

Federal surplus for 2001-2002 totalled \$8.9 billion, went to pay down debt

OTTAWA (CP) - The federal government ended up with an \$8.9-billion surplus for the last fiscal year and the whole amount went to paying down the national debt, the Finance Department said Tuesday.

The 2001-2002 fiscal year was the fifth straight surplus, the department said in its annual financial report. Finance Minister John Manley said the whole surplus was applied to the debt, bringing it down to \$536.5 billion. Since 1996-97, the government has cut the debt by \$46.7 billion. "The reduction in debt translates into ongoing interest savings of \$3 billion," Manley said in a statement.

The debt at the end of the fiscal year - March 31 - amounted to 49.1 per cent of the national economy or gross domestic product. That's down from 71 per cent in 1995-96. The department said this puts Canada below the average debt ratio of the other major world economies.

"Only the United Kingdom and the United States have lower debt levels," the report said.

Market debt - the debt issued on credit markets - as a percentage of GDP declined to 40.5 per cent from the peak of 57.9 per cent in 1995-96.

The amount owed to foreigners dropped to 17 per cent of market debt, the lowest ratio since 1986-87.

The report says the Canadian economy was shaken by the atrocities of Sept. 11, 2001.

Economic growth slowed considerably to 1.5 per cent in 2001 from 4.5 per cent in 2000, but Canada evaded the recession which struck the United States and growth rebounded this year.

Federal spending last year was actually less than expected, totalling \$126.7 billion, or \$3.9 billion less than forecast in the budget of December 2001.

In the first quarter of this fiscal year, the federal surplus was \$4.66 billion, down from \$11 billion recorded in the first three months of 2001-2002.

This was attributed to lower revenues and slightly higher expenditures.

The budget surplus this fiscal year is expected to be around \$4 billion.

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