

Appendix A—methodology and data

This report was written for the non-specialist reader who does not have an extensive accounting or financial background. For those who require more detail, a technical discussion of the methodology is included here. The following section summarizes the methods used, and sources referenced, to calculate the figures for total government liability and the international comparison.

Methodology for computing total government liability for Canada

Unfortunately, government reporting of fiscal performance lags behind the events. As a result, totals for some of the liability categories for local net debt had to be estimated for 2000/2001. The basic projection technique was to extend the trend of the most recently available information. In order to apply an unbiased and fair rate of growth, an average rate of change was calculated using the five most recent years of actual data. The average rate of increase or decrease was then applied to the most recent year to estimate 2000/01 values. Figures for local net debt are only available up to 1999/2000 from Statistics Canada's Financial Management System (FMS). To calculate the 2000/01 values, the 1999/2000 figures were multiplied by the average growth rate from 1995/96 to 1999/2000.

Data for Canada

The majority of the Canadian data in this report is from Statistics Canada's Financial Management System and the provincial and federal public accounts. Table A1 is a list of the sources for the Canadian data by category, giving the most recent reporting date for the various categories of liabilities.

There are a variety of methods that could be used to allocate federal liabilities, such as income per person, population, or some taxation-based measure. This study uses the provincial contribution to federal tax revenues because this reflects the distribution of the federal debt burden best. Applying federal liabilities this way generates different liability values for each province, a procedure that acknowledges and captures broad regional deviations. The calculations of tax shares encompass all federally mandated taxes, both direct and indirect. A 5-year average of the federal tax-share statistic is applied to each category of federal liabilities to derive each province's share. To maintain consistency, this 5-year average is applied to the historical federal liability figures.

The methodology is modified for the Canada and Quebec Pension Plans. Quebec is allotted the full value of the Quebec Pension Plan's assets, liabilities, and unfunded liabilities. The contributions of each province and of the two territories to the Canada Pension Plan are used to distribute the CPP's assets, liabilities, and unfunded liabilities.

Estimates of unfunded liabilities

Estimates of the unfunded liabilities of the Old Age Security system (OAS), Canada/Quebec Pension Plans (CPP/QPP), and Medicare for the cohort aged 18 and older as of December 31 for the year shown are included in this study.

Canada/Quebec Pension Plans

The CPP estimates come from the 18th *Actuarial Report on The Canada Pension Plan* by the Office of the Superintendent of Financial Institutions (OSFI). The QPP estimates are based on the one-third rule of thumb (i.e., the best estimate for the

Table A1: Sources of Canadian data used in various calculations

<i>Category</i>	<i>Source</i>	<i>Date</i>
<i>Federal government</i>		
<i>Direct debt</i>	Statistics Canada (FMS)	Mar. 31, 2001
<i>Debt guarantees</i>	Public Accounts	Mar. 31, 2001
<i>Contingent liabilities & contractual commitments</i>	Public Accounts	Mar. 31, 2001
<i>Obligations</i>		
Canada Pension Plan	Statistics Canada (FMS)	Mar. 31, 2001
Unfunded liabilities of CPP	Office of the Superintendent of Financial Institutions (OSFI)	Dec. 31, 2000
Old Age Security	The Fraser Institute's Unfunded Liabilities Model	Dec. 31, 2000
Pension & benefit plans for federal employees	Public Accounts	Mar. 31, 2001
<i>Provincial government</i>		
<i>Direct debt</i>	Statistics Canada (FMS)	Mar. 31, 2001
<i>Debt guarantees</i>	Statistics Canada (FMS)	Mar. 31, 2001
<i>Contingent liabilities & contractual commitments</i>	Public Accounts	Mar. 31, 2001
<i>Obligations</i>		
Unfunded liabilities of health-care system	The Fraser Institute's Unfunded Liabilities Model	Dec. 31, 2000
Quebec Pension Plan	Statistics Canada (FMS)	Mar. 31, 2001
Pension & benefit plans for provincial employees	Public Accounts	Dec. 31, 2001
<i>Local government</i>		
<i>Direct debt</i>	Statistics Canada (FMS)	Dec. 31, 1999

QPP unfunded liability is one-third of the CPP unfunded liability). There is no official unfunded liability estimate for the QPP.

Old Age Security and Medicare

The unfunded liability estimates for Old Age Security (OAS) and Medicare are from a model developed by The Fraser Institute. These estimates are a first for Canada as previous OAS and Medicare unfunded liability estimates covered costs only and, therefore, greatly exaggerated the liabilities associated with these programs. The model we present in this report generates true unfunded liabilities by adding a funding source to the readily available cost data. Both sets of estimates use the same basic assumptions as those used in the compilation of the CPP estimate: a discount rate of 6.0%, CPI increases of 3.0%, and nominal wage growth of 4.0%.

Old Age Security

All components of the OAS program are considered: Old Age Security benefits, Guaranteed Income Supplement benefits, Spouse's Pension Allowance, and the recovery of OAS benefits through income taxes. Age-specific distributions of net OAS benefits are obtained from Statistics Canada's Social Policy Simulation Database and Model (SPSD/M). The funding for OAS and related benefits come from general revenue; for the purpose of this model, it is assumed that a portion of basic federal tax is assigned to pay for the benefits. Operationally, a surtax on basic federal tax sufficient to fund OAS benefits is created in the SPSPD/M. Basic federal tax rates are reduced so that the change is revenue neutral. Federal revenue from the new basic federal tax rates plus the surtax on basic federal tax equals federal revenue from the original basic federal tax.

Medicare

The cost data for the Medicare estimate comes from the Canadian Institute for Health Information. Total spending on health care by the gov-

ernment sector, broken down by five-year age intervals (except for infants and the age group 85 and older) is used. Spending on health care for those aged 0 to 17 years is distributed equally to those aged 18 and older. The bulk of government health-care spending in Canada is provincial. The funding source for the provincial portion of health care spending in this model is provincial personal income tax revenue. In every year analyzed, government-sector health expenditures exceeded provincial personal income tax revenues. The funding source for the federal portion of health care spending in this model is a revenue-neutral surtax on basic federal tax. This surtax has the same basic structure as the OAS surtax described above. Note that the federal contribution to health spending is a residual from total government-sector health expenditures less provincial personal income tax revenue. Federal health spending is treated this way because of the complexities associated with estimating the value of federal contributions to health care, post-secondary education, and welfare under the Canada Health and Social Transfer (CHST) block transfer.

General

The age-specific revenue sources are adjusted to remove errors introduced into the model by rounding. There is a small, negative (approximately 0.2%) impact on the unfunded liability estimates relative to the estimates without the correction.

International comparison

In preparing this report, we analyzed 160 jurisdictions from all income groups using the World Bank's definition of subsistence income, \$US1 per day. The methodology for developing the list of severely indebted countries (SIC) consists of the following three steps.

- (1) For the countries where information is available, determine the debt per person.

- (2) Calculate the income per person above subsistence level in each country.
- (3) Compute the ratio of debt per person to income per person.

The World Bank's income categories were used to generate the threshold for a high-income country, a country with per-capita GDP greater than US\$9,266.

The World Bank's statistics, which are used for all of the middle-income and lower-income countries, assess only external debt and, therefore, under estimate the debt of countries like Brazil and Argentina, who have the capacity to generate internal debt through domestic savings. Nevertheless, extensive research performed for previous

editions of this study found that, in most cases, external debt is a useful approximation of total debt.

The debt of the high-income nations is also under estimated. The system of national accounts employed by the World Bank and the OECD to estimate the debt of OECD nations excludes a calculation of the unfunded liability of public pensions. Generally speaking, OECD nations provide generous public pension plans so, calculating their debt to include unfunded pension liabilities, as we did in the detailed section on Canada, would substantially increase the ratio of debt to income and lower the rankings of most of the OECD nations. Since few middle and low-income countries have the financial ability to provide public pensions, their debt is not distorted to the same extent.

Appendix B—liabilities of Canadian governments

List of tables

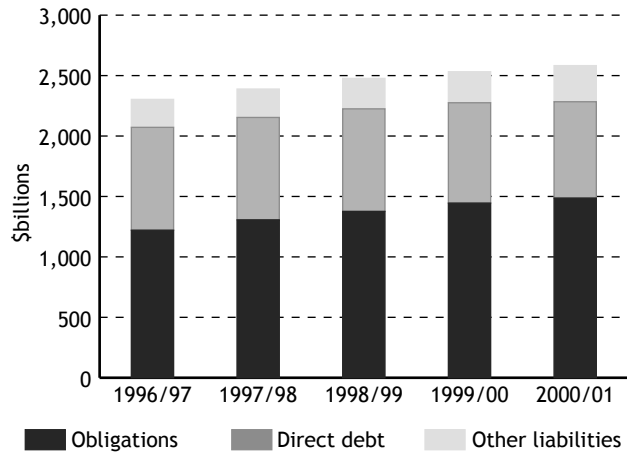
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Appendix B(1): Canada (2000/2001)

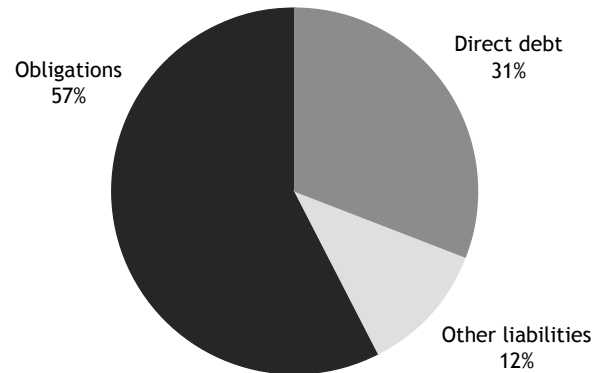
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government				
<i>A. Direct Debt</i>	644,900	99,600	545,300	45,650
<i>B. Debt Guarantees</i>	52,648	—	52,648	—
<i>C. Contingent Liabilities & Contractual Commitments</i>	101,686	—	101,686	—
<i>D. Program Obligations</i>				
Canada Pension Plan	—	45,688	(45,688)	—
CPP Unfunded Liabilities	442,967	—	442,967	—
Old Age Security Unfunded Liabilities	433,584	—	433,584	—
Employee Pension Plans	(23,748)	—	(23,748)	—
Total Program Obligations	852,803	45,688	807,115	—
Total Federal Government Liabilities	1,652,037	145,288	1,506,749	45,650
2. Provincial Government				
<i>A. Direct Debt</i>	495,927	254,114	241,813	29,106
<i>B. Debt Guarantees</i>	83,006	—	83,006	—
<i>C. Contingent Liabilities & Contractual Commitments</i>	61,437	—	61,437	—
<i>D. Program Obligations</i>				
Unfunded Liabilities of the Medicare System	549,019	—	549,019	—
Quebec Pension Plan	—	17,311	(17,311)	—
QPP Unfunded Liabilities	147,656	—	147,656	—
Total Program Obligations	696,675	17,311	679,364	—
Total Provincial Government Liabilities	1,337,044	271,425	1,065,619	29,106
3. Local Government				
<i>A. Direct Debt</i>	52,010	41,932	10,078	2,388
Total Local Government Liabilities	52,010	41,932	10,078	2,388
4. All Governments				
<i>A. Total Direct Debt</i>	1,192,837	395,646	797,191	77,144
<i>B. Total Debt Guarantees</i>	135,654	—	135,654	—
<i>C. Total Contingent Liabilities & Contractual Commitments</i>	163,123	—	163,123	—
<i>D. Total Program Obligations</i>	1,549,477	62,999	1,486,478	—
Total All Government Liabilities	3,041,091	458,645	2,582,446	77,144

