continue to rise at the fastest pace. Indeed, the government forecasts its debt burden to reach 39.5% in fiscal 2012-13, or about twice its level of 20 years ago. Based on the government's 6-year projection, Ontario's debt-to-GDP ratio will peak at 41.6% in fiscal 2014-15 and then start trending down. Debt burdens are also expected to rise over the near term in B.C., Manitoba, Quebec, New Brunswick, PEI and Newfoundland & Labrador.

While Ontario is facing a major challenge, Québec continues to record the highest debt burden, at more than 50% of GDP. Currently, Québec is the province allocating the highest share of its revenue to debt servicing costs (11.9 cents per dollar of revenue in FY 2012-13), followed closely by Newfoundland-and-Labrador at 11.5 cents. For



all provinces combined, this ratio is 8.1 cents. This metric is likely to increase over the medium-to-longer term as debt continues to rise and as interest rates ultimately rise off their current lows. Over time, existing, lower-interest-bearing debt will gradually be retired and replaced with new debt issued at higher interest rates.

Another way to look at each province's debt vulnerability is to examine what ratings are assigned by credit agencies. In general, western provinces are in the best shape among the group and the other provinces fall behind, hindered by relatively high deficits and debt or by low growth prospects. Indeed, Ontario and New Brunswick have seen their ratings downgraded recently by Moody's and Standard & Poor's respectively. Still, all provinces except Alberta are vulnerable to impending increases in interest rates, which would

make their debt servicing costs increase at the expense of other public programs.

### **Bottom line**

Despite mixed fiscal performances among the provinces in fiscal 2011-12, governments reiterated their commitment to deficit elimination in the 2012 budget season. This will prove no easy feat. The record of several provincial governments during the past year attests to the difficulty in meeting spending restraint targets. What's more, while budget projections were prudent at the time that budgets were delivered, increased global financial headwinds since March have clouded the picture for economic and revenue growth.

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## **Endnotes**

- 1 Fiscal projections in Saskatchewan's budget do not go beyond FY 2012-13.

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**APPENDIX: GOVERNMENT BUDGET BALANCES AND NET DEBT**

GOVERNMENT BUDGET BALANCE (surplus+)/deficit(-), C\$ millions																
	Total	Federal	Prov. & Terr.	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YK	NWT <sup>A</sup>	NU
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	7,978	1,463	6,515	2,689	5,175	383	562	-1,555	-664	235	170	-34	-489	5	-17	55
05-06	26,741	13,218	13,523	2,986	8,551	400	394	298	37	241	196	1	199	75	36	109
06-07	30,293	13,752	16,541	3,977	8,510	293	485	2,269	109	247	182	24	154	57	88	146
07-08	20,952	9,597	11,355	2,746	4,737	641	558	600	0	112	419	-4	1,421	10	94	21
08-09	-7,956	-5,755	-2,201	128	-858	2,389	451	-6,409	0	-176	26	-31	2,350	-7	-41	-23
09-10	-81,814	-55,598	-26,216	-1,864	-1,032	425	-201	-19,262	-3,174	-722	-269	-74	-33	-16	-48	54
10-11	-53,243	-33,400	-19,843	-309	-3,410	20	-298	-14,011	-2,390	-633	569	-53	598	49	-23	48
11-12e	-46,969	-24,900	-22,069	-2,497	-1,318	353	-1,120	-15,000	-2,452	-471	-261	-79	776	41	-34	-50
12-13f*	-39,483	-21,100	-18,383	-968	-886	47	-460	-14,800	-589	-183	-211	-75	-258	77	74	38

