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DISTRIBUTION OF FEDERAL REVENUES AND EXPENDITURES BY PROVINCE

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Distribution of Federal Revenues and Expenditures by Province
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EXECUTIVE SUMMARY

This HillStudy provides an overview of the distribution of federal government revenues and expenditures among Canada's provinces between 2015 and 2024, based on Statistics Canada's provincial and territorial economic accounts. It compares the revenues collected by the federal government in each province with the expenditures allocated to those provinces.

The federal government's per capita revenues and expenditures vary from province to province, depending on the economic and demographic conditions in each province. Federal revenues come from personal and corporate income tax, the goods and services tax and social insurance contributions. Federal spending encompasses transfers to individuals (through the Canada Pension Plan and Employment Insurance, for example), transfers to provinces (through such programs as equalization and the Canada Health Transfer), as well as spending on goods and services to support government operations.

This analysis shows that federal revenues and expenditures generally increased between 2015 and 2024, with the COVID-19 pandemic producing a temporary surge in spending and widening fiscal deficits. In 2024, federal expenditures exceeded revenues nationally on a per capita basis. Alberta and British Columbia were the only provinces where federal revenues exceeded expenditures, making them net contributors. Alberta recorded the largest net contribution, reflecting its relatively high income levels, strong economic performance and resource-based economy. In contrast, the Atlantic provinces received the highest levels of federal spending per capita and recorded the lowest federal revenues per capita.

The data discussed show that net federal expenditures have a redistributive effect among the provinces. While transfer programs play a significant role in shaping provincial fiscal balances, broader structural factors – including income levels, industrial composition, demographics and population density – also strongly influence the distribution of federal revenues and expenditures across provinces.

DISTRIBUTION OF FEDERAL REVENUES AND EXPENDITURES BY PROVINCE

1 INTRODUCTION

The federal government collects revenues from various sources, including income taxes and taxes on goods and services in all Canadian provinces. It also spends in each province, including on programs that are widely available to all Canadians, regardless of their province of residence. The analysis in this HillStudy excludes the territories due to the unique nature of their federal funding mechanisms and considerations related to scale, which do not allow for a direct comparison with the provinces.

When the federal government collects more revenues than it spends in a province, the province is considered a net contributor. Conversely, if the federal government spends more than it collects, the province is considered a net recipient. A province's relative economic prosperity is a key factor in determining whether it is a net contributor or net recipient.

This HillStudy provides an overview of the distribution of federal revenues and expenditures by province. Public sector statistics used in this paper are based on Statistics Canada's provincial and territorial economic accounts.[1] These statistics are compiled from the general ledger accounting records of governments and are standardized by Statistics Canada. They differ from the Government of Canada's public accounts in some areas, including the use of calendar year instead of fiscal year.

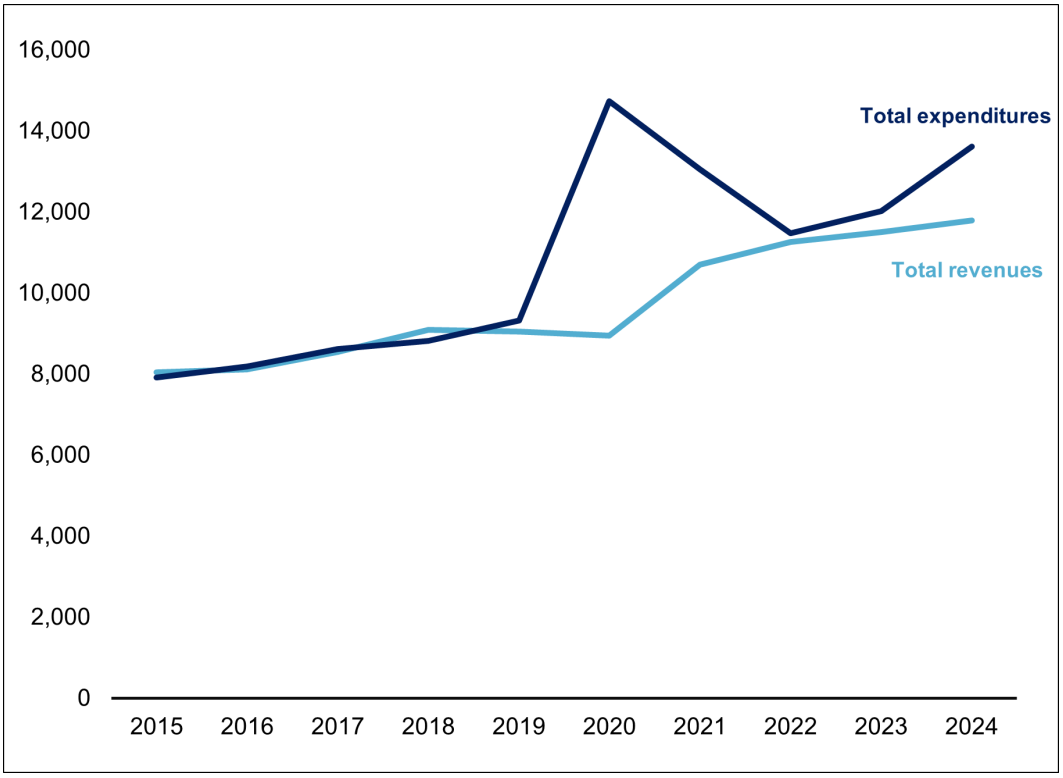
2 OVERVIEW OF FEDERAL REVENUES AND EXPENDITURES

As shown in Figure 1, federal per capita revenues and expenditures across all provinces and territories had a relatively parallel upward trend between 2015 and 2019. Per capita expenditures were generally equal to or higher than per capita revenues in most years, with the exception of 2018 when per capita revenues exceeded per capita expenditures modestly.

