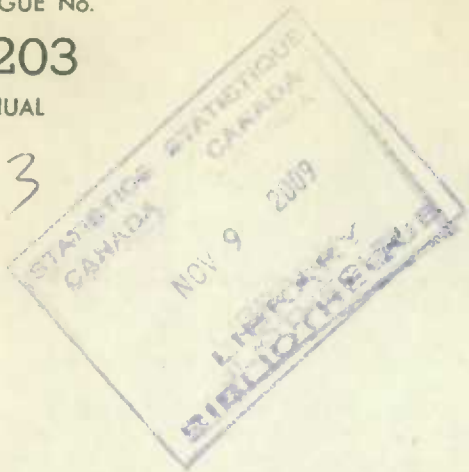


CATALOGUE No.

61-203

ANNUAL

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Jan

**FINANCIAL STATISTICS
OF
FEDERAL GOVERNMENT ENTERPRISES
1961**

(Fiscal Year Ended Nearest to December 31st)

**ASSETS, LIABILITIES AND NET WORTH
CURRENT REVENUE AND EXPENDITURE**

Published by Authority of
The Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS
Public Finance and Transportation Division
Government Finance Section

March 1964
8502-533

Price: 50 cents

Reports Published by the
Public Finance and Transportation Division
dealing with

GOVERNMENT FINANCE

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SYMBOLS

The interpretation of the symbols used in the tables throughout this publication is as follows:

.. figures not available.

— nil or zero.

Note: Figures appearing in footnotes to tables are in thousands of dollars.

PART I

INTRODUCTION

This is the second report on the financial statistics of federal government enterprises in Canada.

The first issue, outlining the concept of a government enterprise, the terminology and classifications used, and financial transactions for the years 1958 to 1960 recast in accordance with the classification framework, was published in October, 1962, under the same title. This report is an extension of that series.

It also complements the report on departmental and special fund revenue and expenditure, and direct and indirect debt of the Government of Canada, which has been published annually by the Bureau of Statistics for several years (Catalogue No. 68-211).

The development of the enterprise series will permit a broader appraisal of the impact of the senior level of government and its instrumentalities on the national economy.

THE CONCEPT OF A GOVERNMENT ENTERPRISE

Government enterprises are distinguished from general government and ancillary agencies, in this statistical presentation, by their essentially commercial-type activities. In terms of motivation and behavior, they are more similar to private business enterprises than to institutional or non-commercial organizations with which general government data are ordinarily classified.

A government enterprise is defined as an instrumentality of a political, decision-making body which produces goods and services for sale on the open market at a price designed to cover costs, or to yield a profit. The essential feature of an enterprise is that it charges a price for its services according to use. It is thereby enabled to meet all or most of its costs from proceeds of sales without recourse to government funds.

In contrast, government services of a general nature such as the protection of persons and property, health, education and highways are usually financed out of taxation and other revenues, or proceeds from borrowings. Nominal fees may be charged for some of the services but for the most

part there is no necessary relationship between the taxes and levies paid by a person and the use or benefit he derives from a government service.

This is the main distinction between a government departmental and a business enterprise activity.

An obvious criterion in identifying an enterprise is the maintenance of accounting records which permit the allocation of specific elements of costs against revenue. Two important cost items which are recorded by government enterprises but which are not normally maintained in general government accounting are changes in inventories and capital consumption allowances.

Other characteristics of an enterprise, usually but not necessarily evident, are:

- (1) separate legal existence;
- (2) sustained activity;
- (3) commitment of an appreciable volume of capital;
- (4) payment of income tax;
- (5) personnel not subject to Civil Service Act.

TERMINOLOGY AND CLASSIFICATIONS OF GOVERNMENT ENTERPRISE FINANCIAL STATISTICS

To fit the particular needs of an economic and/or functional classification of public finance data, and to stress the interrelatedness of government enterprise transactions with general government departments and agencies, the nomenclature of the items used in both schemes has been retained in so far as possible.

In an economic classification scheme, the current revenue and expenditure account takes the form of a trading and profit and loss statement as in a private corporation. The classifications used in the balance sheet accounts have been adopted after due consideration of the varied nature of the government businesses involved.

No attempt has been made in this report to segregate current assets or liabilities from those of a long-term existence, except in so far as they may fall into these categories by reason of the use of the conventional commercial presentation

of the balance sheet accounts, which lists the items, more or less, in order of their liquidity.

Transactions of the enterprises with their own or other levels of government have been isolated in this report, whenever appropriate, by use of the following sub-items:

- (i) Federal government
- (ii) Federal government enterprises
- (iii) Provincial governments
- (iv) Provincial government enterprises
- (v) Municipal governments
- (vi) Municipal government enterprises

Transactions with non-governmental bodies are classified under sub-item, (vii) Other.

Transactions with subsidiary and affiliated enterprises are indicated by footnotes. A subsidiary is defined as a corporation (government or non-

government) in which the parent government enterprise holds more than fifty per cent ownership; an affiliate is a corporation in which its ownership claim is fifty per cent or less.

While some of the definitions and terminology have been taken from reference manuals on financial statistics of provincial and municipal governments, particularly the latter, in many instances it has been necessary to prepare an explanation of a term in accordance with its application to government enterprise statistics.

Some refinements have been introduced in this report to broaden the definition of proprietary equity and to expand or clarify certain other items.

ASSETS

Assets are defined as the property of all kinds of an enterprise.

Item 1. Cash on hand and on deposit comprises money, including currency and other forms of exchange, on hand, or on deposit, in a bank or other depository, which is unrestricted as to use by the management for disbursements of any nature. Short-term deposits, and deposits with the Receiver General of Canada and Provincial Treasurers are included.

Cash held in funds created for special purposes is shown under restricted funds, item 11.

Item 2. Accounts receivable are amounts due or owing on open account for goods and services, whether by governmental bodies, individuals, firms or corporations.