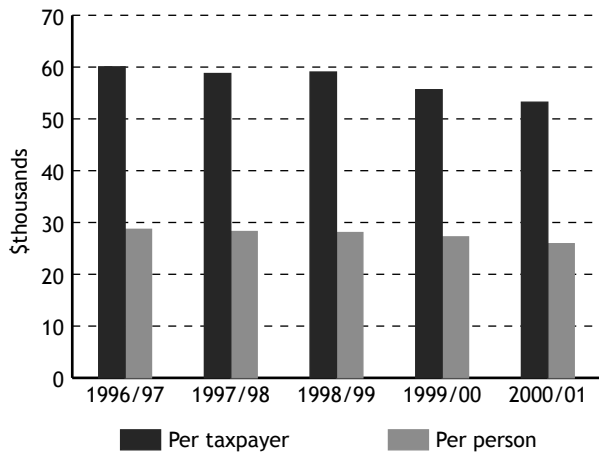
Total Liabilities



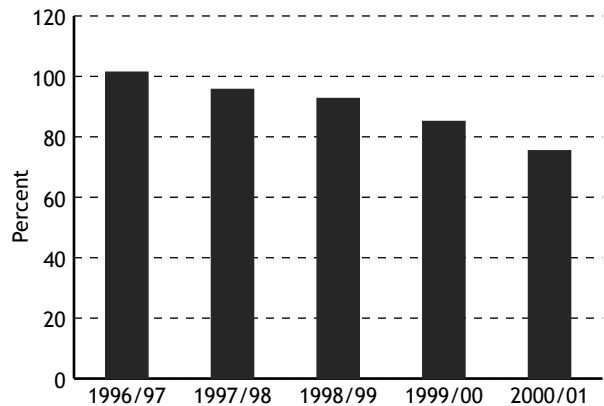
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP

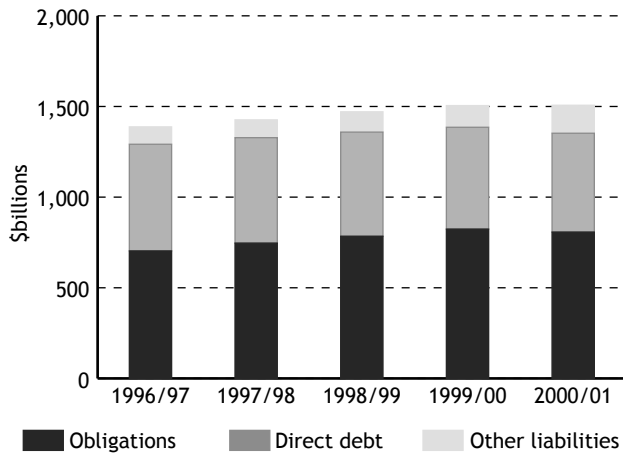


Total consolidated federal, provincial, and local liabilities for Canada

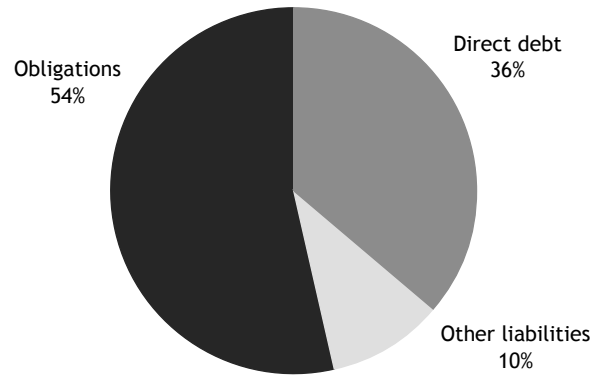
	1996/97	1997/98	1998/99	1999/00	2000/01
Direct debt (\$ millions)	851,118	847,318	848,660	830,361	797,191
Other liabilities (\$ millions)	231,289	235,128	252,023	256,685	298,777
Obligations (\$ millions)	1,220,689	1,306,310	1,376,167	1,444,921	1,486,478
Total liabilities (\$ millions)	2,303,096	2,388,756	2,476,850	2,531,967	2,582,446
Direct debt per person (\$)	28,684	28,256	28,057	27,226	25,908
Direct debt per taxpayer (\$)	60,052	58,760	59,050	55,636	53,224
Direct debt-to-GDP (%)	101.4%	95.7%	92.7%	85.1%	75.4%

Appendix B(2): Federal government

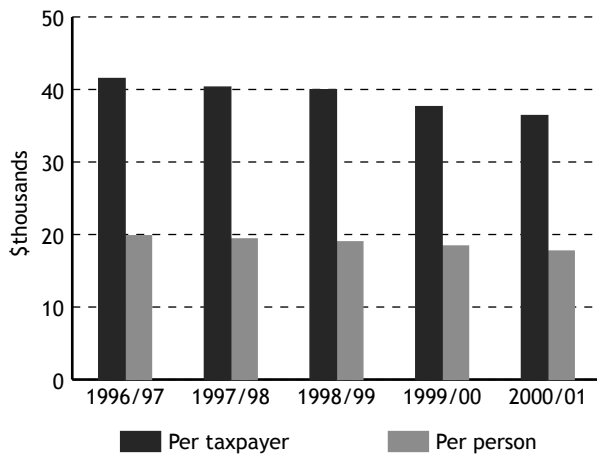
Total Liabilities



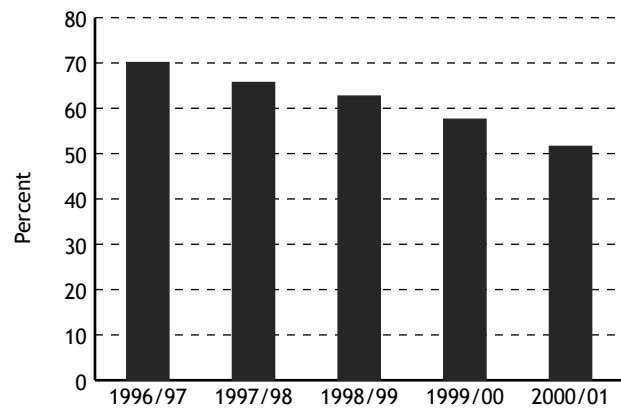
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP

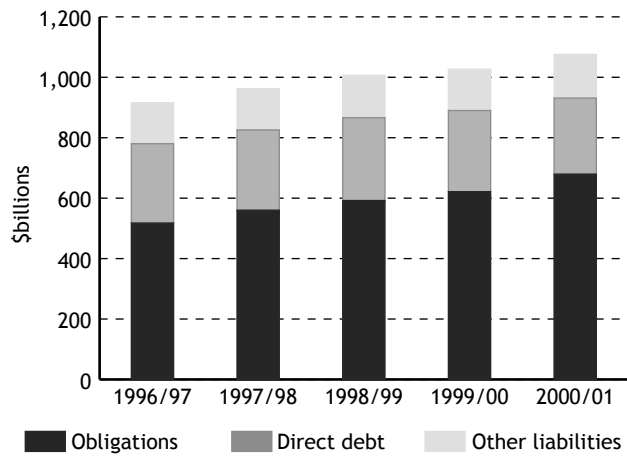


Liabilities of the federal government in Canada

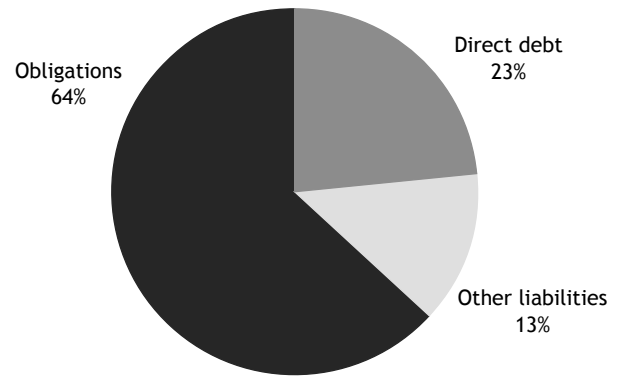
	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	588,402	581,581	574,468	561,733	545,300
Other Liabilities (\$ Millions)	95,907	98,248	111,930	119,636	154,334
Obligations (\$ Millions)	703,158	746,272	784,118	823,546	807,115
Total Liabilities (\$ Millions)	1,387,468	1,426,101	1,470,516	1,504,916	1,506,749
Direct Debt Per Person (\$)	19,830	19,394	18,992	18,418	17,722
Direct Debt Per Taxpayer (\$)	41,516	40,332	39,971	37,637	36,407
Direct Debt-to-GDP (%)	70.1%	65.7%	62.7%	57.6%	51.6%

Appendix B(3): Provinces and territories

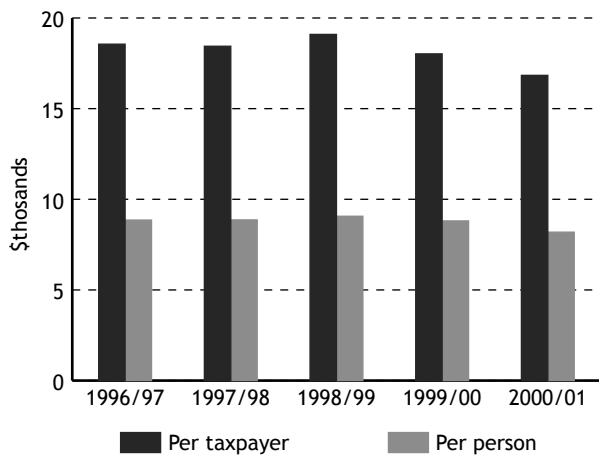
Total Liabilities



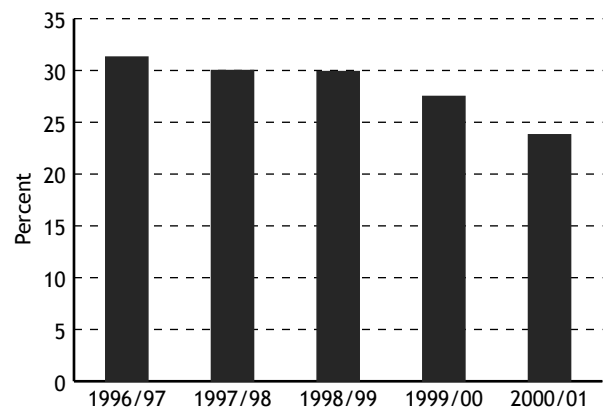
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Total consolidated provincial and local liabilities for all provincial governments in Canada