However, the COVID-19 pandemic in 2020 led to a faster increase in per capita expenditures, resulting notably from the implementation of Canada's COVID-19 Economic Response Plan, while revenues declined modestly.[2] After 2022, the gap between revenues and expenditures narrowed at first and then widened significantly in 2024, mainly due to increased federal transfers to the provinces and elevated debt-servicing costs.

Overall, the federal government's per capita revenues and expenditures across all provinces and territories continued to trend upwards. In 2024, federal government per capita revenues were $11,796 and per capita expenditures stood at $13,622 (see Figure 1).

Figure 1 – Federal Revenues and Expenditures, Across All Provinces and Territories, 2015–2024 ($ per capita)

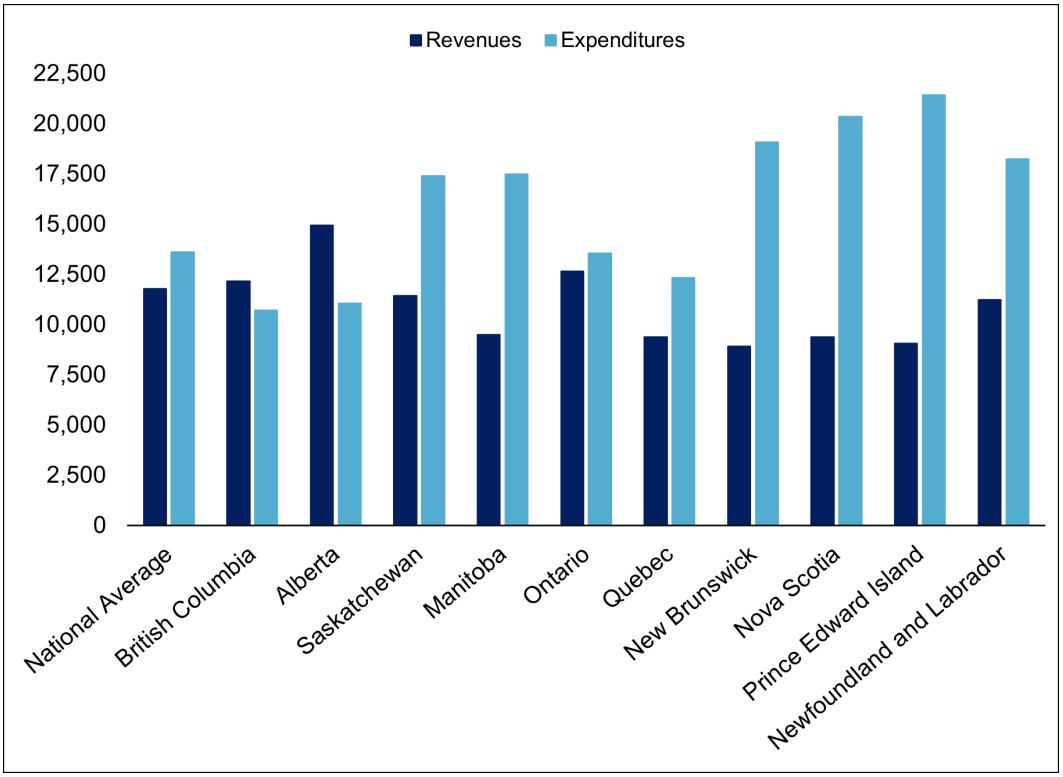


Sources: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0450-01: Revenue, expenditure and budgetary balance – General governments, provincial and territorial economic accounts (x 1,000,000)," Database, accessed 29 January 2026; and Statistics Canada, "Table 17-10-0005-01: Population estimates on July 1, by age and gender," Database, accessed 29 January 2026.

Figure 2 illustrates per capita federal revenues and expenditures in each province in 2024. In that year, federal per capita revenues exceeded per capita expenditures in only two provinces: Alberta and British Columbia. Alberta was the largest net contributor to federal revenues on a per capita basis, with per capita revenues clearly exceeding per capita expenditures. This positive balance can be attributed to several structural factors. For example, in 2024, Alberta had a higher gross domestic product (GDP) per capita than any other province, largely driven by the energy and natural resources sectors. Stronger economic activity generally leads to higher federal tax revenues, primarily through personal income tax, corporate income tax and taxes associated with economic activity.

Conversely, the four Atlantic provinces had the highest per capita expenditures, led by Prince Edward Island. Furthermore, the lowest per capita revenues were recorded in New Brunswick, Nova Scotia and Prince Edward Island.