Reserves for bad debts, where shown separately, have been offset against accounts receivable.

Item 3. Inventories are recorded at book value for finished goods, goods in process and raw materials held in stock, on consignment and in transit. Operating supplies and small tools and equipment, which are in some cases, set up as prepaid expenses, are included.

Item 4. Interest, dividends and rents receivable constitute financial income due but not received, as distinct from income of this kind owing but not due, which is included in accrued revenue.

Transactions of the enterprises with their own or other levels of government have been isolated under the pertinent sub-items, including interest on bonds and debentures of own or other government enterprises which are not identified, in these statistics, by type of holder for the reason that the holder is not usually known. The same breakdown is used for asset item 5.1.

Item 5. Accrued revenue is income that has been earned but is not yet due.

This type of revenue is mostly in the form of interest, which has been set up as sub-item 1 under this classification.

Item 6. Prepaid expenses are current expenditures that have been entered in the accounts for benefits not yet expired, such as prepaid rent, prepaid interest, and insurance premiums.

Long-term expense prepayments, such as tooling and development costs, are classified as deferred charges.

Item 7. Fixed assets are defined as property of a permanent character, having continuing value, such as land, buildings, machinery and equipment.

Property held for sale by financial enterprises has been included under fixed assets rather than investments. For some studies, it may be desirable to exclude properties intended for sale, and for this reason, the amounts involved are shown in a footnote.

Fixed assets are recorded at the values carried on the balance sheet, less accumulated depreciation. The amount of accumulated depreciation is indicated by a footnote.

Progress payments on new construction or on the purchase of equipment are included.

Item 8. Loans and advances receivable. Loans receivable are amounts owing by other governmental bodies, individuals, firms or corporations, as a result of monies loaned out of borrowed or other available funds, as distinguished from accounts receivable which imply the supplying of goods or rendering of services for which a charge is made without the transfer of funds, and advances receivable which imply liability at a future date in respect of which payment is made in advance. Examples of advances receivable are advances on salaries or travelling expenses and payments on account of contracts prior to their completion.

Item 9. Securities held as investments are in the form of negotiable bonds and stocks, purchased with the object of employing idle funds, often set aside for a specific future use.

Also included are investments in other government enterprises which are not actually negotiable, but hold the expectation of earning a return in the form of dividends.

Negotiable papers provided by a borrower as security for a loan have been excluded, the asset having already been classified as a loan receivable.

Securities held in restricted funds appear under item 11 below.

Securities held as investments are classified under eight sub-groups, viz.:

1. Federal government treasury bills.
2. Federal government direct and guaranteed bonds.

3. Provincial government treasury bills.
4. Provincial and municipal government direct and guaranteed bonds.
5. Notes of companies incorporated in Canada and of institutions.
6. Bonds of companies incorporated in Canada and of institutions.
7. Preferred and common stocks, Canadian, with sub-item for subsidiary government enterprises.
8. Foreign investments, with affiliated corporations indicated by a footnote.

Item 10. Mortgages and agreements for sale. A mortgage is the creation of an interest in real property in favour of a mortgagee as security for the repayment of a debt by the mortgagor.

An agreement for sale is a contract between the owner of property and the purchaser pursuant to which the owner agrees to convey his interest to the purchaser upon payment of the balance of the purchase price.

Item 11. Restricted funds. These are assets held either by the enterprise or by a trustee for such purposes as the future payment for an asset or a service, the payment of an existing, real or contingent liability, or the retirement of debt. These funds may be created voluntarily or by reason of obligatory commitments, and are usually held in the form of cash or investments. Details of the composition of the funds are recorded in Table 5 and are set out under this item rather than under cash on hand and on deposit (item 1) and securities held as investments (item 9) to emphasize the restrictions as to their use in the operations of the enterprise.

Three types of restricted funds have been identified, namely: (1) depreciation funds; (2) trust and deposit accounts; and (3) other funds.

Only the funds belonging to the enterprises, held on own account or by a trustee, are included in this statistical series. Trust and deposit accounts such as contractors' security deposits and staff savings funds have been offset against the contra liability item.

Item 12. Deferred charges involve expenditures that are not chargeable to the period in which they were made, but are set up as assets that are to be amortized, although they have no market value or tangible existence. Bond discount and redemption expenses, and tooling and development costs are typical examples of deferred charges.

Item 13. Other assets. This classification embraces all asset items not elsewhere classified. Amounts due on deficit account, mainly from the parent government, are classified as a sub-item. Other types of assets contained herein are insurance claims recoverable and debit balances in suspense.

LIABILITIES

Liabilities are debts or other legal obligations which must be liquidated in cash or renewed or refunded upon some future date.

Item 1. Accounts payable represent amounts due and owing on open account for goods and services to persons, firms, corporations or other governmental bodies. They include accounts covering expenditures during the current or previous fiscal periods which have not been paid at the close of the current fiscal period.

Item 2. Temporary loans, advances and notes payable comprise amounts owing to banks or other sources as a result of direct borrowings by the enterprise for the purpose of temporary financing, and advances and prepayments on short-term contracts.

Item 3. Interest payable represents amounts due and unpaid in the form of interest, as distinct from interest owing but not due which is included in accrued expenditure.

Item 4. Accrued expenditure consists of expenses that have been incurred up to a given date, but have not been paid and are not payable until a future date.

Item 5. Long-term loans and advances constitute amounts owing to the parent government, banks or other sources as a result of borrowings by the enterprise for purposes of other than temporary financing, and advances on long-term contracts. Non-negotiable bonds and notes held by the parent government or enterprise are included here.

Item 6. Long-term debt. The long-term debt of an enterprise is usually in the form of bonds and debentures, issued and unmatured (including debentures assumed) undifferentiated as to holder. It is noted that while the holder of negotiable bonds and debentures issued by government enterprises is not usually identifiable, interest earned on long-term debt of own or other governments, or their enterprises, held as investments (asset items 9 and 11) are classified by sub-items (i) to (vi), under the appropriate asset or revenue items. Mortgages and agreements for sale are other types of long-term indebtedness.

