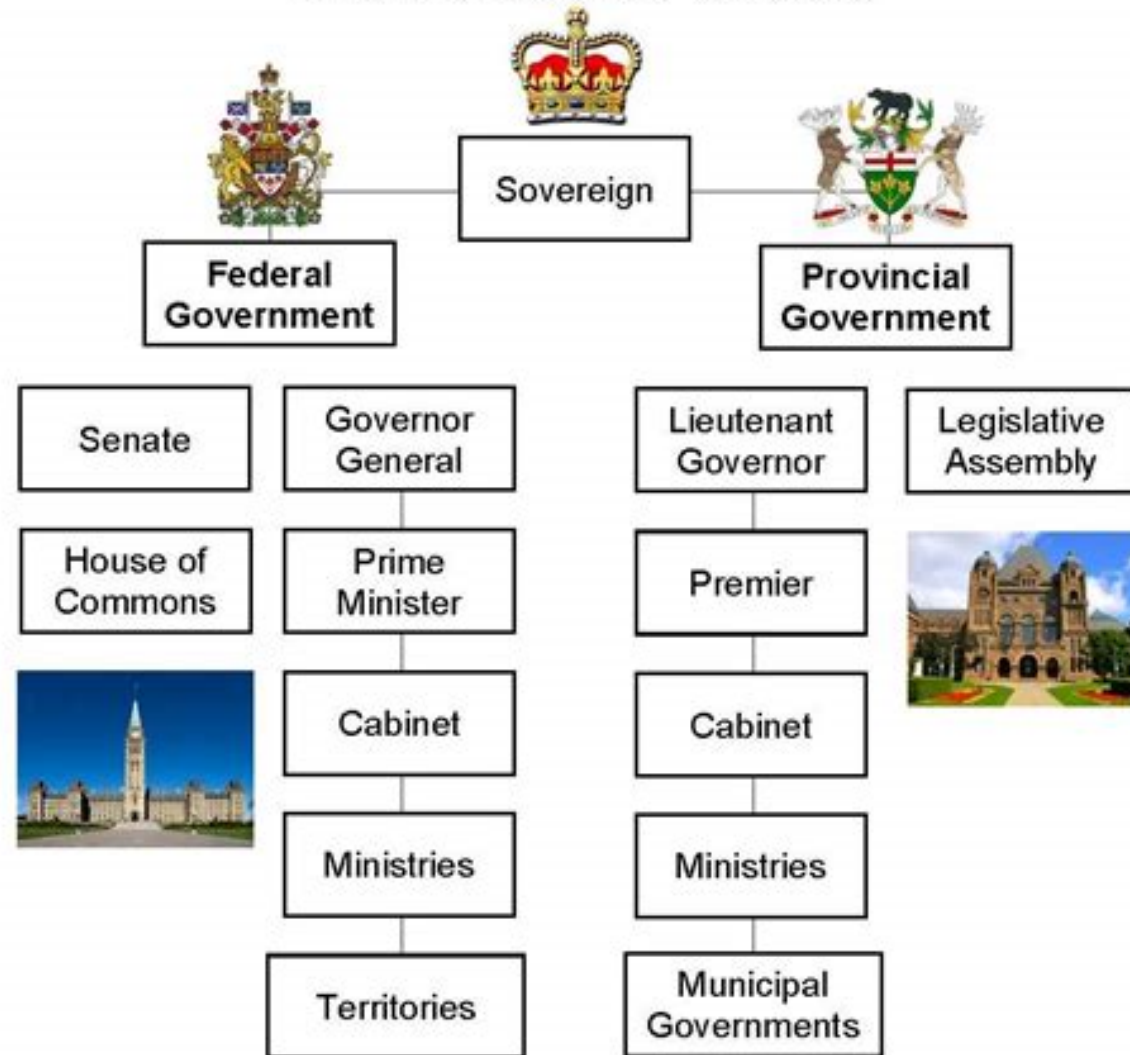


**s. 36 – a new way forward for local communities?**

# CANADIAN FISCAL FEDERALISM

In 3 Minutes

# Government in Canada







# Canada's *Constitution Act, 1982* “Division of Powers”



Parliament



Provincial  
Legislatures



## s.91 – Federal Powers

- 3. The raising of Money by any Mode or System of Taxation (CRA)
- 5. Postal Service (Canada Post)
- 6. The Census and Statistics
- 12. Sea Coast and Inland Fisheries (DFO)
- 14. Currency and Coinage (Canadian Mint)
- 17. Weights and Measures (metric system)
- 24. Indians, and Lands reserved for the Indians
- 25. Naturalization and Aliens
- 27. The Criminal Law

etc....