Figure 2 – Federal Revenues and Expenditures by Province, 2024
($ per capita)



Sources: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0450-01: Revenue, expenditure and budgetary balance – General governments, provincial and territorial economic accounts (x 1,000,000)," Database, accessed 29 January 2026; and Statistics Canada, "Table 17-10-0005-01: Population estimates on July 1, by age and gender," Database, accessed 29 January 2026.

3 FEDERAL GOVERNMENT REVENUES

3.1 OVERVIEW

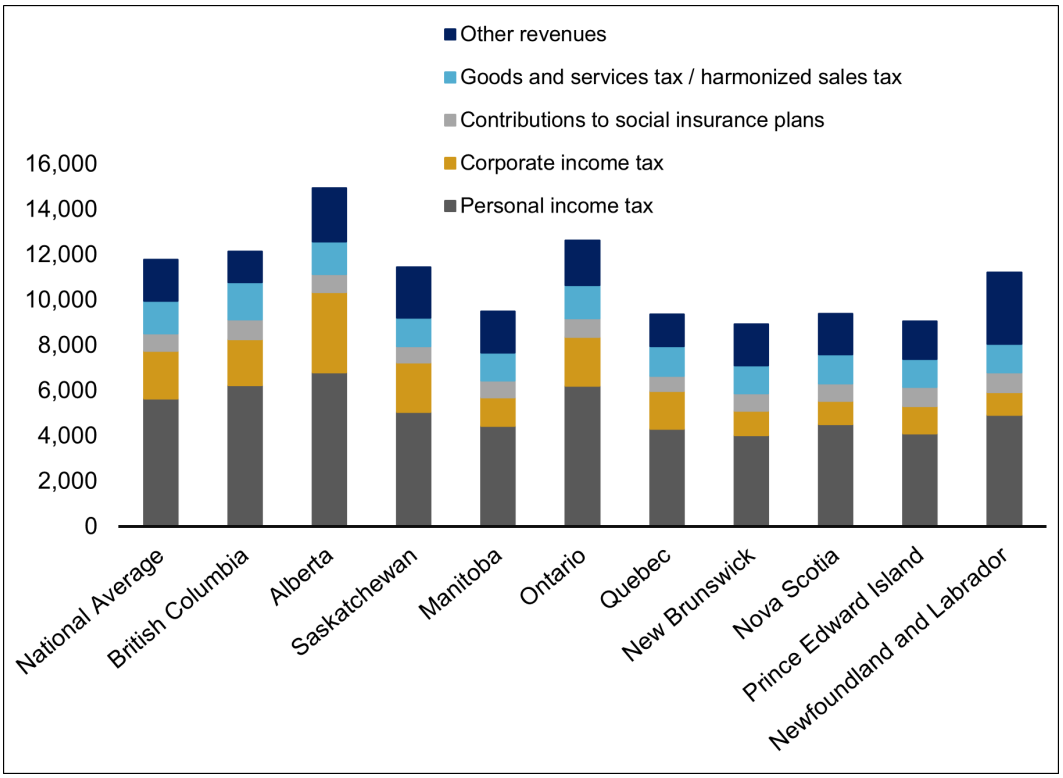
Federal government revenues are collected primarily through personal income tax, corporate income tax, the goods and services tax and employee and employer contributions to social insurance plans, such as Employment Insurance and the Canada Pension Plan.

3.2 FEDERAL REVENUES BY PROVINCE AND BY SOURCE OF REVENUE

Figure 3 illustrates federal revenues collected in 2024 by province and by source of revenue. In 2024, federal revenues per capita were higher than the national average in only three provinces: Alberta, Ontario and British Columbia.

Generally, the federal government collects more personal income tax revenues in provinces that have higher income levels because income tax rates are progressive.[3] Since federal income tax rates are the same across Canada, provinces with more favourable economic conditions normally generate more federal revenues. This is also the case for most other revenue sources.

Figure 3 – Federal Revenues by Province and by Source of Revenue, 2024 ($ per capita)



Note: The harmonized sales tax (HST) is a consumption tax used in five Canadian provinces (Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador). It combines the federal goods and services tax (GST) and the provincial sales tax into a single value-added sales tax.