Item 7. Deferred credits are credits for income not yet earned.

Revenue that has been received, but is applicable to a future period, and unamortized premium on bonds are examples of deferred credits.

Item 8. Trust and deposit accounts represent liabilities for contractors' security deposits and staff savings funds for which contra asset accounts are not separately identifiable. All balances in asset item 11.1 have been offset against this liability.

Reserves

A reserve is an amount which has been appropriated or provided for undetermined future losses on assets, future expenditures, working capital, or contingencies. The appropriation or provision for a reserve appears in the current expenditure or surplus statement as required or permitted by statute.

Item 9. Liability reserves. Reserves against assets and reserves for liabilities have been classified as liability reserves. Liability reserves such as those set up for bad debts and depreciation, which represent estimated decreases in the value of the related assets have been offset to the appropriate asset accounts. Another type of liability reserve is a provision for future income taxes.

Reserves for contingencies which may or may not arise, and other types of reserves which theoretically represent a part of net worth, such as sinking fund reserves, reserves for plant expansion and reserves for unrealized profit in appraisal, have been classified as **Equity reserves (item 11.5)**.

Item 10. Other liabilities. This item includes all liabilities not elsewhere specified.

Item 11. Proprietary equity (net worth) represents the ownership of the enterprise, the excess of assets over liabilities and liability reserves, or net worth, which is subordinate to liabilities with respect to the security of capital and earnings.

Six types of equity have been distinguished: (1) capital stock, issued and fully paid; (2) interest-free working capital; (3) fixed assets, constructed or acquired by the parent government and transferred to the enterprise for use in business; (4) other equity, such as paid-in capital, goods transferred, equity in replacement of loans outstanding, etc.; (5) equity reserves, which are appropriations of surplus; and (6) unappropriated surplus, the residual or balancing item in the balance sheet. Surpluses arise from earnings on operations, extraneous profits such as those derived from sales of fixed assets and investment securities, changes in appraisal values of fixed assets, and contributions from governments or others.

The net transactions of surplus accounts during the accounting period are set out in separate tables in this report.

REVENUE AND EXPENDITURE

Cash vs. Accrual Basis of Accounting

Revenues and expenditures are conventionally accounted for on a cash or on an accrual basis. If only actual receipts and actual payments within the accounting period are recorded, the accounts are maintained on a cash basis. If revenues

are accounted for when due or earned, even though not collected, and expenditures are accounted for as soon as liabilities are incurred, whether paid or not, the system of accounting is said to be on an accrual basis.

Practically all government enterprises maintain their records on an accrual basis.

Revenue

Revenue consists of additions to cash or other current assets that do not increase a liability or reserve, nor represent the recovery of an expenditure.

Current revenue is derived from the sale of goods and services in the normal course of business, financial or non-operating income in the form of interest and foreign exchange on investments, rents, and contributions from government.

Capital revenue includes contributions towards expenditures of a capital nature.

Current Revenue

Item 1. Revenue from sales and services on current operations. Sales of goods bought for resale and sales of goods and services produced as part of the current operations of government enterprises are included here. Sales are deemed to be valued at actual prices charged, net of any rebates or discounts.

Sales to governments are not differentiated.

Item 2. Financial income is in the form of interest on bank deposits, investments and loans, and of foreign exchange and dividends.

Interest received from government and other government enterprises on these accounts is separately indicated.

Item 3. Rental income is derived from the hiring out of such fixed assets as buildings and machinery and equipment, primarily to non-government bodies. Government agencies hiring out mainly to government bodies are treated as working capital funds in public finance statistics.

Item 4. Contributions from own or other levels of government represent grants and payments from government bodies in respect to current expenditure by enterprises, other than subsidies or re-imbursments for deficits incurred. Amounts received from governments on account of deficits, incurred by enterprises in current or prior years, are excluded from current revenue and shown in surplus account transactions.

Item 5. Other current revenue is income of a current nature not elsewhere specified.

Expenditure

An expenditure is a charge incurred in connection with the acquisition of a good or a service of value to the enterprise.

Current expenditure includes purchases of both tangible and intangible items whose value expire or are used up within the fiscal period, and are properly chargeable to expense accounts. Labour and material costs, interest on debt, and depreciation allowances are examples of expenditures charged to current expense accounts.

Capital expenditures in the form of purchases of new capital goods, purchases of land, and of existing capital goods other than land, are almost always charged to fixed asset accounts.

Current Expenditure

Item 1. Costs of goods and services sold from current operations

(1) **Wages and salaries:** This item represents the gross salaries, wages, living allowances, bonuses and commissions paid by government enterprises, in cash and in kind, to hired employees in Canada and abroad, in return for labour services. Retroactive wage increases, commissions and bonuses are included in the periods in which they are paid rather than the periods in which they are earned.

Except for a few isolated cases, it has not been possible to delete the labour costs on capital works constructed by the enterprises' own labour force or on development expenses. To this extent, the cost of salaries and wages on current account is overstated.

Supplementary labour costs such as contributions to pension funds, employee welfare funds, unemployment insurance, and workmen's compensation have not been separated from other costs of goods sold.

(2) **Net drawings on (+) or net additions to (-) inventories** represent the value of the net change over the accounting period in the volume of stock purchased or manufactured.

The valuations shown for this item are those reported for the opening and closing inventories in the trading accounts of the enter-

prises, wherever it has been possible to isolate them; otherwise the changes in the inventory asset item has been used.

(3) **Other purchases of goods and services for current operations.** This item embraces all current purchases of goods and services, net of rebates and discounts, other than for compensation of employees (sub-item 1.1), interest on debt (item 3), and the fixed charge of provision for depreciation (item 2). In addition to purchases of materials, it includes supplementary labour costs such as employers' contributions to social insurance and pension funds, and also fuel and electricity, office expenses, repairs and maintenance and some expenditures of a capital nature charged to current account.