## s.92 – Provincial Powers

- 5. Management and Sale of the Public Lands belonging to the Province and the Timber and Wood thereon
  - 7. The Establishment, Maintenance, and Management of Hospitals, Asylums,...
  - 8. Municipal Institutions in the Province
  - 13. Property and Civil Rights in the Province (i.e. Land Titles)
  - 14. The Administration of Justice in the Province
- etc...

Establishment of “Division of Powers” originally in 1867 under the *British North America Act*



# INTERGOVERNMENTAL \$\$\$ TRANSFERS MAKE CANADIAN FEDERALISM WORK

## Division of Powers (*Constitution Act, 1867*)



Section 91 (Federal Powers)



Section 92 (Provincial Powers)

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Federal  
Spending Power

Inter-governmental  
Transfers



Provincial  
Public  
Services

**\$78,700,000,000**  
2019-20

## Federal Support to Provinces and Territories

In 2019-20, provinces and territories will receive \$78.7 billion through major transfers.

### Federal Support to Provinces and Territories (millions of dollars)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Major Transfers<sup>1</sup></b>										
Canada Health Transfer <sup>2</sup>	25,672	26,952	28,569	30,283	32,113	34,026	36,068	37,150	38,584	40,373
Canada Social Transfer <sup>3</sup>	11,179	11,514	11,859	12,215	12,582	12,959	13,348	13,748	14,161	14,586
Equalization	14,372	14,659	15,423	16,105	16,669	17,341	17,880	18,254	18,958	19,837
Offshore Offsets <sup>4</sup>	869	787	443	350	196	125	44	36	-72	-64
Territorial Formula Financing <sup>5</sup>	2,664	2,876	3,111	3,288	3,469	3,561	3,603	3,682	3,785	3,948
Total Transfer Protection <sup>6</sup>	525	952	680	56						
<b>Total - Federal Support</b>	<b>55,281</b>	<b>57,739</b>	<b>60,085</b>	<b>62,297</b>	<b>65,029</b>	<b>68,013</b>	<b>70,943</b>	<b>72,870</b>	<b>75,416</b>	<b>78,680</b>
<i>Per Capita Allocation (dollars)</i>	<i>1,628</i>	<i>1,683</i>	<i>1,731</i>	<i>1,774</i>	<i>1,832</i>	<i>1,900</i>	<i>1,959</i>	<i>1,997</i>	<i>2,038</i>	<i>2,097</i>

## Federal Support to British Columbia

In 2019-20, the Government of British Columbia will receive \$7.4 billion through major transfers.

Federal Support to British Columbia (millions of dollars)										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Major Transfers</b>										
Canada Health Transfer	3,550	3,741	3,972	4,197	4,190	4,455	4,731	5,004	5,196	5,434
Canada Social Transfer	1,484	1,528	1,551	1,593	1,642	1,697	1,751	1,852	1,907	1,963
Equalization										
<b>Total - Federal Support</b>	<b>5,034</b>	<b>5,269</b>	<b>5,523</b>	<b>5,790</b>	<b>5,832</b>	<b>6,152</b>	<b>6,482</b>	<b>6,857</b>	<b>7,102</b>	<b>7,397</b>
<i>Per Capita Allocation (dollars)</i>	<i>1,128</i>	<i>1,172</i>	<i>1,216</i>	<i>1,263</i>	<i>1,256</i>	<i>1,312</i>	<i>1,364</i>	<i>1,395</i>	<i>1,425</i>	<i>1,465</i>
<a href="#">See additional notes</a>										

Transfers to BC

That says  
7 billion +  
19/20

Which  
amounts to  
\$1465 for  
each British  
Columbian

## Federal Support to Alberta

In 2019-20, the Government of Alberta will receive \$6.4 billion through major transfers.