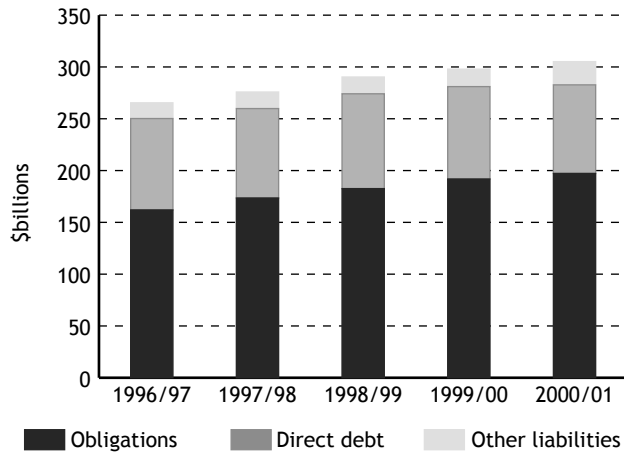
	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	262,716	265,737	274,192	268,628	251,891
Other Liabilities (\$ Millions)	135,381	136,880	140,093	137,049	144,443
Obligations (\$ Millions)	517,531	560,038	592,049	621,374	679,364
Total Liabilities (\$ Millions)	915,628	962,655	1,006,334	1,027,051	1,075,698
Direct Debt Per Person (\$)	8,854	8,862	9,065	8,807	8,187
Direct Debt Per Taxpayer (\$)	18,556	18,442	19,094	18,021	16,836
Direct Debt-to-GDP (%)	31.3%	30.0%	29.9%	27.5%	23.8%

Appendix B(4): British Columbia (2000/2001)

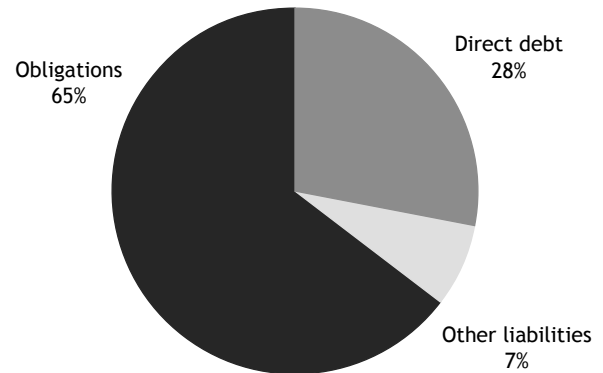
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	13.34%	86,010	13,284	72,726	6,088
B. Debt Guarantees	13.34%	7,022	—	7,022	—
C. Contingent Liabilities & Contractual Commitments	13.34%	13,562	—	13,562	—
D. Program Obligations					
Canada Pension Plan	17.45%	—	7,973	(7,973)	—
CPP Unfunded Liabilities	17.45%	77,300	—	77,300	—
Old Age Security Unfunded Liabilities	13.34%	57,827	—	57,827	—
Employee Pension Plans	13.34%	(3,167)	—	(3,167)	—
Total Program Obligations		131,959	7,973	123,987	—
Total Federal Government Liabilities		238,553	21,256	217,296	6,088
2. Provincial Government					
A. Direct Debt		88,926	73,478	15,448	3,125
B. Debt Guarantees		524	—	524	—
C. Contingent Liabilities & Contractual Commitments		1,319	—	1,319	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	13.34%	73,222	—	73,222	—
Total Program Obligations		73,222	—	73,222	—
Total Provincial Government Liabilities		163,991	73,478	90,513	3,125
3. Local Government					
A. Direct Debt		5,094	7,759	(2,665)	332
Total Local Government Liabilities		5,094	7,759	(2,665)	332
4. All Governments					
A. Total Direct Debt		180,030	94,521	85,509	9,546
B. Total Debt Guarantees		7,546	—	7,546	—
C. Total Contingent Liabilities & Contractual Commitments		14,881	—	14,881	—
D. Total Program Obligations		205,182	7,973	197,209	—
Total All Government Liabilities		407,638	102,493	305,144	9,546

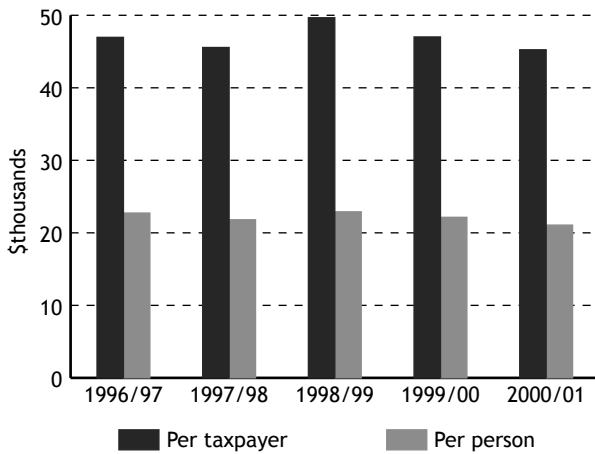
Total Liabilities



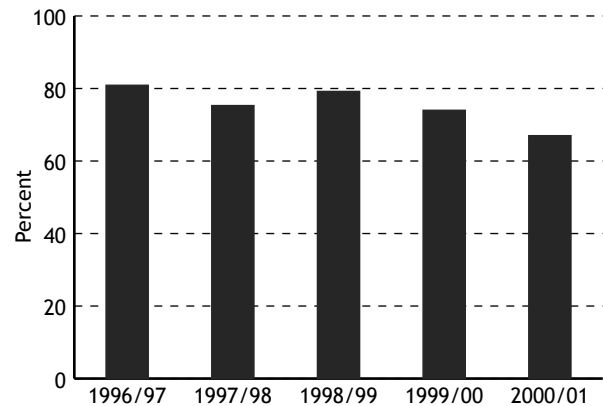
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for British Columbia

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	88,233	86,338	91,526	89,190	85,509
Other Liabilities (\$ Millions)	15,183	15,992	16,206	16,864	22,426
Obligations (\$ Millions)	161,977	173,505	182,569	191,843	197,209
Total Liabilities (\$ Millions)	265,393	275,835	290,301	297,897	305,144
Direct Debt Per Person (\$)	22,729	21,803	22,899	22,142	21,067
Direct Debt Per Taxpayer (\$)	46,957	45,561	49,662	47,016	45,243
Direct Debt-to-GDP (%)	80.9%	75.3%	79.2%	74.0%	67.0%

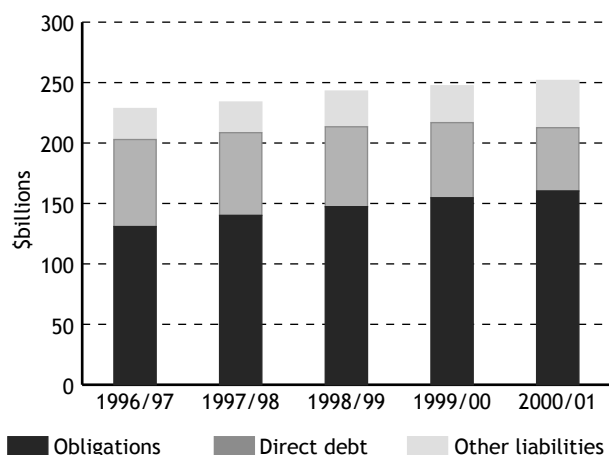
Liabilities include British Columbia's share of federal liabilities.

Appendix B(5): Alberta (2000/2001)

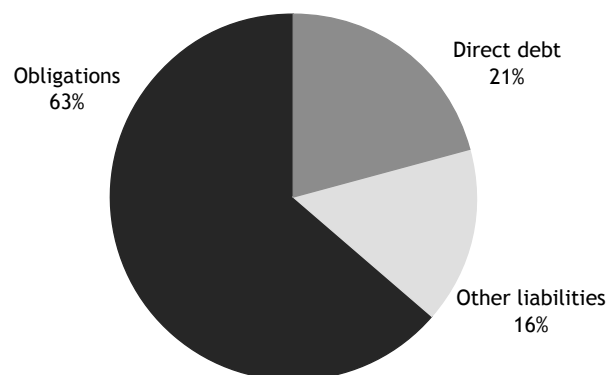
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	11.44%	73,801	11,398	62,403	5,224
B. Debt Guarantees	11.44%	6,025	—	6,025	—
C. Contingent Liabilities & Contractual Commitments	11.44%	11,637	—	11,637	—
D. Program Obligations					
Canada Pension Plan	12.74%	—	5,819	(5,819)	—
CPP Unfunded Liabilities	12.74%	56,420	—	56,420	—
Old Age Security Unfunded Liabilities	11.44%	49,618	—	49,618	—
Employee Pension Plans	11.44%	(2,718)	—	(2,718)	—
Total Program Obligations		103,321	5,819	97,501	—
Total Federal Government Liabilities		194,783	17,217	177,566	5,224
2. Provincial Government					
A. Direct Debt		24,361	34,344	(9,983)	1,503
B. Debt Guarantees		11,055	—	11,055	—
C. Contingent Liabilities & Contractual Commitments		10,359	—	10,359	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	11.44%	62,829	—	62,829	—
Total Program Obligations		62,829	—	62,829	—
Total Provincial Government Liabilities		108,604	34,344	74,260	1,503
3. Local Government					
A. Direct Debt		6,520	6,593	(73)	342
Total Local Government Liabilities		6,520	6,593	(73)	342
4. All Governments					
A. Total Direct Debt		104,682	52,335	52,347	7,069
B. Total Debt Guarantees		17,080	—	17,080	—
C. Total Contingent Liabilities & Contractual Commitments		21,996	—	21,996	—
D. Total Program Obligations		166,149	5,819	160,330	—
Total All Government Liabilities		309,907	58,155	251,753	7,069

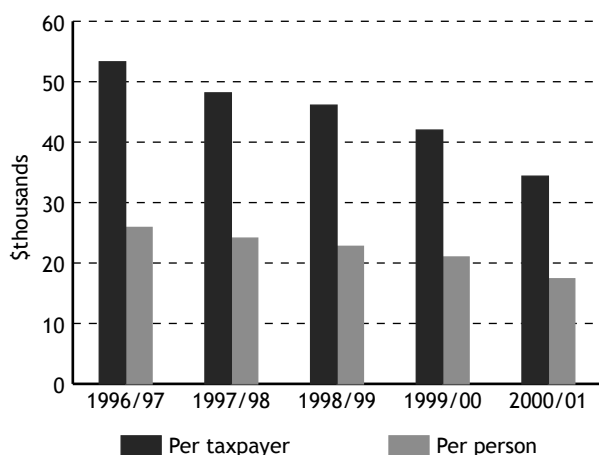
Total Liabilities



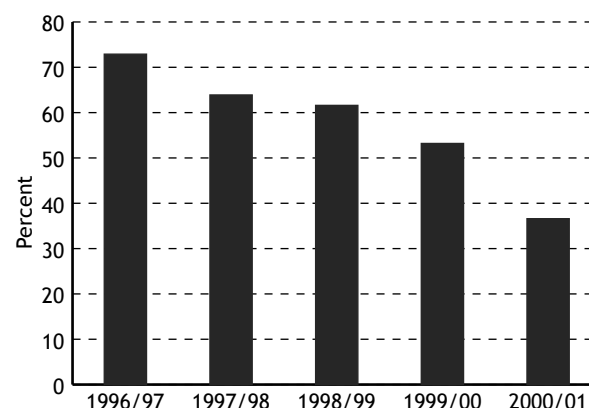
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for Alberta

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	72,005	68,435	66,096	62,163	52,347
Other Liabilities (\$ Millions)	25,666	25,377	29,548	30,496	39,076
Obligations (\$ Millions)	130,883	140,122	147,344	154,720	160,330
Total Liabilities (\$ Millions)	228,555	233,935	242,987	247,379	251,753
Direct Debt Per Person	25,892	24,122	22,737	21,001	17,397
Direct Debt Per Taxpayer	53,298	48,160	46,124	42,002	34,371
Direct Debt-to-GDP	72.9%	63.9%	61.6%	53.2%	36.6%

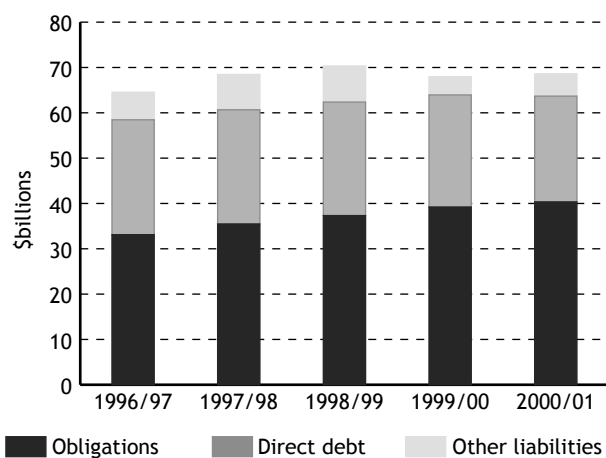
Liabilities include Alberta's share of federal liabilities.

