For the fiscal year ended March 31, 2013, Canada’s federal government spent $275.6 billion. That represents roughly 15 per cent of our country’s $1.8-trillion economy.

Here’s a quick overview of where that money went—and how it was raised.
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Transfer payments

Payments that go directly to persons, to provincial and territorial governments, and to other organizations are called “transfers.”

Transfers are the largest category of government spending. They made up about 59 cents of each tax dollar spent ($163.6 billion).
Transfers to persons

Major transfers to persons cost over **25 cents** of each tax dollar spent ($70.3 billion).

The biggest category within Transfers to Persons was elderly benefits. These transfers include:

- Old Age Security
- Guaranteed Income Supplement
- Allowance for Spouses

Total elderly benefits cost about $40.3 billion, or roughly **14 cents** of each tax dollar spent.
Another major transfer to persons is Employment Insurance (EI) benefits. Altogether, EI benefits cost over 6 cents of every tax dollar spent ($17.1 billion).

For information on EI premiums, see the section entitled “Where the money comes from.”
The final category of Transfers to Persons is Children’s Benefits. Canada provided $13.0 billion to help families raise their children through the Canada Child Tax Benefit and the Universal Child Care Benefit. These payments cost almost 5 cents of every tax dollar spent.
Transfers to provincial and territorial governments

Major transfers to other levels of government totaled $58.4 billion, or 21 cents of each tax dollar spent. These transfers help fund health care, post-secondary education and other programs for Canadians.
Transfers to provincial and territorial governments

The **Canada Health Transfer** provided $28.9 billion for health programs, representing about **11 cents** of each tax dollar spent.

The **Canada Social Transfer** provided $11.9 billion for post-secondary education, social programs and programs for children, representing over **4 cents** of each tax dollar spent.
Transfers to provincial and territorial governments

Other major transfers, including the Equalization and Territorial Formula Financing programs as well as payments under the Gas Tax Fund program to cities and communities, totaled roughly 6 cents of every tax dollar spent ($17.6 billion).

The Equalization and Territorial Formula Financing programs help less prosperous provinces and territories provide services that are reasonably comparable to those in other provinces at reasonably comparable levels of taxation.

Gas Tax Fund program payments help provide stable, predictable funding to support municipal infrastructure projects.
Transfers to provincial and territorial governments: Health care

Federal support for health care goes beyond cash payments under the Canada Health Transfer and the Equalization and Territorial Formula Financing programs.

Canada also provided over $6 billion last year for:

- First Nations health services
- Health care for veterans
- Programs for public health
- Health research
Other transfer payments

Last year, spending on federal grants, contributions and subsidies added up to $34.9 billion, close to 13 cents of each tax dollar spent. This included:

- $6.2 billion in transfers by Indian Affairs and Northern Development for First Nations and Aboriginal peoples;
- $6.1 billion in assistance provided by Human Resources and Skills Development in support of learning, skills and employment, and social housing;
- $3.5 billion in transfers by the Canada Revenue Agency, which includes transfers made to individuals and corporations through the tax system.

Other funding was provided in support of farmers and other food producers, research and development, infrastructure, regional development, health research and promotion, the arts, amateur sports, international assistance and multiculturalism and bilingualism.
Other program expenses

After transfers, the bulk of federal tax dollars went to cover the operating costs of the more than 130 government departments, agencies, Crown corporations and other federal bodies that provide programs and services for Canadians.
Other program expenses

Government operating expenses such as salaries and benefits, facilities and equipment, and supplies and travel made up 30 cents of each tax dollar spent ($82.9 billion). Close to half of this spending—over 14 cents of each tax dollar—went to just three organizations.
First, spending last year by National Defence, including the Canadian Armed Forces, made up 8 cents of each tax dollar spent ($23.0 billion)
Next, operating costs of Public Safety and Emergency Preparedness represented over 3 cents of each tax dollar spent ($9.3 billion).

This includes funding for the Royal Canadian Mounted Police, the federal prison system, and border traffic and security operations.
And third, expenses of the Canada Revenue Agency, which administers the federal tax system (and also collects taxes for all provinces except Quebec) totaled $7.7 billion, or close to 3 cents of each tax dollar spent.
A further $33.4 billion—12 cents of each tax dollar—was spent on the operations of the other federal departments and agencies. These included major departments such as:

- Environment Canada
- Fisheries and Oceans Canada
- Health Canada
- Human Resources and Skills Development
- Industry Canada
- Department of Justice
- Natural Resources Canada
- Public Works and Government Services Canada
- Transport Canada
- Veterans Affairs Canada

Funding also went to federal agencies such as the Canadian Food Inspection Agency, Parks Canada and the Canadian International Development Agency.
One of the smallest spending slices goes to Parliament itself—the House of Commons, the Senate and the Library of Parliament.