The adjustment for current purchases or production added to inventories or for prior years' stores drawn therefrom, is made in sub-item 1.2.

Item 2. Provision for depreciation. The provision for the wearing out of those items treated as fixed assets, through use or obsolescence, is recorded at the amounts charged up by the enterprise, regardless of method of computation.

Item 3. Interest on debt. Interest on debt is mainly on bonds and debentures, undifferentiated as to payee, or on loans and advances by the parent government or affiliated enterprises. These inter-governmental agency transactions are shown separately.

Interest on debt due to non-government entities also includes interest on commercial debt in the form of bank overdrafts and other business credit.

Item 4. Other current expenditure comprises allowances for doubtful accounts, foreign exchange and non-operating expenses charged against the current year's revenue such as amortization of bond discount and bond redemption expenses, charges for depletion, amortization of preproduction and development expenses, lay-up expenses, and any contributions of enterprises to own or other levels of government.

Item 7. Estimated income tax. Since January 1, 1952, federal proprietary crown corporations are liable for the payment of taxes on income earned as are privately owned corporations.

This item records the provision for income tax for the year under review.

PART II

Organization, Size and Main Functions of Federal Government Enterprises as covered by this report

Background Sketch

The most common practice in establishing a federal government business enterprise has been to set it up by special act of parliament, which defines its purposes, powers and responsibilities.

During World War II, when the corporate device was extensively employed, the Minister of Munitions and Supply was authorized to procure the incorporation of companies under the Federal Companies Act, 1934. In 1946, the Government Companies Operation Act was passed to regulate the operations of the few companies actually formed under the Companies Act. The financial provisions of the Government Companies Operation Act were repealed, with the enactment in October, 1952, of the Financial Administration Act, to provide for the financial administration of the Government of Canada, the audit of the public accounts and the financial control of crown corporations.

(Financial control is exercised through requirements for parliamentary estimates, capital and operating budgets, financial statements and annual reports, supplemented by audits performed by the auditor general, or in a few cases, other auditors.)

Part VIII of the Financial Administration Act, RSC 1952, c. 116, and amendments, (SC 1955, c. 3; 1958, c. 31; 1960-61, c. 48) define and identify three classes of crown corporations: departmental, agency and proprietary.

The enterprises covered by this report fall into the latter two categories (schedules C and D of the Act), except for the Bank of Canada, the Canadian Wheat Board, the Industrial Development Bank and Northern Ontario Pipe Line Crown Corporation, which because of their unique functions, are governed by their own acts of incorporation, and the Canadian Government Elevators operated by the Board of Grain Commissioners for Canada under the provisions of the Canada Grain Act.

Name of enterprise with Associated Companies indicated by corresponding letters (a) to (d)	Fiscal year end	Responsible Minister or Authority	Federal Statutory Authority	Year of incorporation	Value of assets per annual reports 1961 \$'000	Main functions
Bank of Canada (a)	Dec. 31	Minister of Finance	Bank of Canada Act, RSC 1952, c. 13; amend. c. 315, s. 30; 1953-54, c. 33.	1934	3,242,900	To regulate credit, and currency, to control and protect the external value of the Canadian dollar and to stabilize the level of production, trade, prices and employment so far as may be possible within the scope of monetary action; to act as fiscal agent for the federal government and manage the public debt.
Canadian Arsenals Limited.....	March 31	Minister of Defence Production	Incorporated under the Companies Act, RSC 1952, c. 53.	1945	19,138	To manufacture and develop military equipment, ammunition and components to meet the requirements of the armed forces, to maintain the facilities placed in its custody and retain skills required to operate such facilities.
Canadian Broadcasting Corporation	March 31	Minister of National Revenue	Broadcasting Act, SC 1958, c. 22.	1936	54,033	To broadcast, produce and distribute national program services in English and in French, in radio and television, domestically and internationally; to operate the International Shortwave Broadcasting Service on behalf of the federal government, which bears operational and maintenance costs.
Canadian Commercial Corporation	March 31	Minister of Defence Production	Canadian Commercial Corporation Act, RSC 1952, c. 35.	1946	77,954	To purchase defence supplies from Canadian industry on behalf of other countries; to purchase goods and services which the federal government contributes under the Colombo Plan and under programmes covering aid rendered by Canada to other nations; to engage in importing and exporting transactions for Canadian Government departments and agencies, and commercial firms.
Canadian Government Elevators.....	March 31	Minister of Agriculture	Canada Grain Act, RSC 1952, cc. 25 and 308; amend. 1955, c. 9.	1913	13,086	To operate terminal grain elevators under management of the Board of Grain Commissioners for Canada.
Canadian National Railway System.....	Dec. 31	Minister of Transport	Canadian National Railways Act, SC 1955, c. 29; amend. 1960-61, c. 28.	1919	3,716,820	To operate land, water and air transportation, express, telecommunication and hotel services.
Canadian National (West Indies) Steamships Limited.	Dec. 31	Minister of Transport	Incorporated under the Companies Act, RSC 1952, c. 53.	1927	1,659	Before the sale of its fleet in August, 1958, the Company maintained direct steamship service to the West Indies under provisions of the West Indies Trade Agreement Act, 1926. (The outstanding financial transactions reflect earnings on investments and the unliquidated equity account.)
Canadian Overseas Telecommunication Corporation.	March 31	Minister of Transport	Canadian Overseas Telecommunication Corporation Act, RSC 1952, c. 42; amend. 1952-53, c. 13; 1953-54, c. 44, s. 2.	1949	48,256	To operate in Canada and elsewhere external telecommunication services for the conduct of public communication.
Canadian Patents and Development Limited.	March 31	Chairman of the Committee of the Privy Council on Scientific and Industrial Research	Incorporated under the Companies Act, RSC 1952, c. 53; Research Council Act, RSC 1952, c. 239; amend. 1953-54, c. 42; Public Servants Inventions Act, 1953-54, c. 40, s. 15.	1948	518	To make available to industry through licensing arrangements, new processes developed by scientific workers of the National Research Council.