Appendix B(6): Saskatchewan (2000/2001)

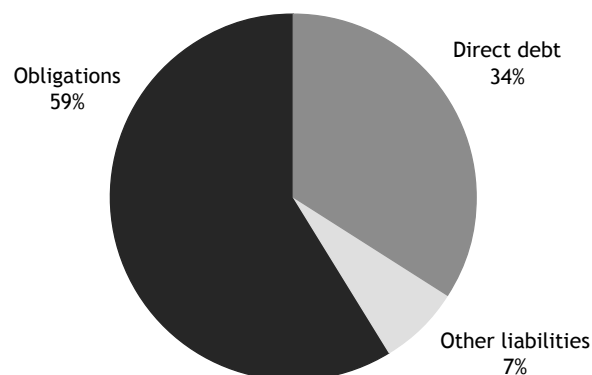
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	2.74%	17,677	2,730	14,947	1,251
B. Debt Guarantees	2.74%	1,443	—	1,443	—
C. Contingent Liabilities & Contractual Commitments	2.74%	2,787	—	2,787	—
D. Program Obligations					
Canada Pension Plan	3.54%	—	1,616	(1,616)	—
CPP Unfunded Liabilities	3.54%	15,672	—	15,672	—
Old Age Security Unfunded Liabilities	2.74%	11,885	—	11,885	—
Employee Pension Plans	2.74%	(651)	—	(651)	—
Total Program Obligations		26,906	1,616	25,290	—
Total Federal Government Liabilities		48,814	4,347	44,467	1,251
2. Provincial Government					
A. Direct Debt		17,888	8,741	9,147	1,033
B. Debt Guarantees		312	—	312	—
C. Contingent Liabilities & Contractual Commitments		389	—	389	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	2.74%	15,049	—	15,049	—
Total Program Obligations		15,049	—	15,049	—
Total Provincial Government Liabilities		33,639	8,741	24,898	1,033
3. Local Government					
A. Direct Debt		454	1,206	(752)	19
Total Local Government Liabilities		454	1,206	(752)	19
4. All Governments					
A. Total Direct Debt		36,019	12,678	23,342	2,304
B. Total Debt Guarantees		1,755	—	1,755	—
C. Total Contingent Liabilities & Contractual Commitments		3,177	—	3,177	—
D. Total Program Obligations		41,955	1,616	40,339	—
Total All Government Liabilities		82,906	14,294	68,612	2,304

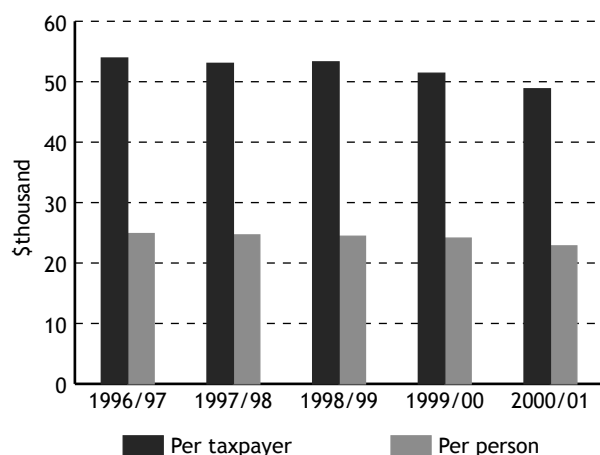
Total Liabilities



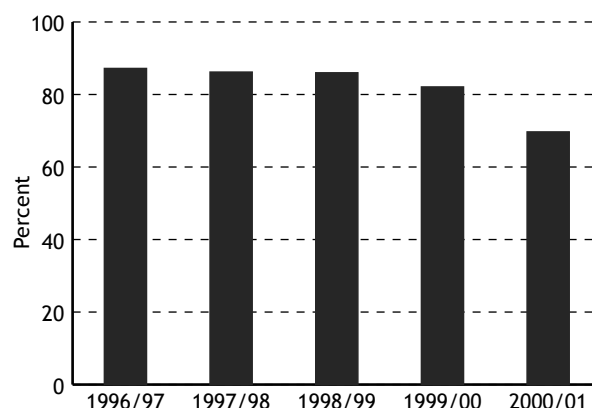
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for Saskatchewan

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	25,344	25,196	25,045	24,728	23,342
Other Liabilities (\$ Millions)	6,088	7,802	7,967	4,009	4,932
Obligations (\$ Millions)	33,115	35,470	37,321	39,214	40,339
Total Liabilities (\$ Millions)	64,546	68,468	70,332	67,950	68,612
Direct Debt Per Person	24,871	24,653	24,434	24,124	22,839
Direct Debt Per Taxpayer	53,923	53,043	53,287	51,409	48,832
Direct Debt-to-GDP	87.2%	86.2%	86.0%	82.1%	69.7%

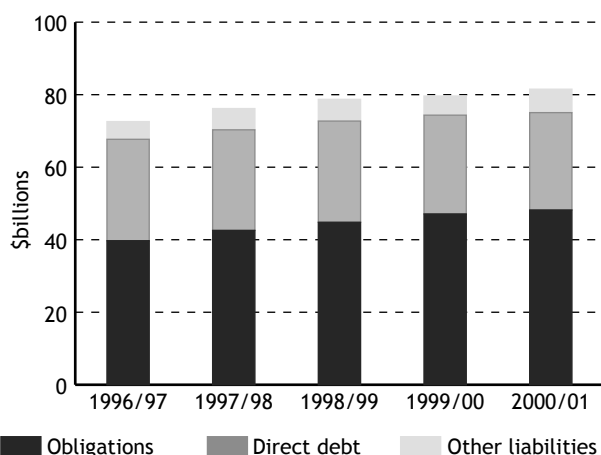
Liabilities include Saskatchewan's share of federal liabilities.

Appendix B(7): Manitoba (2000/2001)

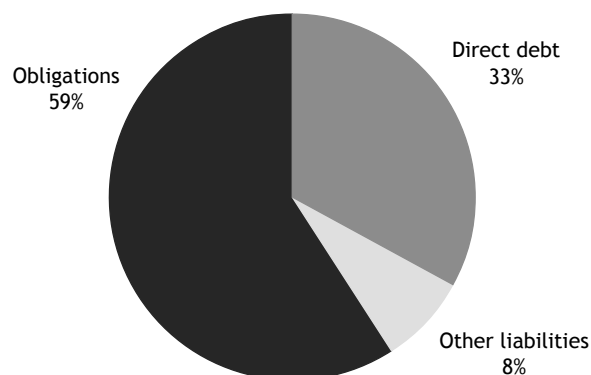
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	3.16%	20,352	3,143	17,208	1,441
B. Debt Guarantees	3.16%	1,661	—	1,661	—
C. Contingent Liabilities & Contractual Commitments	3.16%	3,209	—	3,209	—
D. Program Obligations					
Canada Pension Plan	4.52%	—	2,063	(2,063)	—
CPP Unfunded Liabilities	4.52%	20,003	—	20,003	—
Old Age Security Unfunded Liabilities	3.16%	13,683	—	13,683	—
Employee Pension Plans	3.16%	(749)	—	(749)	—
Total Program Obligations		32,936	2,063	30,873	—
Total Federal Government Liabilities		58,158	5,206	52,952	1,441
2. Provincial Government					
A. Direct Debt		25,052	15,775	9,277	1,574
B. Debt Guarantees		435	—	435	—
C. Contingent Liabilities & Contractual Commitments		1,163	—	1,163	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	3.16%	17,326	—	17,326	—
Total Program Obligations		17,326	—	17,326	—
Total Provincial Government Liabilities		43,976	15,775	28,201	1,574
3. Local Government					
A. Direct Debt		2,284	1,918	366	107
Total Local Government Liabilities		2,284	1,918	366	107
4. All Governments					
A. Total Direct Debt		47,688	20,836	26,851	3,121
B. Total Debt Guarantees		2,096	—	2,096	—
C. Total Contingent Liabilities & Contractual Commitments		4,372	—	4,372	—
D. Total Program Obligations		50,262	2,063	48,199	—
Total All Government Liabilities		104,418	22,899	81,519	3,121

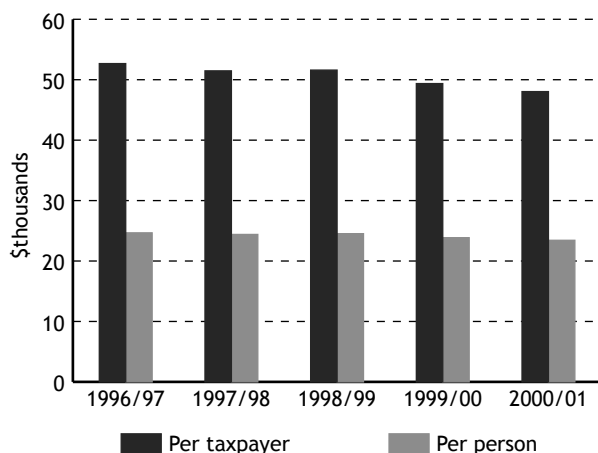
Total Liabilities



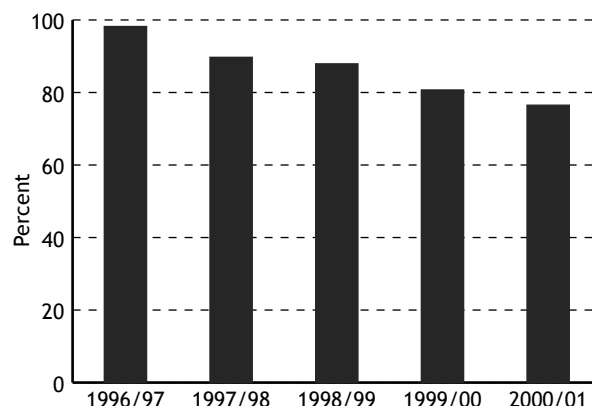
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for Manitoba

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	27,968	27,740	27,912	27,248	26,851
Other Liabilities (\$ Millions)	4,885	5,864	5,991	5,285	6,468
Obligations (\$ Millions)	39,727	42,567	44,808	47,103	48,199
Total Liabilities (\$ Millions)	72,579	76,172	78,711	79,636	81,519
Direct Debt Per Person	24,663	24,398	24,527	23,860	23,431
Direct Debt Per Taxpayer	52,670	51,466	51,593	49,362	48,035
Direct Debt-to-GDP	98.2%	89.7%	87.9%	80.7%	76.5%

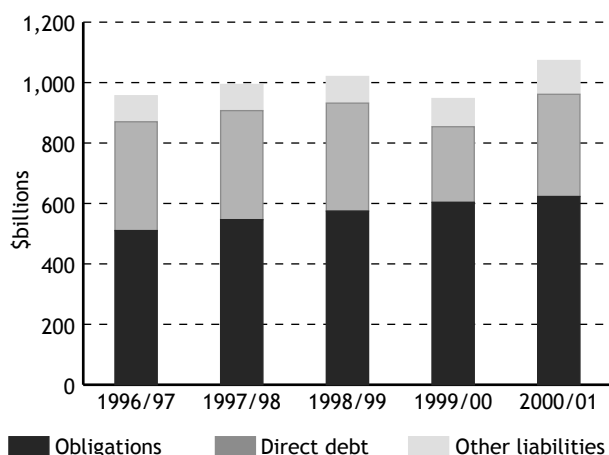
Liabilities include Manitoba's share of federal liabilities.