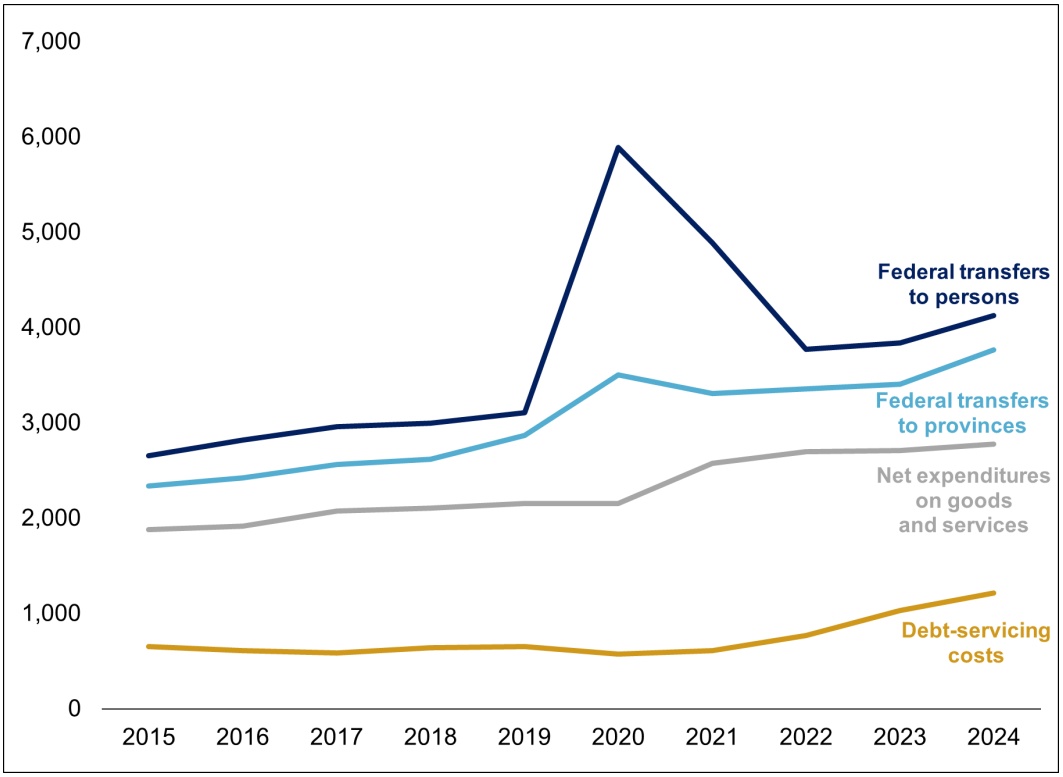
Sources: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0450-01: Revenue, expenditure and budgetary balance – General governments, provincial and territorial economic accounts (x 1,000,000)," Database, accessed 29 January 2026; and Statistics Canada, "Table 17-10-0005-01: Population estimates on July 1, by age and gender," Database, accessed 29 January 2026.

4 FEDERAL GOVERNMENT EXPENDITURES

Federal government expenditures are divided into three broad categories: program spending, debt-servicing costs and other expenditures. Program spending consists of three main components of federal expenditures: net expenditures on goods and services, transfers to persons and transfers to the provinces. Figure 4 illustrates federal expenditures per capita for each of these three components, plus the cost of servicing the government's debt.

A significant increase in transfers to persons was recorded in 2020, stemming from support measures established during the COVID-19 pandemic, followed by a gradual return to trend levels. Generally, transfers to provinces increased steadily, with notable increases in 2020 and 2024 due to the increase in the major transfer programs. There was a modest increase in net expenditures on goods and services, reflecting the gradual evolution in government operating costs. Lastly, debt-servicing costs increased slightly after 2022 due to higher interest rates and an increase in accumulated debt.

Figure 4 – Main Federal Expenditures by Category, 2015–2024
($ per capita)



Sources: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0450-01: Revenue, expenditure and budgetary balance – General governments, provincial and territorial economic accounts (x 1,000,000)," Database, accessed 29 January 2026; and Statistics Canada, "Table 17-10-0005-01: Population estimates on July 1, by age and gender," Database, accessed 29 January 2026.

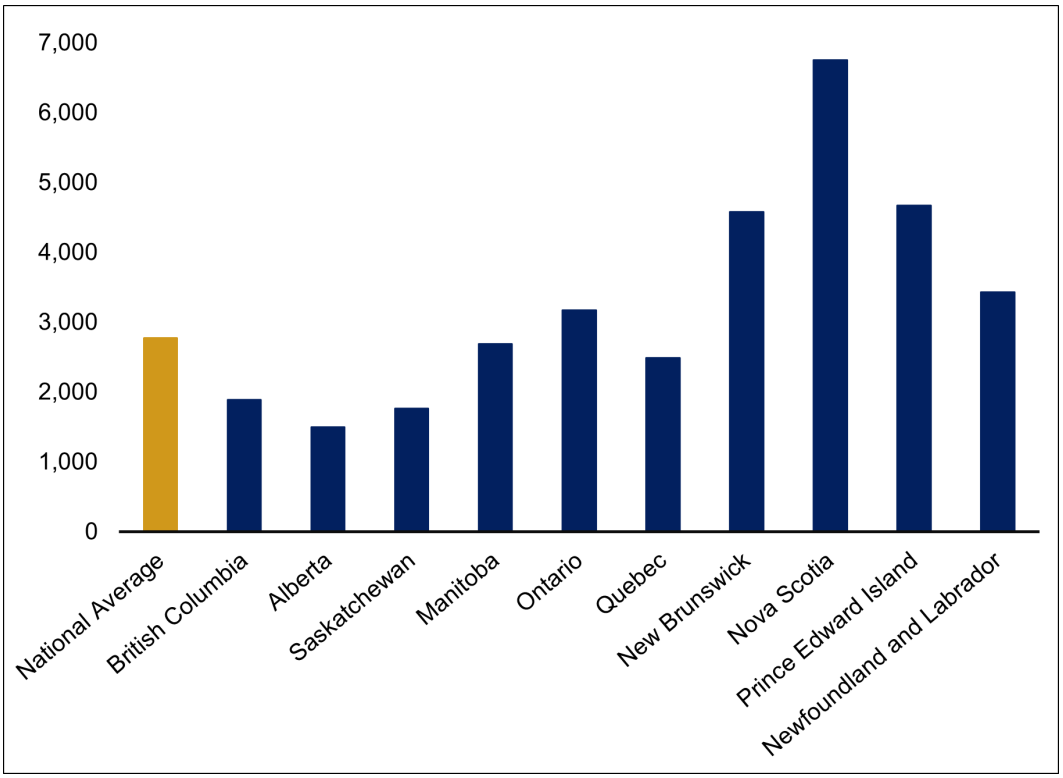
4.1 FEDERAL PROGRAM EXPENDITURES BY PROVINCE