Organization, Size and Main Functions of Federal Government Enterprises - Continued

Name of enterprise with Associated Companies indicated by corresponding letters (a) to (d)	Fiscal year end	Responsible Minister or Authority	Federal Statutory Authority	Year of incorporation	Value of assets per annual reports 1961	Main functions
Canadian Wheat Board	July 31	Minister of Agriculture	Canadian Wheat Board Act, RSC 1952, c. 44; amend. 1952-53, c. 26; 1957, c. 6.	1935	\$'000 723,664	To market in an orderly manner in the interprovincial and export trade, grain grown in Canada.
Central Mortgage and Housing Corporation.	Dec. 31	Minister of Public Works.	Central Mortgage and Housing Corporation Act, RSC 1952, c. 46 (also National Housing Acts, SC 1953-54, c. 23; amend. 1956, c. 9; 1957-58, c. 18; 1958, c. 3; 1959, c. 6; 1960, c. 10; 1960-61, cc. 1, 61).	1945	1,849,142	To insure mortgage loans on new housing made by approved lenders; make direct loans to certain borrowers; buy and sell mortgages; assist other levels of government in urban redevelopment, land assembly and housing projects; own housing and administer housing projects for other government departments.
Cornwall International Bridge Company Limited (d) (Subsidiary).	Sept. 30	Minister of Transport	Incorporated under the Companies Act, RSC 1952, c. 53; St. Lawrence Seaway Authority Act, RSC 1952; amend. 1956, cc. 11 and 47.	1957	339	As a subsidiary of the St. Lawrence Seaway Authority of Canada and the St. Lawrence Seaway Development Authority (American), the company operates a toll bridge between Cornwall, Ontario, and Messena, New York.
Crown Assets Disposal Corporation ...	March 31	Minister of Defence Production	Surplus Crown Assets Act, RSC 1952, c. 260.	1949	8,285	To dispose of surpluses originating with the various government departments and crown corporations; to act as agent of foreign governments in the disposal of their surpluses in Canada; to make agency arrangements with governments for the disposal of Canadian surpluses located in their countries. (Formerly War Assets Corporation, established in 1944 to replace War Assets Corporation Limited which had been incorporated in 1943).
Eldorado Aviation Limited (c) (Subsidiary).	Dec. 31	Minister of Trade and Commerce	Incorporated under the Companies Act, RSC 1952, c. 53.	1953	335	To carry air traffic, both passenger and freight, for Eldorado Mining and Refining Limited and Northern Transportation Company Limited.
Eldorado Mining and Refining Limited (c).	Dec. 31	Minister of Trade and Commerce	Incorporated under the Companies Act, RSC 1952, c. 53.	1944	107,545	Mining and refining of uranium and the production of nuclear fuels in Canada; also acts as agent of the federal government in the procurement of uranium concentrates from private producers in Canada for ultimate buyers.
Export Credits Insurance Corporation ..	Dec. 31	Minister of Trade and Commerce	Export Credits Insurance Act, RSC 1952, c. 105; amend. 1953-54, c. 15; 1957, c. 8; 1957-58, c. 15; 1959, c. 24; 1960-61, c. 33.	1944	59,800	To insure Canadian exporters against non-payment by foreign buyers arising out of credit and political risks involved in foreign trade; to provide financing in respect of an export transaction involving extended credit terms.
Farm Credit Corporation	March 31	Minister of Agriculture	Farm Credit Act, SC 1959, c. 43; amend. 1960-61, c. 36.	1959	219,181	As the successor to the Canadian Farm Loan Board, it provides long-term mortgage credit to Canadian farmers.
Industrial Development Bank (a) (Subsidiary).	Sept. 30	Minister of Finance	Industrial Development Bank Act, RSC 1952, c. 151 and amend. c. 326; 1956, c. 25; 1960-61, c. 50.	1944	125,012	To provide loans, equity financing and participate in underwriting agreements with small and medium-sized Canadian businesses where required financing is not available from other sources on reasonable terms and conditions.
National Harbours Board	Dec. 31	Minister of Transport	National Harbours Board Act, RSC 1952, c. 187; amend. 1953-54, c. 60; 1955, c. 4.	1936	444,892	Administration of certain port facilities and grain elevators.
Newfoundland Car Ferry ¹	March 31	Minister of Transport	Ferries Act, RSC 1952, c. 114.	1952	—	Operation, on behalf of the federal government, of ferry service between Port-aux-Basques, Nfld., and North Sydney, N.S. by Canadian National Railway as part of its non-rail service.
Northern Canada Power Commission	March 31	Minister of Northern Affairs and National Resources	Northern Canada Power Commission Act, RSC 1952, c. 196; amend. 1956, c. 42.	1948	28,962	To provide power to areas in the Northwest Territories and Yukon Territory on a self-sustaining basis.
Northern Ontario Pipe Line Crown Corporation.	Dec. 31	Minister of Trade and Commerce	Northern Ontario Pipe Line Crown Corporation Act, SC 1956, c. 10.	1956	130,821	Construction of the Northern Ontario Section of all Canadian natural gas pipeline and of leasing the Section with an option to purchase, to Trans-Canada Pipe Lines Limited.