Appendix B(8): Ontario (2000/2001)

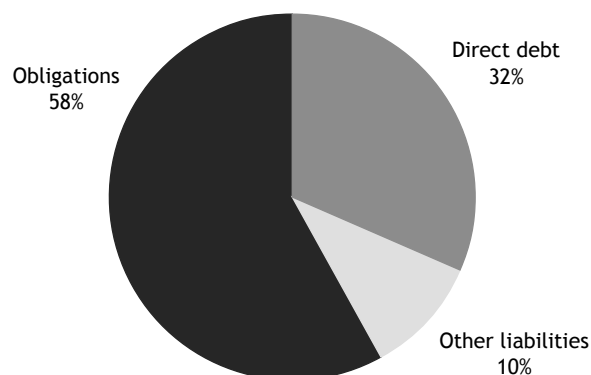
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	43.23%	278,804	43,059	235,745	19,736
B. Debt Guarantees	43.23%	22,761	—	22,761	—
C. Contingent Liabilities & Contractual Commitments	43.23%	43,961	—	43,961	—
D. Program Obligations					
Canada Pension Plan	52.47%	—	23,970	(23,970)	—
CPP Unfunded Liabilities	52.47%	232,405	—	232,405	—
Old Age Security Unfunded Liabilities	43.23%	187,448	—	187,448	—
Employee Pension Plans	43.23%	(10,267)	—	(10,267)	—
Total Program Obligations		409,586	23,970	385,615	—
Total Federal Government Liabilities		755,112	67,030	688,082	19,736
2. Provincial Government					
A. Direct Debt		147,594	44,454	103,140	10,225
B. Debt Guarantees		22,326	—	22,326	—
C. Contingent Liabilities & Contractual Commitments		22,670	—	22,670	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	43.23%	237,353	—	237,353	—
Total Program Obligations		237,353	—	237,353	—
Total Provincial Government Liabilities		429,943	44,454	385,489	10,225
3. Local Government					
A. Direct Debt		15,959	16,549	(590)	535
Total Local Government Liabilities		15,959	16,549	(590)	535
4. All Governments					
A. Total Direct Debt		442,357	104,062	338,295	30,495
B. Total Debt Guarantees		45,087	—	45,087	—
C. Total Contingent Liabilities & Contractual Commitments		66,631	—	66,631	—
D. Total Program Obligations		646,939	23,970	622,968	—
Total All Government Liabilities		1,201,014	128,032	1,072,981	30,495

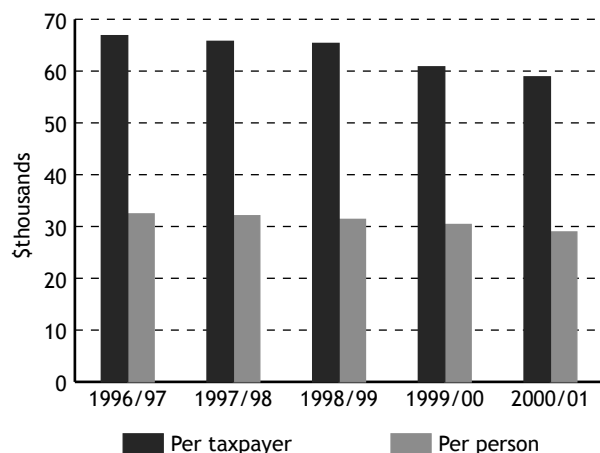
Total Liabilities



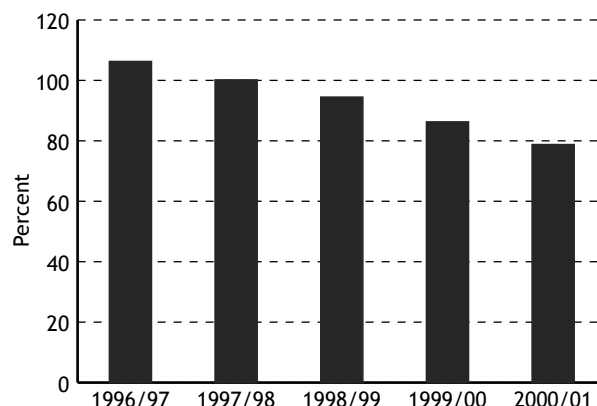
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for Ontario

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	360,073	360,818	357,257	350,194	338,295
Other Liabilities (\$ Millions)	86,207	86,524	88,182	93,274	111,718
Obligations (\$ Millions)	510,200	546,373	574,733	603,731	622,968
Total Liabilities (\$ Millions)	956,481	993,715	1,020,173	1,047,199	1,072,981
Direct Debt Per Person	32,436	32,078	31,377	30,391	28,951
Direct Debt Per Taxpayer	66,841	65,747	65,348	60,829	58,895
Direct Debt-to-GDP	106.3%	100.2%	94.5%	86.3%	78.8%

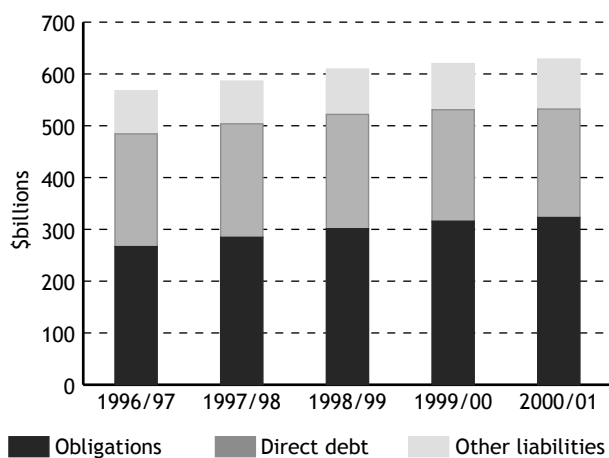
Liabilities include Ontario's share of federal liabilities.

Appendix B(9): Quebec (2000/2001)

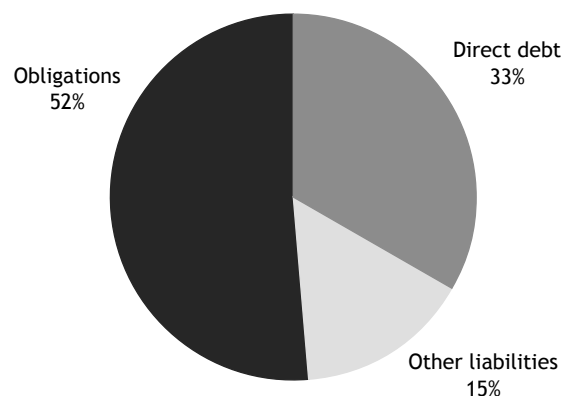
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	20.00%	128,997	19,923	109,074	9,131
B. Debt Guarantees	20.00%	10,531	—	10,531	—
C. Contingent Liabilities & Contractual Commitments	20.00%	20,340	—	20,340	—
D. Program Obligations					
Canada Pension Plan	0.18%	—	84	(84)	—
CPP Unfunded Liabilities	0.18%	812	—	812	—
Old Age Security Unfunded Liabilities	20.00%	86,728	—	86,728	—
Employee Pension Plans	20.00%	(4,750)	—	(4,750)	—
Total Program Obligations		82,789	84	82,706	—
Total Federal Government Liabilities		242,657	20,006	222,650	9,131
2. Provincial Government					
A. Direct Debt		144,446	56,324	88,122	8,800
B. Debt Guarantees		46,113	—	46,113	—
C. Contingent Liabilities & Contractual Commitments		19,559	—	19,559	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	20.00%	109,818	—	109,818	—
Quebec Pension Plan	100.00%	—	17,311	(17,311)	—
QPP Unfunded Liabilities	100.00%	147,656	—	147,656	—
Total Program Obligations		257,474	17,311	240,163	—
Total Provincial Government Liabilities		467,592	73,635	393,957	8,800
3. Local Government					
A. Direct Debt		19,130	6,885	12,245	939
Total Local Government Liabilities		19,130	6,885	12,245	939
4. All Governments					
A. Total Direct Debt		292,573	83,132	209,441	18,870
B. Total Debt Guarantees		56,644	—	56,644	—
C. Total Contingent Liabilities & Contractual Commitments		39,899	—	39,899	—
D. Total Program Obligations		340,263	17,395	322,868	—
Total All Government Liabilities		729,378	100,526	628,852	18,870

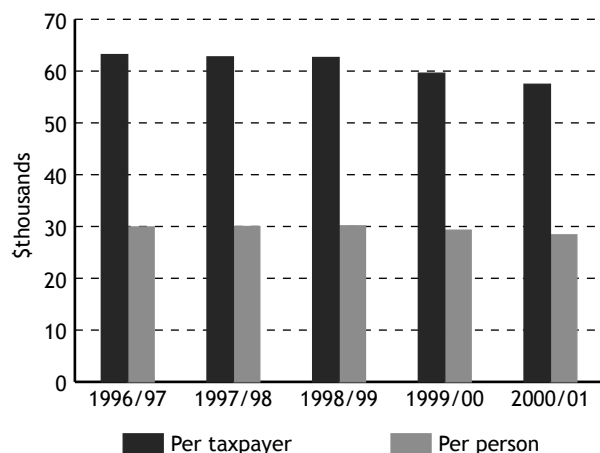
Total Liabilities



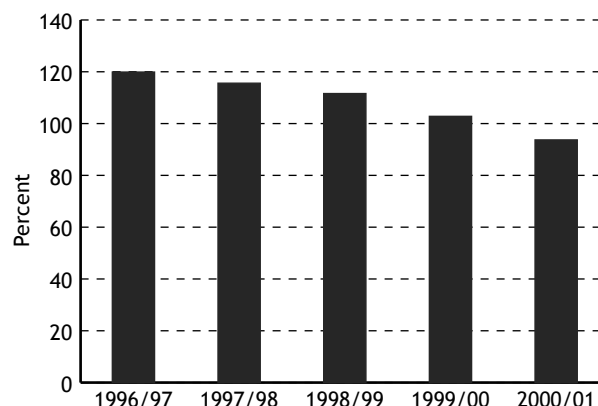
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for Quebec

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	217,608	219,105	220,624	215,271	209,441
Other Liabilities (\$ Millions)	83,356	82,652	87,407	89,148	96,543
Obligations (\$ Millions)	266,704	284,595	301,292	315,679	322,868
Total Liabilities (\$ Millions)	567,667	586,352	609,324	620,098	628,852
Direct Debt Per Person	29,916	30,002	30,123	29,289	28,387
Direct Debt Per Taxpayer	63,185	62,745	62,624	59,599	57,460
Direct Debt-to-GDP	119.9%	115.6%	111.6%	102.8%	93.7%

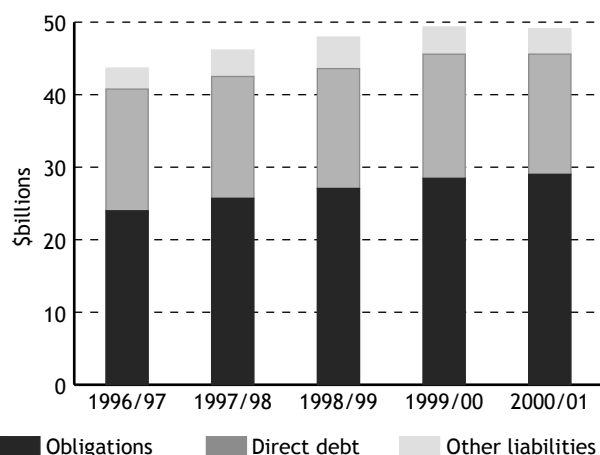
Liabilities include Quebec's share of federal liabilities.