4.1.1 Net Expenditures on Goods and Services

The first type of program expenditures covers government operations, including the salaries of public sector employees, the day-to-day activities of government departments, and military installations and operations. It also includes the purchase of goods and materials. These expenditures are designed to ensure the continuity of the federal government's administrative and operational functions.

As shown in Figure 5, in 2024, net federal government expenditures per capita on goods and services were highest in the four Atlantic provinces, particularly in Nova Scotia. Conversely, per capita expenditures were below the national average in British Columbia, Alberta, Saskatchewan, Manitoba and Quebec.

Figure 5 – Net Federal Expenditures on Goods and Services by Province, 2024 ($ per capita)



Sources: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0450-01: Revenue, expenditure and budgetary balance – General governments, provincial and territorial economic accounts (x 1,000,000)," Database, accessed 29 January 2026; and Statistics Canada, "Table 17-10-0005-01: Population estimates on July 1, by age and gender," Database, accessed 29 January 2026.

Per capita expenditures reflect the overall level of federal expenditures and the population size in a given area. Since the government has an institutional presence throughout the country, less populated areas may have higher per capita spending.

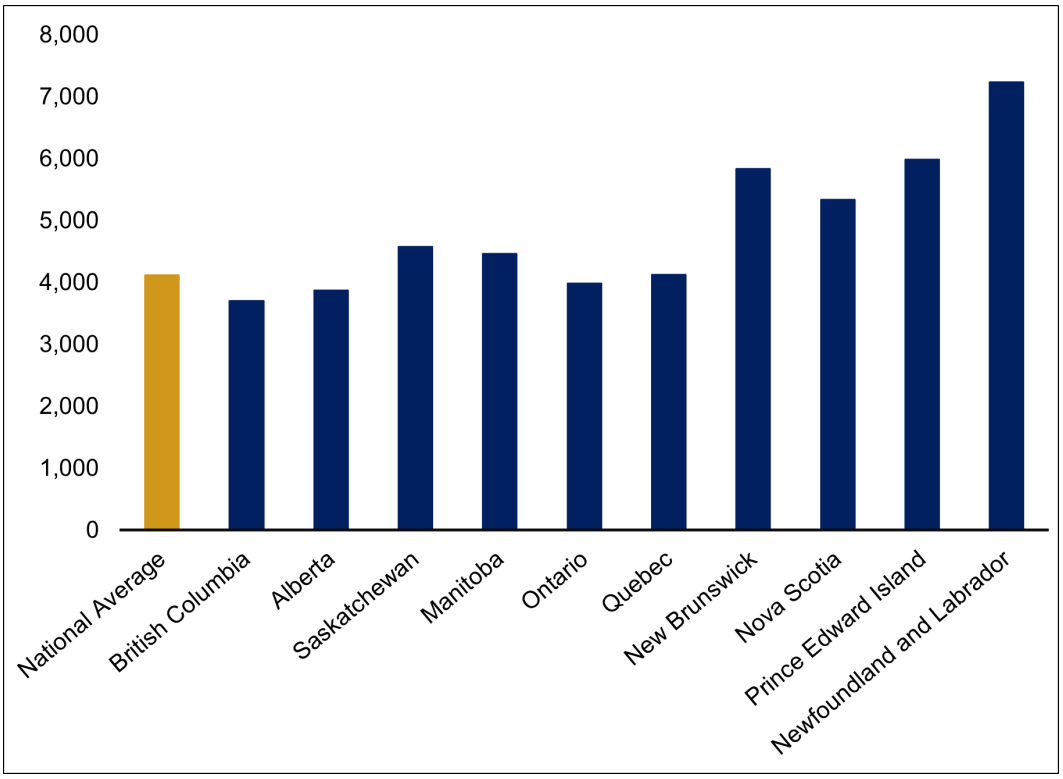
Furthermore, some geographical and strategic characteristics have an impact on the distribution of federal activity. For example, the National Capital Region has a significant share of administrative functions in Ontario and Quebec, while Halifax, Nova Scotia, has a strategic naval base.

4.1.2 Federal Transfers to Persons

The second type of program expenditures includes federal transfers to persons, including Employment Insurance benefits, payments under the Canada Pension Plan and Old Age Security benefits (see Figure 6).

The amounts paid vary according to the socio-economic and demographic conditions in the various provinces. As a result, provinces with the lowest average income levels and the highest unemployment rates tend to receive larger per capita shares of federal transfers to persons. In addition, provinces with older populations receive higher levels of retirement-related transfers, while those with more children receive more family support transfers.