Organization, Size and Main Functions of Federal Government Enterprises — Concluded

Name of enterprise with Associated Companies indicated by corresponding letters (a) to (d)	Fiscal year end	Responsible Minister or Authority	Federal Statutory Authority	Year of incorporation	Value of assets per annual reports 1961 \$'000	Main functions
Northern Transportation Company Limited (c) (Subsidiary).	Dec. 31	Minister of Trade and Commerce	Incorporated under the Companies Act, RSC 1952, c. 53.	1947	7,064	To carry on water transportation in the Mackenzie River watershed for its parent corporation, and to handle D.E.W. line freight.
Park Steamship Company Limited (inactive).	Dec. 31	Minister of Transport	Incorporated under the Companies Act, RSC 1952, c. 53.	1942	5	Now inactive, during World War II, the company supervised the operation of crown-owned merchant vessels. The fleet was sold in 1946-47. Activities are confined to occasional claims for compensation to seamen for injuries sustained during previous service.
Polymer Corporation Limited	Dec. 31	Minister of Defence Production	Incorporated under the Companies Act, RSC 1952, c. 53.	1942	84,199	Production of synthetic rubber products and some chemicals; owns two subsidiaries, Polymer Corporation (SAF) France, and S.A. Polysar Belgium N.V., the financial transactions of which are consolidated with the accounts of the parent company.
Prince Edward Island Car Ferry ¹	Dec. 31	Minister of Transport	Ferries Act, RSC 1952, c. 114.	1933	—	Operation on behalf of the federal government of ferry service between Borden, P.E.I. and Cape Tormentine, N.B. by the Canadian National Railway as part of its rail service.
St. Lawrence Seaway Authority (d)	Dec. 31	Minister of Transport	St. Lawrence Seaway Authority Act, RSC 1952, c. 242; amend. 1953-54, c. 44, ss. 5, 6; 1955, c. 58; 1956, cc. 11, 47; 1959, c. 9; 1962, c. 18.	1951	524,289	Operation in conjunction with its American counterpart, from April 25, 1959, of the Seaway system between Montreal and Lake Erie constructed in the years 1954 to 1959; operation and administration of non-toll canals transferred from the Department of Transport to the Authority by Order-in-Council, P.C. 1959-204.
Trans-Canada Air Lines (b)(Subsidiary)	Dec. 31	Minister of Transport	Trans-Canada Air Lines Act, RSC 1952, c. 268; amend. 1952-53, c. 50.	1937	276,728	To provide scheduled domestic and international air services to North America, the British Isles, continental Europe and the Caribbean.
Yarmouth-Bar Harbour Ferry	Dec. 31	Minister of Transport	Ferries Act, RSC 1952, c. 114.	1955	12,563	Operation of ferry service between Yarmouth, N.S. and Bar Harbour, Maine, by the Canadian National Railway Company on behalf of the federal government on a management fee basis.

¹ Finances consolidated with those of C.N.R. except for fixed assets owned by federal government.

GENERAL COMMENTS

Tables 1, 2, 3, 7, 8 and 9 present the assets, liabilities and net worth, net surplus account transactions, and current revenue and expenditure of federal government enterprises for the year 1961, according to the classifications and definitions herein described, and also by the broad industry groups in which the companies participate.

While the Bureau's standard unit for obtaining basic statistical data on output, cost of materials, supplies, fuel and electricity, and employment and payroll, by industry, is the "establishment", the establishment cannot universally report overhead costs charged to it, and hence its net trading profits. Thus the appropriate unit for reporting financial data is the "firm" and not the establishment. Sometimes even the firm cannot report all financial data and it is necessary to resort to "enterprise" data, an "enterprise", in this sense, being a firm or an aggregation of firms under common ownership and financial control. In some cases, firms which may be in widely different industries are associated with one another through common management and financial control.

The standard industrial classification of federal government enterprises, applied in these statistics at the "enterprise" rather than at the firm or establishment level has resulted in a few aberrations. For example, Eldorado Mining and Refining Limited has been included in the manufacturing industry, although some of its operations are more properly classed under mining. The Canadian National Railway System accounts, as presently consolidated, cut across the transportation, financial and personal service industries. All of these activities are grouped with the transportation function.

Transportation, the industry group with the largest number of government enterprise participants, including the Canadian National Railways, is also the most significant from the standpoint of asset holdings. The next major participating group is finance, insurance and real estate, followed in order of importance by wholesale trade, manufacturing, communication, electric power and storage. The latter three sub-groups are part of the transportation, communication and other utilities division listing in the Standard Industrial Classification Manual (1960) of the Dominion Bureau of Statistics.

The sources of the financial data are the published annual reports of the crown corporations, supplemented by additional information obtained from company or departmental officials. The assistance of these officers is gratefully acknowledged. For most of the enterprises, the fiscal year corresponds to the calendar year.

The series on wages and salaries paid to employees of federal enterprises is, for the most part, based on monthly data obtained from the Government Employment and Payrolls Section, Public Finance and Transportation Division, and summated to pertinent fiscal year totals.

Comprehensive statistics on capital revenue, capital expenditure and the source and application of funds of federal enterprises are not available at this time, except in so far as changes in the balance sheet accounts reflect these transactions on a net basis.

Estimates of capital expenditures by government enterprises are published in the publication, "Private and Public Investment" (Table 7), prepared jointly by the Business Finance Division of the Dominion Bureau of Statistics, and the Economics Branch of the Department of Trade and Commerce. According to this source, capital expenditures of federal enterprises for the year 1961 were \$215 million.

Coverage

There were twenty-nine federal enterprises actively engaged in business in 1961, the same number as in 1960.

Thirty-six companies were included in the consolidated accounts of the Canadian National Railway System. During the year three companies were merged with the Canadian National Railway Company, namely: Canadian National Rolling Stock Limited, Montreal Fruit and Produce Terminal Company Limited and Yukon Telephone Company Limited and three private companies were acquired: Yellowknife Telephone Company as of January 1st and Hoar Transport Company Limited and the Toronto-Peterborough Transport Company Limited in November. In addition to those companies included in the System's corporate structure, there are several affiliated companies in which it holds fifty per cent or less claim of ownership. Only the amount of the investment in these affiliates is reflected in the statistics. Trans-Canada Air Lines, one of the System's wholly-owned subsidiaries, is treated as a separate federal government enterprise and its transactions with the parent company have been segregated.