Appendix B(10): New Brunswick (2000/2001)

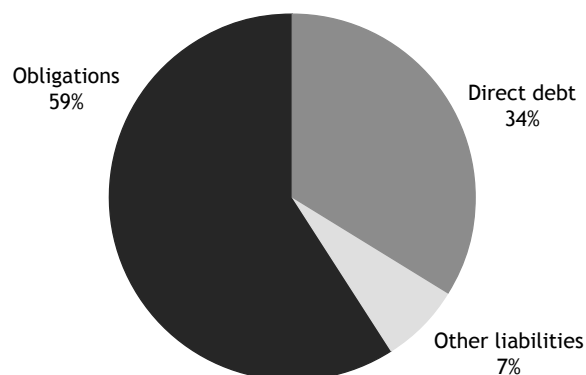
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	1.85%	11,905	1,839	10,066	843
B. Debt Guarantees	1.85%	972	—	972	—
C. Contingent Liabilities & Contractual Commitments	1.85%	1,877	—	1,877	—
D. Program Obligations					
Canada Pension Plan	2.85%	—	1,301	(1,301)	—
CPP Unfunded Liabilities	2.85%	12,610	—	12,610	—
Old Age Security Unfunded Liabilities	1.85%	8,004	—	8,004	—
Employee Pension Plans	1.85%	(438)	—	(438)	—
Total Program Obligations		20,176	1,301	18,875	—
Total Federal Government Liabilities		34,930	3,139	31,790	843
2. Provincial Government					
A. Direct Debt		15,594	9,443	6,151	942
B. Debt Guarantees		297	—	297	—
C. Contingent Liabilities & Contractual Commitments		349	—	349	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	1.85%	10,135	—	10,135	—
Total Program Obligations		10,135	—	10,135	—
Total Provincial Government Liabilities		26,375	9,443	16,932	942
3. Local Government					
A. Direct Debt		531	167	363	27
Total Local Government Liabilities		531	167	363	27
4. All Governments					
A. Total Direct Debt		28,029	11,449	16,580	1,812
B. Total Debt Guarantees		1,269	—	1,269	—
C. Total Contingent Liabilities & Contractual Commitments		2,226	—	2,226	—
D. Total Program Obligations		30,311	1,301	29,010	—
Total All Government Liabilities		61,835	12,750	49,085	1,812

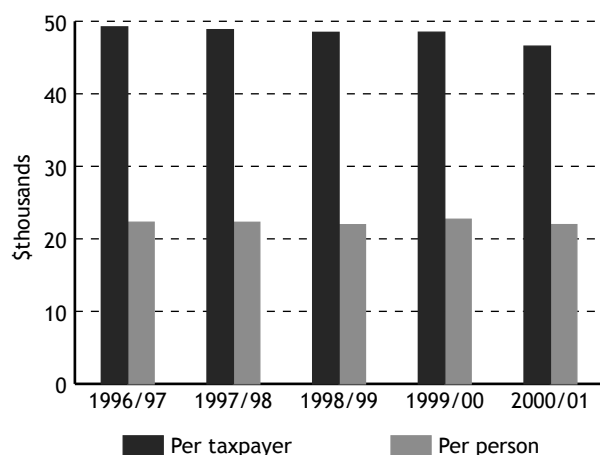
Total Liabilities



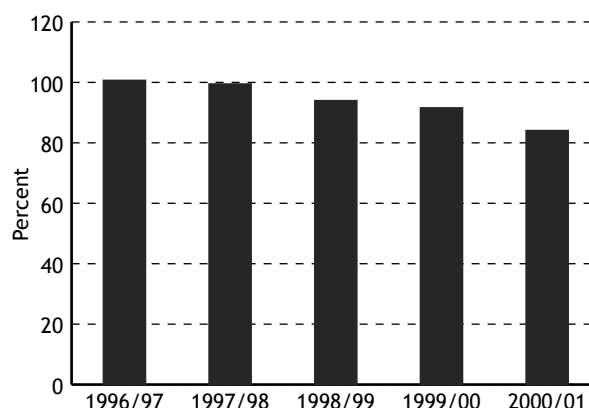
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for New Brunswick

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	16,788	16,803	16,531	17,119	16,580
Other Liabilities (\$ Millions)	2,901	3,646	4,347	3,756	3,495
Obligations (\$ Millions)	23,982	25,704	27,066	28,461	29,010
Total Liabilities (\$ Millions)	43,672	46,153	47,943	49,337	49,085
Direct Debt Per Person	22,295	22,285	21,953	22,705	21,961
Direct Debt Per Taxpayer	49,231	48,846	48,477	48,497	46,574
Direct Debt-to-GDP	100.7%	99.5%	94.0%	91.6%	84.1%

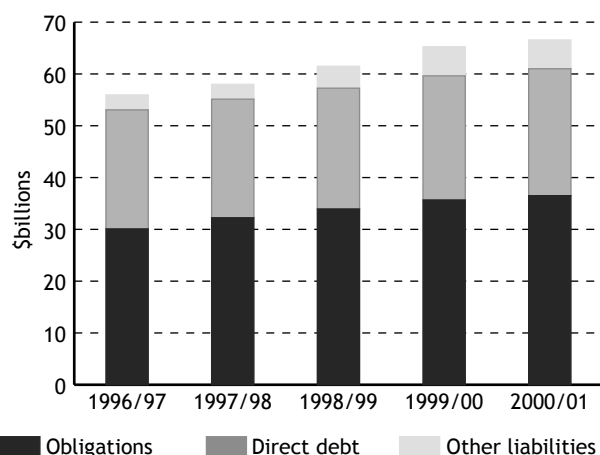
Liabilities include New Brunswick's share of federal liabilities.

Appendix B(11): Nova Scotia (2000/2001)

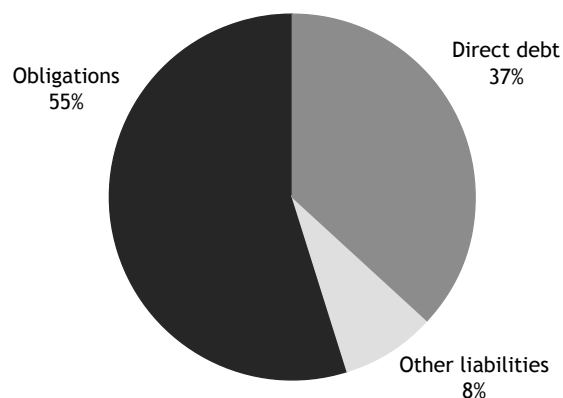
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	2.39%	15,433	2,383	13,049	1,092
B. Debt Guarantees	2.39%	1,260	—	1,260	—
C. Contingent Liabilities & Contractual Commitments	2.39%	2,433	—	2,433	—
D. Program Obligations					
Canada Pension Plan	3.41%	—	1,559	(1,559)	—
CPP Unfunded Liabilities	3.41%	15,118	—	15,118	—
Old Age Security Unfunded Liabilities	2.39%	10,376	—	10,376	—
Employee Pension Plans	2.39%	(568)	—	(568)	—
Total Program Obligations		24,926	1,559	23,367	—
Total Federal Government Liabilities		44,052	3,943	40,110	1,092
2. Provincial Government					
A. Direct Debt		17,576	6,525	11,051	1,129
B. Debt Guarantees		364	—	364	—
C. Contingent Liabilities & Contractual Commitments		1,496	—	1,496	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	2.39%	13,138	—	13,138	—
Total Program Obligations		13,138	—	13,138	—
Total Provincial Government Liabilities		32,575	6,525	26,050	1,129
3. Local Government					
A. Direct Debt		887	487	400	37
Total Local Government Liabilities		887	487	400	37
4. All Governments					
A. Total Direct Debt		33,895	9,395	24,500	2,258
B. Total Debt Guarantees		1,624	—	1,624	—
C. Total Contingent Liabilities & Contractual Commitments		3,930	—	3,930	—
D. Total Program Obligations		38,065	1,559	36,505	—
Total All Government Liabilities		77,514	10,955	66,559	2,258

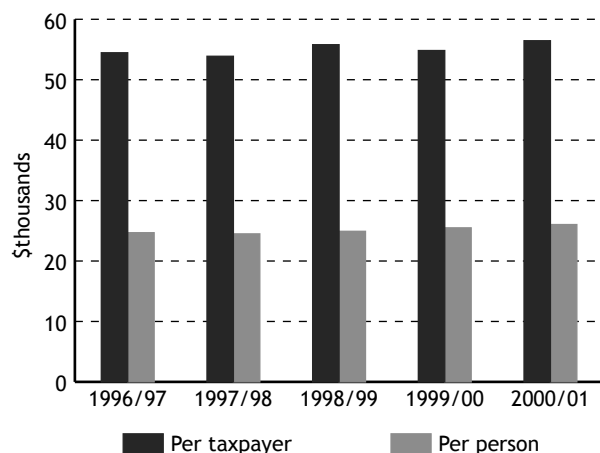
Total Liabilities



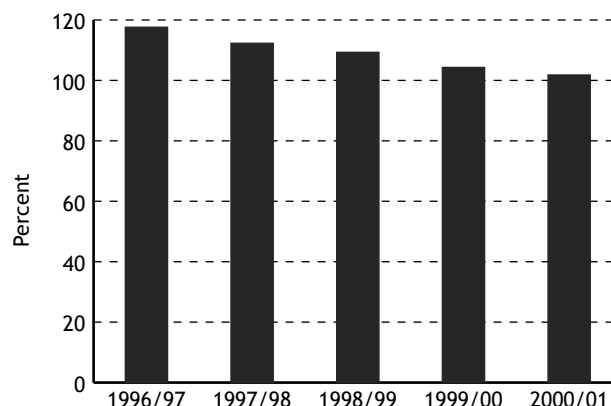
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for Nova Scotia

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	22,983	22,900	23,322	23,961	24,500
Other Liabilities (\$ Millions)	2,877	2,861	4,230	5,611	5,554
Obligations (\$ Millions)	30,085	32,235	33,932	35,669	36,505
Total Liabilities (\$ Millions)	55,945	57,996	61,485	65,241	66,559
Direct Debt Per Person	24,686	24,492	24,917	25,490	26,036
Direct Debt Per Taxpayer	54,462	53,882	55,795	54,830	56,452
Direct Debt-to-GDP	117.6%	112.3%	109.3%	104.3%	101.8%

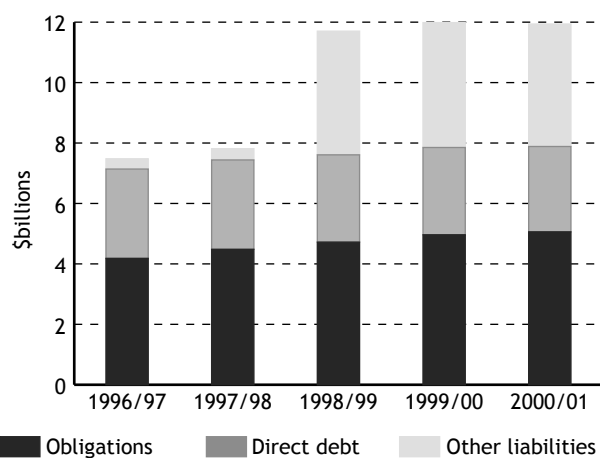
Liabilities include Nova Scotia's share of federal liabilities.