NET DEBT <sup>A</sup> , C\$ billions																
	Total	Federal	Prov. & Terr.	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YK	NWT <sup>A</sup>	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	374.9	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	852.1	549.6	302.5	27.2	-15.2	6.9	11.1	140.9	99.0	6.8	12.3	1.3	11.9	0.0	0.1	0.1
05-06	844.2	536.9	307.2	25.9	-22.9	6.6	11.0	149.9	104.7	6.7	12.2	1.3	11.7	-0.1	0.1	0.0
06-07	840.7	523.9	316.8	23.4	-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	835.7	516.3	319.4	22.6	-31.5	6.0	10.6	156.6	124.7	6.9	12.1	1.3	10.2	-0.1	0.1	-0.1
08-09	871.5	525.2	346.2	24.9	-26.9	3.8	11.5	169.6	134.2	7.4	12.3	1.4	8.0	-0.1	0.1	0.0
09-10	978.8	582.5	396.4	28.1	-23.7	3.6	11.8	193.6	151.6	8.5	13.0	1.6	8.2	-0.2	0.2	0.0
10-11	1,052.3	616.9	435.4	30.6	-18.4	3.7	13.2	214.5	159.3	9.5	12.8	1.7	8.1	-0.2	0.5	0.0
11-12e	1,121.7	641.8	479.9	33.6	-15.0	3.5	15.4	237.9	170.9	10.1	13.3	1.8	7.8	-0.2	0.6	0.1
12-13f*	1,183.5	662.9	520.6	37.6	-13.0	3.9	16.9	261.1	178.5	10.8	13.7	2.0	8.5	-0.2	0.7	0.1

\*Government estimates and forecasts; only certain provinces provide estimates of net debt for the current year; Source: 2011 Federal Fiscal Reference Tables, 2010-11 Public Accounts and Government Budgets 2011 and 2012. <sup>A</sup>Included Nunavut (NU) until 1999.

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

GOVERNMENT BUDGET BALANCE (surplus(+)/deficit(-)), % of GDP																
	Total	Federal	Prov. & Terr.	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YK	NWT <sup>A</sup>	NU
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	1.0	0.6	0.6	0.6	3.5	2.1	11.9
07-08	1.4	0.6	0.7	1.4	1.9	1.3	1.1	0.1	0.0	0.4	1.3	-0.1	4.9	0.6	2.0	1.6
08-09	-0.5	-0.4	-0.1	0.1	-0.3	3.6	0.9	-1.1	0.0	-0.6	0.1	-0.7	7.6	-0.3	-0.8	-1.5
09-10	-5.4	-3.6	-1.7	-1.0	-0.4	0.7	-0.4	-3.3	-1.0	-2.6	-0.8	-1.6	-0.1	-0.7	-1.2	3.5
10-11	-3.3	-2.1	-1.2	-0.2	-1.3	0.0	-0.5	-2.3	-0.7	-2.1	1.6	-1.1	2.1	2.1	-0.5	2.7
11-12e	-2.7	-1.4	-1.3	-1.2	-0.5	0.5	-2.0	-2.4	-0.7	-1.5	-0.7	-1.5	2.3	1.6	-0.7	-2.6
12-13f*	-2.2	-1.2	-1.0	-0.4	-0.3	0.1	-0.8	-2.2	-0.2	-0.6	-0.5	-1.3	-0.8	2.9	1.5	1.7

NET DEBT <sup>A</sup> , % of GDP																
	Total	Federal	Prov. & Terr.	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL	YK	NWT <sup>A</sup>	NU
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	27.9	27.3	37.7	28.8	41.2	33.4	61.3	-3.4	3.1	9.2
05-06	61.4	39.1	22.4	15.3	-10.4	15.1	26.3	27.9	38.5	27.1	39.2	32.3	53.2	-6.7	2.9	0.8
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	-8.2
07-08	54.6	33.8	20.9	11.8	-12.3	11.9	21.6	26.8	42.1	25.7	36.7	29.7	34.8	-7.7	1.2	-5.6
08-09	54.4	32.8	21.6	12.5	-9.3	5.9	22.2	28.9	44.1	26.9	35.7	30.2	25.9	-6.7	2.6	-1.1
09-10	64.0	38.1	25.9	14.7	-9.9	6.3	22.9	33.3	49.7	30.3	37.5	33.1	33.2	-10.2	6.0	1.6
10-11e	64.8	38.0	26.8	15.1	-7.0	5.8	24.4	35.0	49.9	32.2	35.3	33.9	28.8	-7.2	9.8	2.1
11-12e	65.3	37.3	27.9	15.9	-5.2	4.9	27.1	37.3	51.2	32.8	35.2	34.5	23.5	-6.8	14.2	7.0
12-13f*	66.6	37.3	29.3	17.1	-4.2	4.9	28.6	39.6	51.5	34.1	34.8	35.4	25.1	-6.5	13.9	6.3

\*Government estimates and forecasts; only certain provinces provide estimates of net debt for the current year; Source: 2011 Federal Fiscal Reference Tables, 2010-11 Public Accounts and Government Budgets 2011 and 2012. <sup>A</sup>Included Nunavut (NU) until 1999.