Last year, the combination of salaries and benefits for Members of Parliament, Senators and parliamentary staff, and spending on facilities and services, totaled about $548 million. That’s less than one-quarter of a cent of every tax dollar spent.
Crown corporations

Crown corporations (organizations owned directly or indirectly by the government) cost $9.5 billion, or 4 cents of each tax dollar spent.

Most of these expenses were recorded by three organizations:

- Canadian Commercial Corporation -- $2.3 billion;
- Atomic Energy of Canada Limited -- $2.7 billion; and,
- Canadian Broadcasting Corporation -- $1.7 billion.

Funding was also provided to cultural organizations (including the National Gallery of Canada, the Canadian Museum of Civilization and the Canada Council for the Arts), to enterprises like VIA Rail, and to the Canadian Tourism Commission.

These costs were partially offset by revenues earned by the Crown corporations, which totaled $3.9 billion in 2012-13. These revenues are included as part of the Government’s other revenues discussed in the section entitled “Where the money comes from.”
Public debt charges

Interest charges on Canada’s public debt – money borrowed by the federal government over the years and not yet repaid and liabilities for pensions and other future benefits – cost $29.2 billion. That’s 11 cents of every tax dollar spent.

Currently, 71% of the Government’s unmatured debt is owed to Canadians, including citizens and domestic institutions holding federal bonds, Treasury bills and other forms of the debt.
Where your tax dollar goes: Summary
That’s our brief summary of federal spending for 2012–13.

Click on colour segment for more information

- Canada Revenue Agency (3 cents)
- Other operations (12 cents)
- Crown corporations (4 cents)
- Public debt charges (11 cents)
- Support to elderly (14 cents)
- Employment Insurance benefits (6 cents)
- Children’s benefits (5 cents)
- Other major transfers to other levels of government (6 cents)
- Other transfer payments (13 cents)
- National Defence (8 cents)
- Public Safety (3 cents)
- Canada Social Transfer (4 cents)
- Canada Health Transfer (11 cents)
During 2012–13, the federal government recorded $256.6 billion in revenues.

These revenues came from:

Personal income tax – $125.7 billion, or 49 cents of every dollar raised in revenues.

Corporate income tax – about $35.0 billion, close to 14 cents of every dollar.

Goods and Services Tax – $28.8 billion, or 11 cents of every dollar.
Where the money comes from

A number of other taxes—such as non-resident withholding taxes, customs import duties, and excise levies on alcohol, tobacco, gasoline and diesel fuel—made up $19.8 billion, or 8 cents of every dollar raised in revenues.

As well, Employment Insurance premiums contributed $20.4 billion to federal revenues, just under 8 cents of every dollar in revenues.
Where the money comes from

And other revenues—such as earnings by Crown corporations and revenues from the sale of goods and services—provided the remaining $26.9 billion, or 10 cents of every dollar.
Where the money comes from: Summary

- Earnings by Crown corporations and revenues from the sale of goods and service (10 cents)
- Corporate income tax (14 cents)
- Goods and Services Tax (11 cents)
- Non-resident withholding taxes, customs import duties, and excise levies (8 cents)
- Personal income tax (49 cents)
- Employment Insurance premiums (8 cents)
The budgetary deficit

The $18.9-billion difference between the government’s total expenses of $275.6 billion and total revenues of $256.6 billion is the 2012–13 budgetary deficit. The budgetary deficit represents an increase in the federal debt (accumulated deficit).
The federal government calculates its financial results over a 12-month “fiscal year” that ends every March 31. This presentation is based on the Annual Financial Report of the Government of Canada for the most recent complete fiscal year, 2012–13.

So that’s the story of where your federal tax dollar goes, and how it is raised. If you want more detailed information, we’ve provided a series of useful links.
Useful links

More information on Government of Canada finances is available from these sources:

Annual Financial Report

Fiscal Reference Tables
Along with the Annual Financial Report, Finance Canada also publishes its annual Fiscal Reference Tables. Financial information on the provinces and territories is also included. The tables are available through the Finance Canada website under Publications at http://www.fin.gc.ca/pub/frt-trf/index-eng.asp.

The Fiscal Monitor
Produced by Finance Canada, this monthly newsletter highlights the most recent financial results of the Government. It is available on the Finance Canada website under Publications at www.fin.gc.ca/pub/fm-rf-index-eng.asp.

Public Accounts
The Public Accounts of Canada contain the Government’s audited financial statements for the most recent fiscal year, and details of financial operations by each ministry. It is available through the Public Works and Government Services Canada website at http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html.

Debt Management Report

Canada Revenue Agency
While the Department of Finance is responsible for setting federal tax policy, it is the Canada Revenue Agency (CRA) that manages the actual revenue collection for the federal government. A quick overview of CRA operations (and access to the agency’s annual operating report and Internet home page) is available at www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html.