Appendix B(12): Prince Edward Island (2000/2001)

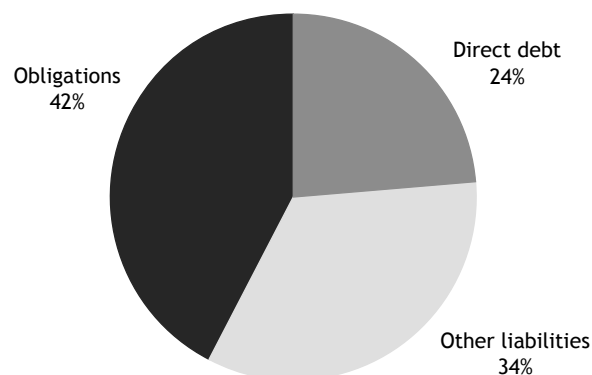
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	0.32%	2,080	321	1,759	147
B. Debt Guarantees	0.32%	170	—	170	—
C. Contingent Liabilities & Contractual Commitments	0.32%	328	—	328	—
D. Program Obligations					
Canada Pension Plan	0.50%	—	226	(226)	—
CPP Unfunded Liabilities	0.50%	2,194	—	2,194	—
Old Age Security Unfunded Liabilities	0.32%	1,398	—	1,398	—
Employee Pension Plans	0.32%	(77)	—	(77)	—
Total Program Obligations		3,516	226	3,289	—
Total Federal Government Liabilities		6,093	547	5,546	147
2. Provincial Government					
A. Direct Debt		1,859	838	1,021	115
B. Debt Guarantees		15	—	15	—
C. Contingent Liabilities & Contractual Commitments		3,541	—	3,541	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	0.32%	1,771	—	1,771	—
Total Program Obligations		1,771	—	1,771	—
Total Provincial Government Liabilities		7,185	838	6,347	115
3. Local Government					
A. Direct Debt		70	25	45	2
Total Local Government Liabilities		70	25	45	2
4. All Governments					
A. Total Direct Debt		4,009	1,184	2,825	264
B. Total Debt Guarantees		185	—	185	—
C. Total Contingent Liabilities & Contractual Commitments		3,869	—	3,869	—
D. Total Program Obligations		5,286	226	5,060	—
Total All Government Liabilities		13,348	1,410	11,938	264

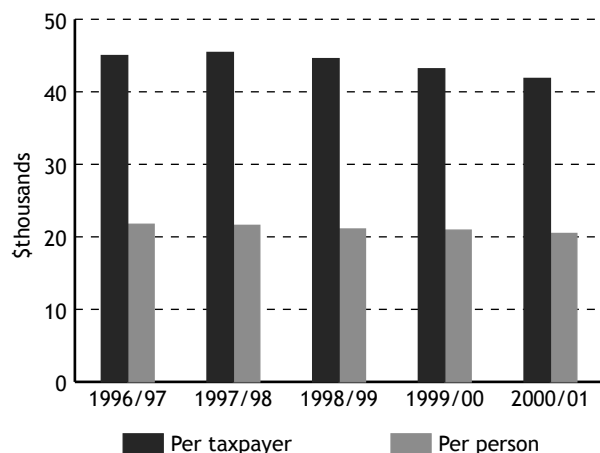
Total Liabilities



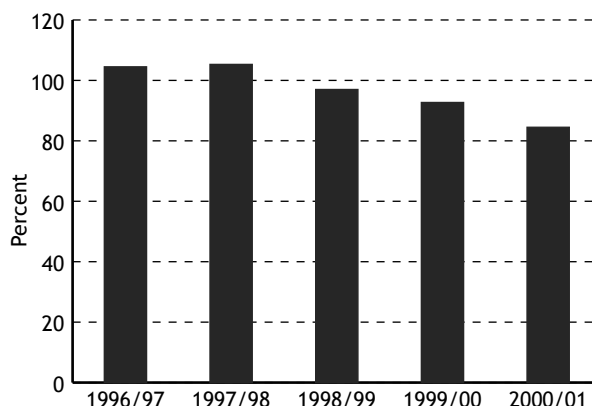
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for Prince Edward Island

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	2,957	2,958	2,889	2,889	2,825
Other Liabilities (\$ Millions)	340	373	4,093	4,133	4,054
Obligations (\$ Millions)	4,182	4,482	4,720	4,963	5,060
Total Liabilities (\$ Millions)	7,479	7,813	11,702	11,985	11,938
Direct Debt Per Person	21,739	21,588	21,085	20,931	20,469
Direct Debt Per Taxpayer	45,001	45,431	44,577	43,177	41,848
Direct Debt-to-GDP	104.5%	105.3%	97.0%	92.7%	84.5%

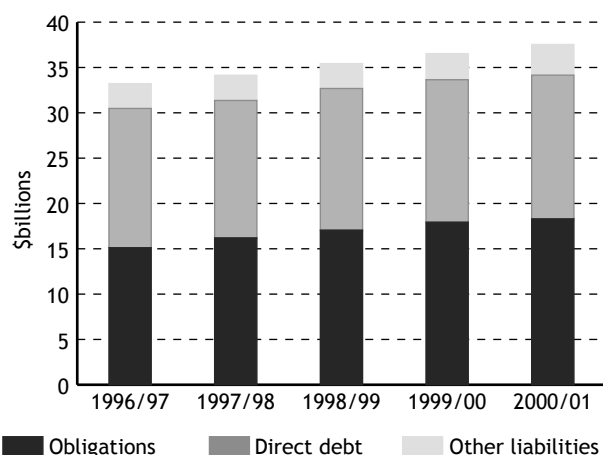
Liabilities include Prince Edward Island's share of federal liabilities.

Appendix B(13): Newfoundland (2000/2001)

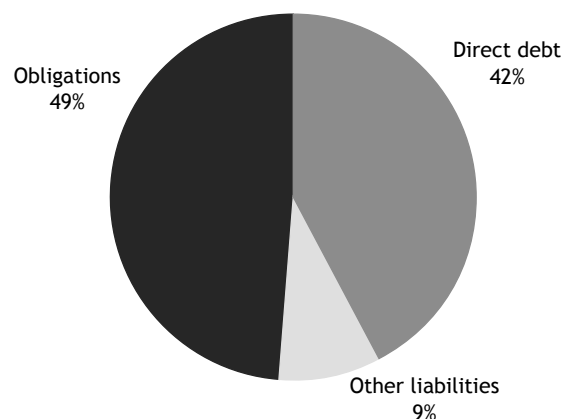
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	1.17%	7,573	1,170	6,403	536
B. Debt Guarantees	1.17%	618	—	618	—
C. Contingent Liabilities & Contractual Commitments	1.17%	1,194	—	1,194	—
D. Program Obligations					
Canada Pension Plan	1.77%	—	810	(810)	—
CPP Unfunded Liabilities	1.77%	7,851	—	7,851	—
Old Age Security Unfunded Liabilities	1.17%	5,091	—	5,091	—
Employee Pension Plans	1.17%	(279)	—	(279)	—
Total Program Obligations		12,663	810	11,854	—
Total Federal Government Liabilities		22,049	1,979	20,069	536
2. Provincial Government					
A. Direct Debt		11,688	2,986	8,702	621
B. Debt Guarantees		1,332	—	1,332	—
C. Contingent Liabilities & Contractual Commitments		241	—	241	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	1.17%	6,447	—	6,447	—
Total Program Obligations		6,447	—	6,447	—
Total Provincial Government Liabilities		19,708	2,986	16,722	621
3. Local Government					
A. Direct Debt		942	194	748	45
Total Local Government Liabilities		942	194	748	45
4. All Governments					
A. Total Direct Debt		20,203	4,350	15,853	1,202
B. Total Debt Guarantees		1,950	—	1,950	—
C. Total Contingent Liabilities & Contractual Commitments		1,435	—	1,435	—
D. Total Program Obligations		19,110	810	18,301	—
Total All Government Liabilities		42,699	5,160	37,539	1,202

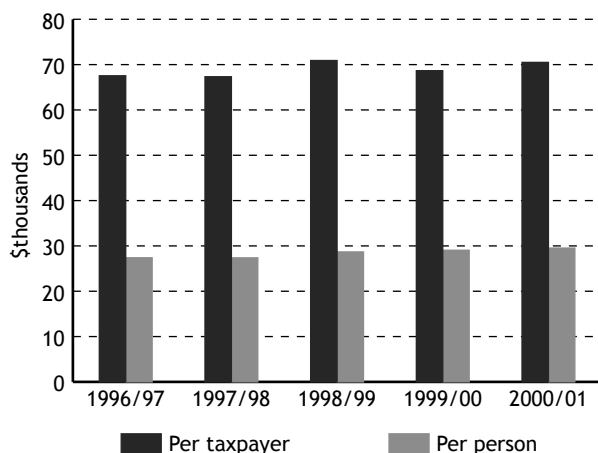
Total Liabilities



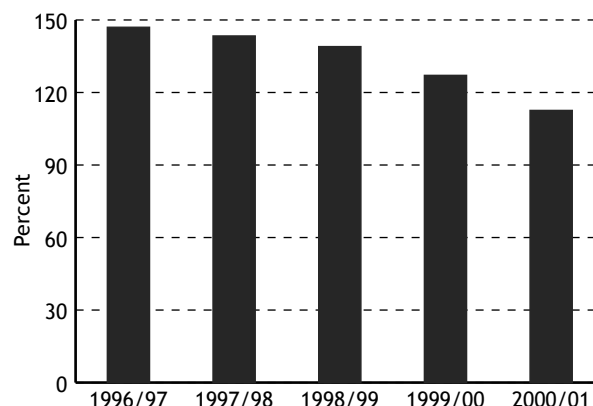
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for Newfoundland

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	15,364	15,161	15,627	15,716	15,853
Other Liabilities (\$ Millions)	2,740	2,791	2,742	2,882	3,385
Obligations (\$ Millions)	15,116	16,200	17,056	17,934	18,301
Total Liabilities (\$ Millions)	33,221	34,152	35,426	36,533	37,539
Direct Debt Per Person	27,388	27,367	28,673	29,050	29,522
Direct Debt Per Taxpayer	67,536	67,324	70,902	68,660	70,491
Direct Debt-to-GDP	147.0%	143.4%	139.0%	127.1%	112.6%

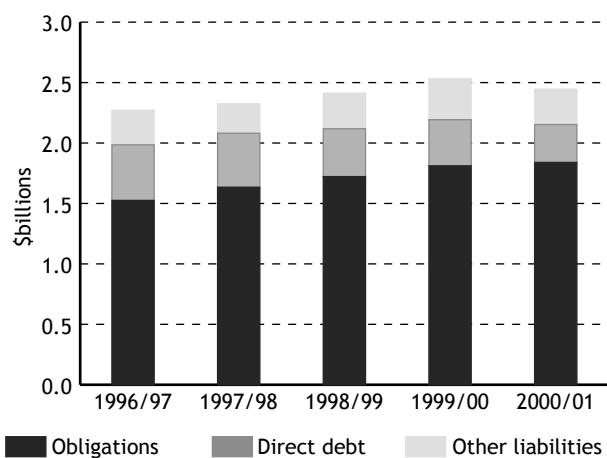
Liabilities include Newfoundland's share of federal liabilities.