Figure 6 – Federal Transfers to Persons by Province, 2024
($ per capita)



Sources: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0450-01: Revenue, expenditure and budgetary balance – General governments, provincial and territorial economic accounts (x 1,000,000)," Database, accessed 29 January 2026; and Statistics Canada, "Table 17-10-0005-01: Population estimates on July 1, by age and gender," Database, accessed 29 January 2026.

Generally, the eligibility criteria for the main federal transfers to persons do not vary based on provincial residency; they apply to individuals and families uniformly across Canada. However, Employment Insurance is a notable exception; eligibility requirements and the duration of benefits take regional labour market conditions into account.

In 2024, per capita federal transfers to persons in British Columbia, Alberta and Ontario were below the national average of $4,123, while Newfoundland and Labrador had the highest level of transfers, at $7,236 per capita.

4.1.3 Federal Transfers to Provinces

The third type of program expenditures consists of transfers to provinces,[4] including equalization, the Canada Health Transfer (CHT),[5] and the Canada Social Transfer (CST),[6] all of which make up the major statutory intergovernmental transfers.

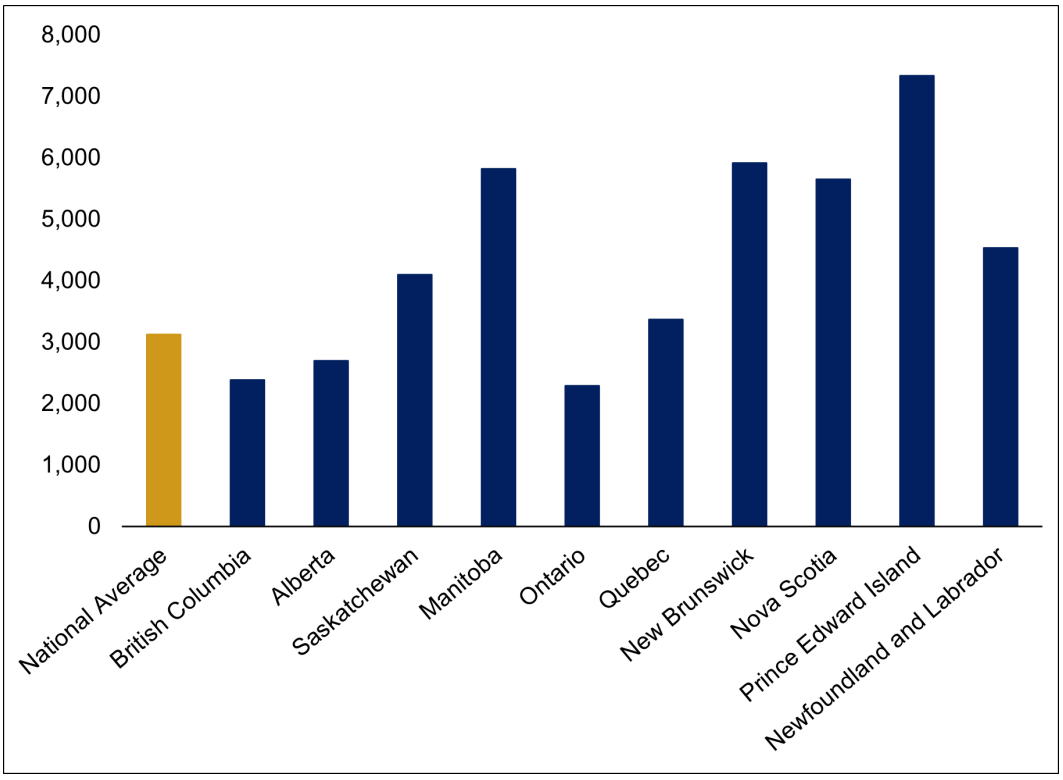
The CHT and the CST are cash payments based on a uniform allocation per capita to guarantee equal treatment for all Canadians regardless of where they live. In addition, the CHT is indexed to a three-year moving average of nominal GDP,[7] with a guaranteed minimum annual increase in total funding. In 2024, the federal government provided a total of $94.6 billion to provinces and territories under these major transfers.[8]

Equalization[9] is designed to reduce fiscal capacity disparities among the provinces to ensure provinces can provide comparable levels of public services at comparable levels of taxation in accordance with the principle of section 36(2) of the *Constitution Act, 1982*. Payments are unconditional and are financed from the federal government's general revenues.[10]

Per capita federal transfers to provinces vary from one province to another for two main reasons. First, only certain provinces receive equalization payments in a given fiscal year, increasing the amount of federal transfers they receive per person. Second, while the CHT and CST are allocated equally on a per capita basis, other federal transfers are not, contributing to differences in overall per capita transfers among provinces.

Figure 7 shows that in 2024, Prince Edward Island, New Brunswick, Nova Scotia and Manitoba obtained the highest per capita federal transfers to provinces.[11] Conversely, Ontario, British Columbia and Alberta obtained the lowest amounts per capita.