Federal Support to Alberta (millions of dollars)										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Major Transfers<sup>1</sup></b>										
Canada Health Transfer	2,155	2,234	2,337	2,488	3,718	3,965	4,213	4,315	4,484	4,694
Canada Social Transfer	1,219	1,260	1,325	1,390	1,457	1,510	1,559	1,597	1,646	1,696
Equalization										
<b>Total - Federal Support</b>	<b>3,374</b>	<b>3,495</b>	<b>3,661</b>	<b>3,878</b>	<b>5,175</b>	<b>5,475</b>	<b>5,772</b>	<b>5,912</b>	<b>6,129</b>	<b>6,390</b>
<i>Per Capita Allocation (dollars)</i>	<i>905</i>	<i>924</i>	<i>946</i>	<i>973</i>	<i>1,262</i>	<i>1,313</i>	<i>1,364</i>	<i>1,395</i>	<i>1,425</i>	<i>1,465</i>

Transfers to AB

Alberta  
receives  
about the  
same amount  
in federal  
transfers



Different geographies throughout Canada mean different abilities for provinces to raise public service revenues. So...

All provinces are in receipt of certain federal transfers (like Canada Health Transfer) but only some provinces receive an equalization transfer

### Federal Support to New Brunswick

In 2018-19, the Government of New Brunswick will receive \$3 billion through major transfers.

#### Federal Support to New Brunswick (millions of dollars)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Major Transfers</b>										
Canada Health Transfer	557	582	609	641	672	682	717	754	769	792
Canada Social Transfer	241	247	252	259	263	267	273	279	285	291
Equalization	1,689	1,581	1,483	1,495	1,513	1,666	1,669	1,708	1,760	1,874
Total Transfer Protection <sup>1</sup>		80	150	103	49					
<b>Total - Federal Support</b>	<b>2,488</b>	<b>2,491</b>	<b>2,493</b>	<b>2,497</b>	<b>2,497</b>	<b>2,616</b>	<b>2,658</b>	<b>2,741</b>	<b>2,814</b>	<b>2,956</b>
<i>Per Capita Allocation (dollars)</i>	<i>3,319</i>	<i>3,308</i>	<i>3,301</i>	<i>3,301</i>	<i>3,304</i>	<i>3,465</i>	<i>3,526</i>	<i>3,621</i>	<i>3,707</i>	<i>3,881</i>

[See additional notes](#)

<sup>1</sup> Total Transfer Protection is provided between 2010-11 and 2013-14 to ensure that New Brunswick's total major transfers in one of these years are no lower than in the prior year. For the purpose of calculating Total Transfer Protection, total major transfers comprise Equalization, Canada Health Transfer, Canada Social Transfer and prior year Total Transfer Protection.

Transfers to NB

That says  
~3 billion

= \$3,881  
per capita,  
which is  
more than  
twice as  
much as BC  
and AB





# Why Equalization and territorial financing?

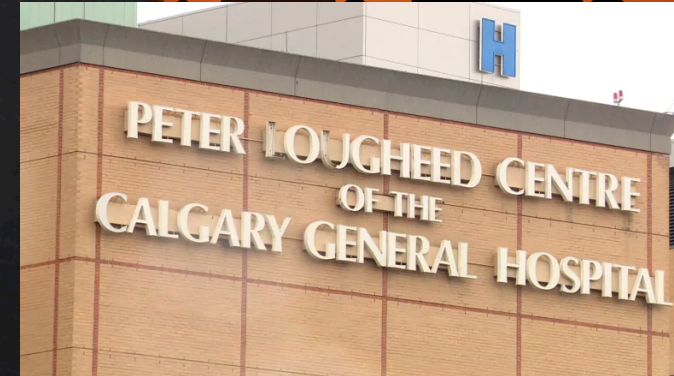
Canada Health Transfer, Canada social transfer  
plus many more fiscal arrangements



Photo credit: Grey Locke <http://straylight.ca/tag/fishery/>



So that a Canadian who breaks his ankle  
in St. John's Newfoundland...



...Can expect relatively the same quality of acute  
medical care as he would in Calgary Alberta



And as it turns out parity in essential public services is such an entrenched Canadian value it is actually reflected in our written constitution at Section 36 right after our affirmation of Aboriginal rights in Section 35.

Commitment respecting public services

(2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

s.36(2) *Constitution Act, 1982*



So what about s.36 and  
local government  
service delivery?

We think our  
civic services  
are public services

**what about financing reconciliation in the spirit of s.36?**

# *Constitution Act, 1982*

## *Section 36*

### EQUALIZATION AND REGIONAL DISPARITIES

Commitment to promote equal opportunities

**36.** (1) Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to

- (a) promoting equal opportunities for the well-being of Canadians;
- (b) furthering economic development to reduce disparity in opportunities; and
- (c) providing essential public services of reasonable quality to all Canadians.

Commitment respecting public services

(2) Parliament and the government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation. [\(98\)](#)