Appendix B(14): Yukon (2000/2001)

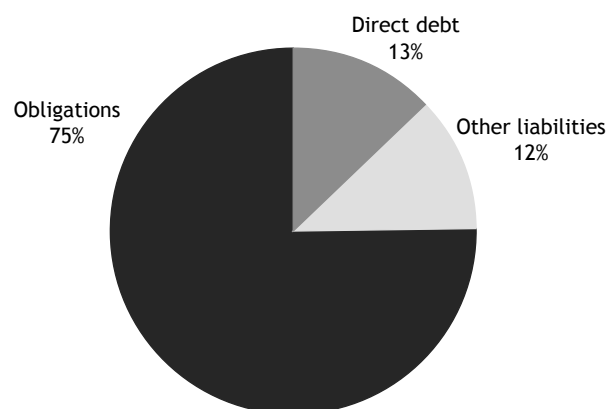
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	0.11%	735	114	622	52
B. Debt Guarantees	0.11%	60	—	60	—
C. Contingent Liabilities & Contractual Commitments	0.11%	116	—	116	—
D. Program Obligations					
Canada Pension Plan	0.19%	—	86	(86)	—
CPP Unfunded Liabilities	0.19%	832	—	832	—
Old Age Security Unfunded Liabilities	0.11%	494	—	494	—
Employee Pension Plans	0.11%	(27)	—	(27)	—
Total Program Obligations		1,299	86	1,213	—
Total Federal Government Liabilities		2,210	199	2,011	52
2. Provincial Government					
A. Direct Debt		149	427	(278)	3
B. Debt Guarantees		46	—	46	—
C. Contingent Liabilities & Contractual Commitments		70	—	70	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	0.11%	626	—	626	—
Total Program Obligations		626	—	626	—
Total Provincial Government Liabilities		891	427	464	3
3. Local Government					
A. Direct Debt		21	51	(30)	1
Total Local Government Liabilities		21	51	(30)	1
4. All Governments					
A. Total Direct Debt		906	592	314	56
B. Total Debt Guarantees		106	—	106	—
C. Total Contingent Liabilities & Contractual Commitments		186	—	186	—
D. Total Program Obligations		1,925	86	1,839	—
Total All Government Liabilities		3,123	677	2,445	56

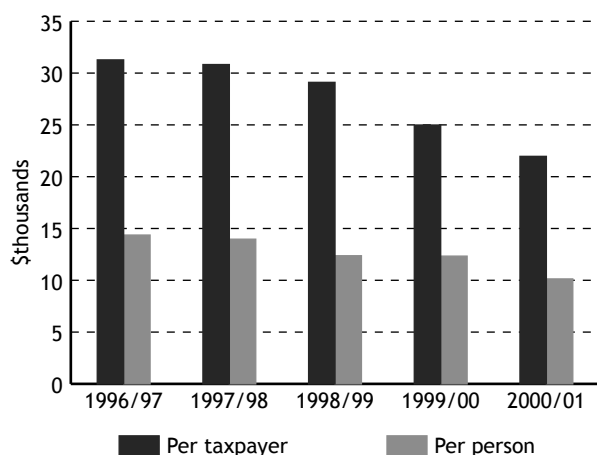
Total Liabilities



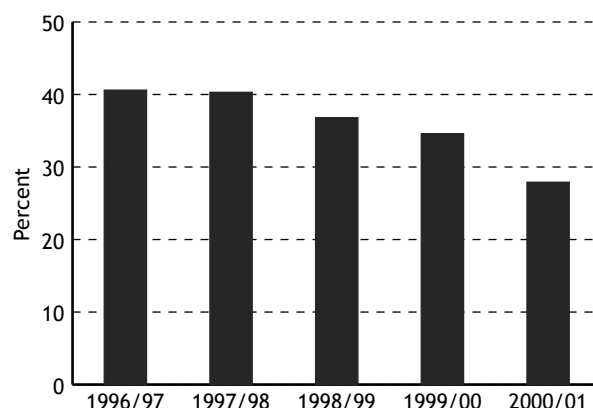
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for the Yukon

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	460	447	396	382	314
Other Liabilities (\$ Millions)	287	243	294	339	292
Obligations (\$ Millions)	1,525	1,634	1,722	1,811	1,839
Total Liabilities (\$ Millions)	2,271	2,324	2,411	2,532	2,445
Direct Debt Per Person	14,367	13,967	12,370	12,333	10,132
Direct Debt Per Taxpayer	31,274	30,825	29,106	24,989	21,964
Direct Debt-to-GDP	40.6%	40.3%	36.8%	34.6%	27.9%

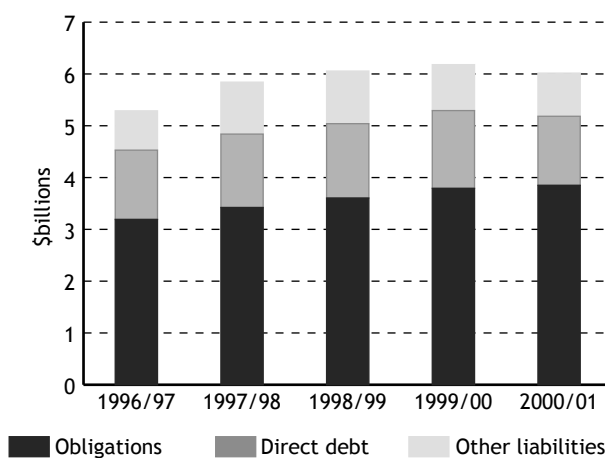
Liabilities include the Yukon's share of federal liabilities.

Appendix B(15): Northwest Territories and Nunavut (2000/2001)

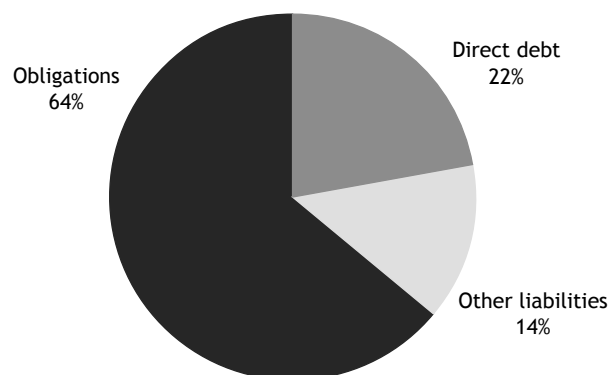
(\$millions unless otherwise noted; totals may not add due to rounding.)

	Allocator	Gross Liabilities	Financial Assets	Net Liabilities	Debt Charges
1. Federal Government					
A. Direct Debt	0.24%	1,534	237	1,297	109
B. Debt Guarantees	0.24%	125	—	125	—
C. Contingent Liabilities & Contractual Commitments	0.24%	242	—	242	—
D. Program Obligations					
Canada Pension Plan	0.40%	—	180	(180)	—
CPP Unfunded Liabilities	0.40%	1,750	—	1,750	—
Old Age Security Unfunded Liabilities	0.24%	1,031	—	1,031	—
Employee Pension Plans	0.24%	(56)	—	(56)	—
Total Program Obligations		2,725	180	2,544	—
Total Federal Government Liabilities		4,626	417	4,208	109
2. Provincial Government					
A. Direct Debt		794	779	15	36
B. Debt Guarantees		187	—	187	—
C. Contingent Liabilities & Contractual Commitments		280	—	280	—
D. Program Obligations					
Unfunded Liabilities of the Medicare System	0.24%	1,306	—	1,306	—
Total Program Obligations		1,306	—	1,306	—
Total Provincial Government Liabilities		2,567	779	1,788	36
3. Local Government					
A. Direct Debt		118	96	21	2
Total Local Government Liabilities		118	96	21	2
4. All Governments					
A. Total Direct Debt		2,446	1,112	1,333	147
B. Total Debt Guarantees		312	—	312	—
C. Total Contingent Liabilities & Contractual Commitments		522	—	522	—
D. Total Program Obligations		4,031	180	3,850	—
Total All Government Liabilities		7,310	1,293	6,017	147

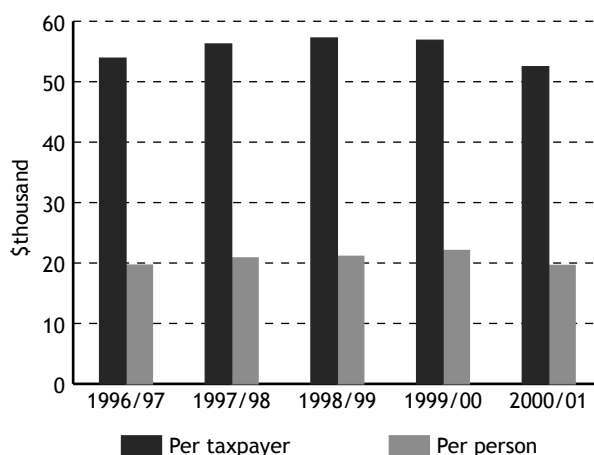
Total Liabilities



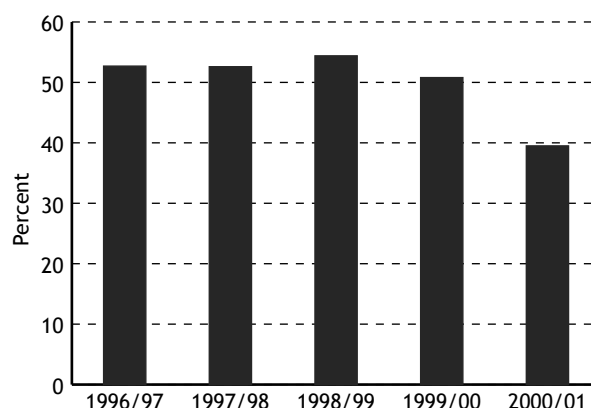
Components of total liabilities (2000/2001)



Individual direct debt



Ratio of direct debt to GDP



Consolidated provincial and local liabilities for the Northwest Territories and Nunavut

	1996/97	1997/98	1998/99	1999/00	2000/01
Direct Debt (\$ Millions)	1,337	1,417	1,435	1,501	1,333
Indirect Debt (\$ Millions)	759	1,003	1,016	887	834
Obligations (\$ Millions)	3,192	3,422	3,605	3,792	3,850
Total Liabilities (\$ Millions)	5,288	5,843	6,056	6,180	6,017
Direct Debt Per Person	19,656	20,844	21,110	22,076	19,606
Direct Debt Per Taxpayer	53,895	56,245	57,235	56,862	52,488
Direct Debt-to-GDP	52.7%	52.6%	54.4%	50.8%	39.5%

Liabilities include the Northwest Territories' and Nunavut's share of federal liabilities.

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