Adjustments are made to the System accounts to show the revenues and expenditures of the Canadian National hotels on a gross basis and to transfer the contributions from the federal government for the operating deficits of the Newfoundland Car Ferry and the Prince Edward Island Car Ferry from current revenue to surplus account.

The consolidated financial statements of Polymer Corporation Limited included for the first time those of its subsidiary companies, Polymer Corporation (SAF) incorporated under the laws of France in January 1961, in which Polymer holds a ninety-five per cent equity (the Banque de Paris et des Pays-Bas holds the remaining five per cent) and S.A. Polysar Belgium N.V. incorporated under the laws of Belgium in December 1961; the plants of the subsidiary companies were not yet in operation at year-end.¹

Canadian National (West Indies) Steamships Limited sold its fleet in 1958. Transactions during 1961 related to the winding up of the company's affairs.

Differences in Coverage in National Accounts

The series on net profit or loss before provision for income tax (item 6, Expenditure, Table 2) and for provision for depreciation (item 2, Expenditure, Table 2) do not agree with those which are currently incorporated in the National Accounts because of differences in coverage and of the addition to the National Accounts estimates of portions of the imputation for rent on government-owned buildings, and to the net profit series only, of imputed banking services provided to the federal government without specific charge.

To convert to the National Accounts coverage, the following adjustments are made:

Additions: estimates for Exchange Fund Account, Veterans' Land Act, Post Office, Bank of Canada, imputed items.

Deductions: estimates for Canadian Broadcasting Corporation, The Canadian Wheat Board, Crown Assets Disposal Corporation.

¹ For some studies, only Canadian production, employment and financial statistics including the amount of the investment of parent Canadian government enterprises in foreign-incorporated companies, are desired. No attempt has been made in this report to isolate foreign subsidiary transactions; however, the amounts involved in 1961 are not considered significant (less than \$1 million in the case of Polymer Corporation Limited subsidiaries).

Bank of Canada

Although the Bank of Canada is classified as a federal government enterprise, its financial data are not included in the overall totals of enterprise transactions published in Tables 1 to 6.

The specialized terminology used by the Bank of Canada for some of its balance sheet items, by reason of its unique functions, affords, at best, an awkward fit to the conventional nomenclature adopted for this statistical presentation.

However, for the convenience of users of these financial statistics, who may wish to incorporate available Bank of Canada figures into the relevant totals, Tables 7, 8 and 9 present comparative income, surplus account and balance sheet for 1960 and 1961 within the enterprise classification framework, with a breakdown of the items included under pertinent headings.

The Canadian Wheat Board

The Canadian Wheat Board was incorporated under the Canadian Wheat Board Act to market, in an orderly manner, in the interprovincial and export trade, grain grown in Canada. The net profits on the operations of the pool accounts accrue not to the federal government, but to the grain producers. In this respect, it differs from other government business enterprises.

Notwithstanding the special nature of its functions, however, the Canadian Wheat Board is treated in this report as a federal government enterprise.

Its financial data cover the fiscal years ended July 31st, and involve not only the interim transactions of the current crop year, but also the results of the operations of the previous year's wheat, oats and barley pool accounts during the same period.

ANALYSIS OF DATA

Table 1 shows the type of assets held by the federal government enterprises, by industry and in total, the liabilities outstanding in connection therewith, and the net worth as at the fiscal year end nearest to December 31st, 1961.

The absolute and per cent change in the group components between 1960 and 1961, and their proportion to the total, are pointed up in the following tables:

Changes in Assets, Liabilities and Net Worth as at Fiscal Year Ends Nearest to December 31¹

	1960	1961	Absolute change	Per cent change ²
			1961/1960	1961/1960
millions of dollars				
Assets				
Cash	84	79	- 5	- 5.6
Accounts receivable	134	162	28	21.0
Inventories	865	862	- 3	- 0.4
Fixed assets	4,536	4,628	92	2.0
Investments, including loans and advances and restricted funds	2,240	2,554	314	14.0
Other assets	131	145	14	10.0
Totals	7,990	8,430	440	5.5
Liabilities and net worth				
Accounts payable	557	541	- 16	- 3.0
Long-term loans and advances and debt	4,457	4,769	312	7.0
Liability reserves	109	170	61	55.3
Other liabilities	489	487	- 2	- 0.4
Proprietary equity (net worth)	2,378 ³	2,463	85	3.6
Totals	7,990	8,430	440	5.5

¹ Excludes Bank of Canada.² Based on unrounded data.³ This figure differs from the previously published amount due to the broadening of the definition of proprietary equity to include equity reserves, 15, and surplus, 59; the former item, reserves, is now limited to liability reserves.

The revised figures for 1958 and 1959 are as follows: liability reserves, 79 and 96 and proprietary equity, 2,169 and 2,364.

Components of Assets, Liabilities and Net Worth as a percentage of the Total as at Fiscal Year Ends Nearest to December 31¹

	1960	1961
Assets		
Cash	1.0	1.0
Accounts receivable	1.7	1.9
Inventories	10.8	10.2
Fixed assets	56.8	54.9
Investments, including loans and advances and restricted funds	28.0	30.3
Other assets	1.7	1.7
Totals	100.0	100.0
Liabilities and net worth		
Accounts payable	7.0	6.4
Long-term loans and advances and debt	55.8	56.6
Liability reserves	1.4	2.0
Other liabilities	6.1	5.8
Proprietary equity (net worth)	29.7	29.2
Totals	100.0	100.0

¹ Excludes Bank of Canada.

Assets

Assets of federal government business enterprises, excluding the Bank of Canada, reached the level of \$8,430 million at the end of 1961, a rise of \$440 million, or five and one half per cent, over the aggregate recorded in 1960.