Figure 7 – Federal Transfers to Provinces, 2024
($ per capita)

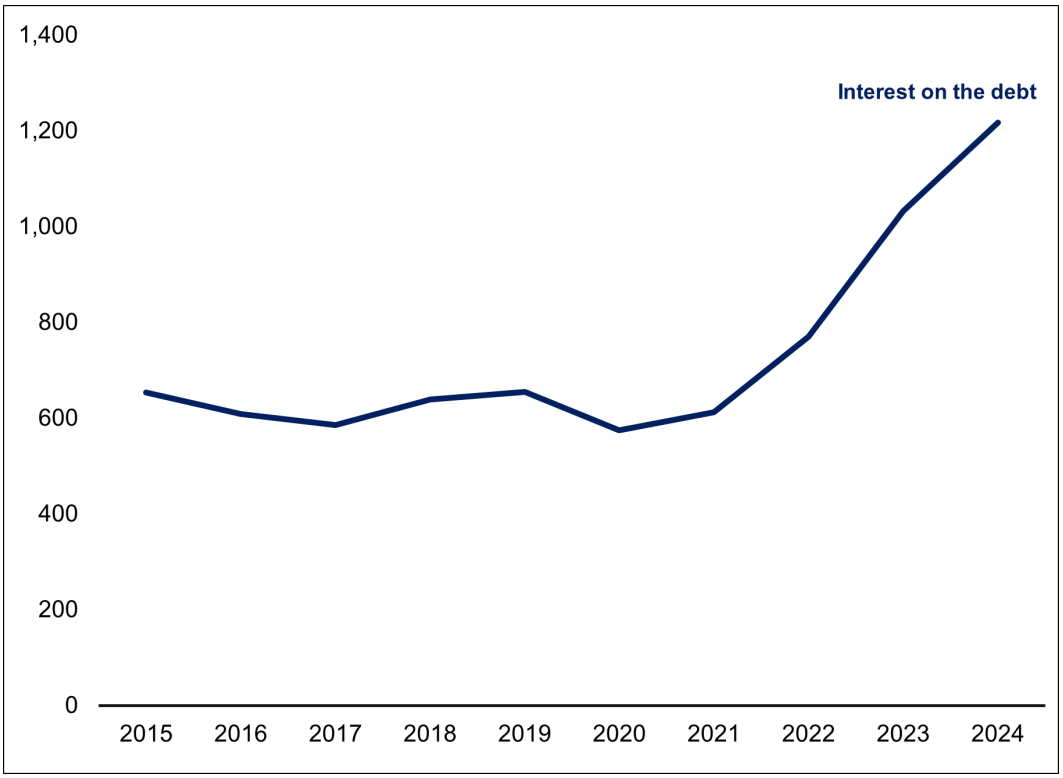


Sources: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0450-01: Revenue, expenditure and budgetary balance – General governments, provincial and territorial economic accounts (x 1,000,000)," Database, accessed 29 January 2026; and Statistics Canada, "Table 17-10-0005-01: Population estimates on July 1, by age and gender," Database, accessed 29 January 2026.

4.2 FEDERAL PUBLIC DEBT INTEREST PAYMENTS

Another major category of federal expenditures is debt-servicing costs (i.e., interest payments on the federal public debt). Based on per capita comparisons, these costs are distributed uniformly across all provinces because they are calculated by dividing total federal interest costs by Canada's population. As shown in Figure 8, interest charges on the federal public debt per capita were $1,217 in 2024, an amount that was identical across all provinces based on this allocation method. This amount was higher than in previous years due to higher interest rates and growth in federal public debt.

Figure 8 – Trends in Interest Expenses on the Federal Public Debt, 2015–2024
($ per capita)



Sources: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0450-01: Revenue, expenditure and budgetary balance – General governments, provincial and territorial economic accounts (x 1,000,000)," Database, accessed 29 January 2026; and Statistics Canada, "Table 17-10-0005-01: Population estimates on July 1, by age and gender," Database, accessed 29 January 2026.

4.3 OTHER EXPENDITURES

The final category of federal expenditures, "Other," accounts for less than 5% of the total. It includes business subsidies, transfers to non-residents and certain payments to local governments.[12] The small share can be attributed to the concentration of federal resources in the major budget items, including transfers to persons, transfers to provinces and servicing the federal public debt, which account for most of the expenditures. "Other" therefore encompasses more targeted or residual expenditure categories.

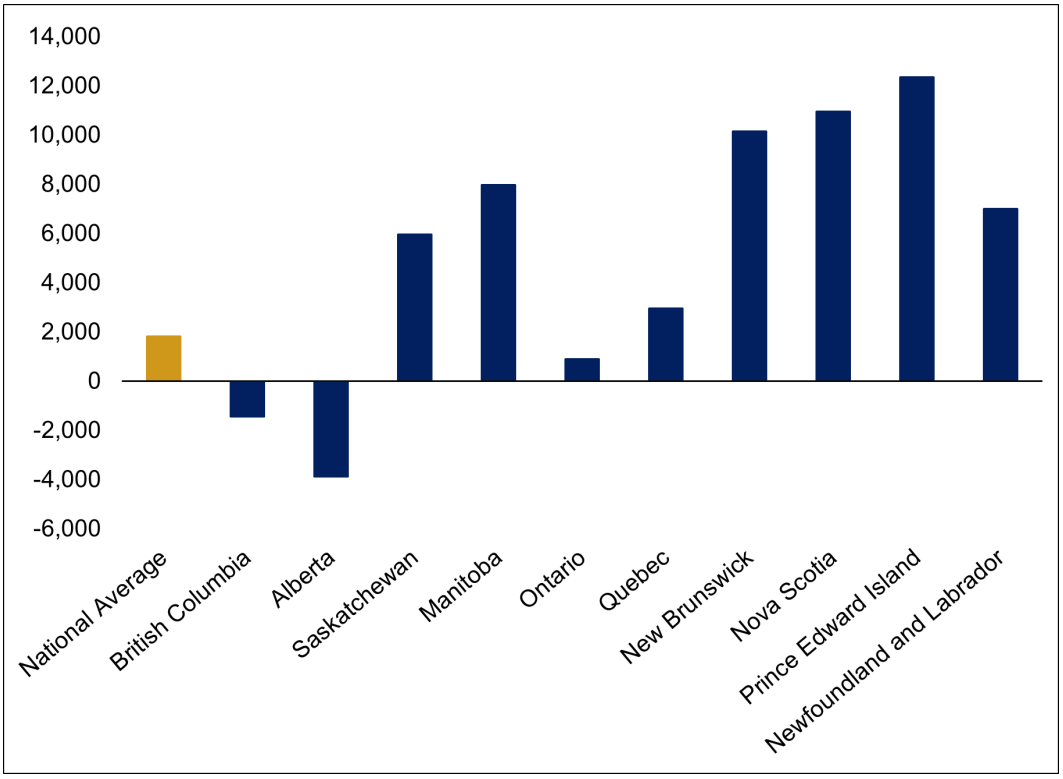
5 FEDERAL NET BALANCE

Budgetary balance is the difference between all revenues and expenditures, including interest charges on the public debt. A budgetary deficit occurs when expenditures exceed revenues in a fiscal year. The situation is reversed when a surplus is recorded.

The federal government had a deficit of $36.3 billion for the fiscal year ending 31 March 2025.[13]

Besides the overall balance, an analysis of interprovincial fiscal flows is used to evaluate the redistributive dimension of fiscal federalism. The net fiscal balance by province measures the difference between federal revenues collected in a province and federal expenditures allocated to that same province. Data for 2024 (Figure 9) reveal significant disparities among provinces.

Figure 9 – Federal Net Fiscal Balance by Province, 2024
($ per capita)



Sources: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, "Table 36-10-0450-01: Revenue, expenditure and budgetary balance – General governments, provincial and territorial economic accounts (x 1,000,000)," Database, accessed 29 January 2026; and Statistics Canada, "Table 17-10-0005-01: Population estimates on July 1, by age and gender," Database, accessed 29 January 2026.

In 2024, Alberta and British Columbia were the only two provinces where federal revenues exceeded federal expenditures. Alberta recorded the largest net contribution per capita, meaning that federal revenues collected in the province exceeded federal expenditures allocated to it by the widest margin in that year. Conversely, Prince Edward Island, Nova Scotia and New Brunswick recorded the largest net recipient positions, meaning that federal expenditures allocated to these provinces

exceeded federal revenues collected there. Ontario fell somewhere in between, with a positive balance that was below the national average in 2024.

6 CONCLUSION

Overall, the indicators examined in this paper show that the federal government collects more revenues than it spends in certain provinces, and conversely, it spends more than it receives in other provinces.

These differences are partly due to the progressive nature of the fiscal regime and intergovernmental transfer mechanisms, including equalization and the major social programs. Together, these instruments are designed to reduce economic disparities among individuals and regions.

However, the differences recorded among the provinces are not solely attributable to redistributive policies. Structural factors, such as demographics, economic conditions and industrial composition also influence the distribution of federal revenues and expenditures.

NOTES

1. Statistics Canada, *Provincial and territorial economic accounts: Interactive tool*.
2. Department of Finance Canada, "Chapter 1: Overview of Canada's COVID-19 Economic Response Plan," *Economic and Fiscal Snapshot 2020*.
3. For more detailed information, see Statistics Canada, "Table 11-10-0190-01: Market income, government transfers, total income, income tax and after-tax income by economic family type," Database, accessed 29 January 2026.
4. Department of Finance Canada, *Federal transfers to provinces and territories*.
5. Department of Finance Canada, *Canada Health Transfer*.
6. Department of Finance Canada, *Canada Social Transfer*.
7. Nominal gross domestic product (GDP) refers to the value of all goods and services produced in an economy during a given period, measured at current prices and not adjusted for inflation. See Organisation for Economic Co-operation and Development, *Nominal gross domestic product (GDP)*.
8. Department of Finance Canada, "Major Federal Transfers to Provinces and Territories in 2023–24," *Standing Committee on Public Accounts (PACP) Department of Finance Appearance on the Public Accounts of Canada 2024*.
9. Department of Finance Canada, *Equalization Program*.
10. See Michaël Lambert-Racine, *Canada's Equalization Formula*, Publication no. 2008-20-E, Library of Parliament, 12 September 2024.
11. Department of Finance Canada, "Major federal transfers," *Federal transfers to provinces and territories*.
12. Statistics Canada, "Table 36-10-0450-01: Revenue, expenditure and budgetary balance – General governments, provincial and territorial economic accounts (x 1,000,000)," Database, accessed 29 January 2026.
13. Department of Finance Canada, "Financial Source/Requirement," *Annual Financial Report of the Government of Canada Fiscal Year 2024–2025*.