The bulk of the increase occurred in investments, including loans and advances and restricted funds, which at a book value of \$2,554 million, showed larger portfolios of \$314 million (14 per cent). This component encompassed more than 30 per cent of total assets. Loans and advances accounted for \$207 million of the increase; loans by Central Mortgage and Housing Corporation under the National Housing Acts alone increased by \$175 million under a less restrictive lending policy in force in 1961. In manufacturing, new advances of \$28 million in respect of ore concentrates to be received by Eldorado Mining and Refining Company offset a decline in other customers' advances in wholesale trade. Mortgage loans made to farmers by the Farm Credit Corporation, net of repayments, were \$54 million greater than the corresponding amount at the end of the preceding year. Securities held as investments revealed some shifts in government holdings; the net increase of \$4 million in securities was mostly in bonds of companies and of institutions. Included in other assets of restricted funds were obligations of the federal government under agreements to finance export sales under Section 21A of the Export Credits Insurance Act.

Fixed assets, net of accumulated depreciation, were carried on the books of the crown corporations at a value of \$4,628 million, and constituted about 55 per cent of total assets, about 2 per cent less than the ratio prevailing in 1960. In absolute terms, the net addition to property and plant in 1961 was \$92 million, \$59 million of which was put in place in the transportation industry, mainly for new DC-8 jet aircraft of Trans-Canada Air Lines and the enlargement of water transportation facilities. Communication utilities expended a net amount of \$12 million on telephone cable systems during the year. Central Mortgage and Housing Corporation added to its stock of physical property held for sale by an amount of approximately \$18 million, and Polymer Corporation's \$5 million expansion programme included new construction at its Sarnia plant, as well as at Strasbourg, France. Its new subsidiary, Polysar, Belgium, was incorporated late in 1961 to build a plant near Antwerp.

Inventories of materials and supplies on hand comprised 10 per cent of total assets, and their year-end book value of \$862 million was \$3 million less than the opening balance. With offsetting changes in stock of government enterprises engaged in manufacturing and wholesale trade, the drawing down of inventories in transportation was responsible for the overall decrease.

Cash, accounts receivable and other assets made up the residual 5 per cent of assets. Over the year, there was a reduction of \$5 million in the enterprises' cash position; trade accounts outstanding were \$28 million higher, and unamortized bond discount showed a net credit of \$3 million. The amount due by the federal government on deficits of Canadian National Railways accounted for the increase in other unspecified assets.

Liabilities

Long-term loans and advances and debt, amounting to \$4,769 million, accounted for almost 57 per cent of total liabilities and net worth in 1961. The increase over the previous year was \$312 million, or 7 per cent, and involved a growth in the amount of loans and advances outstanding of \$319 million, and a net retirement of \$7 million in bonds and debentures of Canadian National Railways. Loans and advances outstanding were recorded at \$3,095 million; loans payable to the federal government showed a rise of about \$280 million, of which \$249 million was incurred by its financial instrumentalities to facilitate credit to home builders and farmers, and the balance was more than accounted for by transportation utilities financing.

Parent federal government enterprises lent an extra \$34 million to their public subsidiaries—\$19 million by C.N.R. to Trans-Canada Air Lines and \$15 million by the Bank of Canada to the Industrial Development Bank.

A new liability was incurred for advances of ore concentrates to be delivered to Eldorado Mining and Refining Limited. The net effect of this transaction was to increase the advance content of this item by \$5 million.

Most of the \$1,674 million of bonds and debentures outstanding represented obligations of the Canadian National Railway System to the public, which were guaranteed by the federal government.² Bonds and debentures of subsidiary federal government enterprises due to the parent enterprises are deemed to be non-marketable and have been classified in these statistics as loans payable. The contra asset holdings of the parent enterprises are also classed as loans.

Liability reserves amounted to \$170 million, signifying a net transfer during 1961 of \$61 million, of which \$41 million were in the form of agreements to finance export sales by purchases of negotiable instruments by Export Credits Insurance Corporation, \$15 million were appropriations to reserves for mortgage and home improvement loan insurance and rental guarantees, and \$5 million were for self-insurance and provisions for income tax.

Trade accounts payable decreased by \$16 million to the level of \$541 million in 1961, and other liabilities declined by \$2 million to \$487 million, with countervailing flows in temporary loans and advances and accrued expenditures other than interest, taking place in government-sponsored wholesale trade activity.

Proprietary equity, in the broader terms adopted for this series, which is the excess of assets over liabilities, amounted to \$2,463 million, an increment of \$85 million (about 4 per cent) in 1961; its ratio to total assets or liabilities and net worth was 29 per cent.

The federal government, under the provisions of the Canadian National Railways Capital Revision Act, purchased additional stock of the railway to the value of \$21 million during the year, and the Bank

² For a statement of contingent liabilities of the federal government, including railway securities guarantees and other guarantees of federal government enterprise transactions, see federal public accounts, 1961-1962, Vol. I, page 167.

of Canada bought up the issue of 10,000 shares of its subsidiary, Industrial Development Bank, for \$1 million. There was also a net increase of \$2 million in interest-free working capital, about \$1 million in fixed assets transferred, and \$16 million in other equity provided by the federal government.

Equity reserves increased by approximately \$4 million, the effect of a decrease in the reserve for properties, plant and equipment of Trans-Canada Air Lines, and an appropriation to the reserve for the prospective interest of the lessee under terms of a purchase option lease agreement on the Northern Ontario pipe line.

Unappropriated surplus showed a closing balance of \$100 million, an increase of 68 per cent over the opening figure, mostly ascribable to transactions in wholesale trade.

Current Revenue

Details of current revenue (and expenditure), by industry, for 1961 are provided in Table 2.

Revenue derived from sales and services on current operations was \$2,087 million, a rise of \$107 million (over 5 per cent) over the previous year.

In wholesale trade, grain sales handled by the Canadian Wheat Board, involving final transactions on the 1959-1960 crop and interim dealings on the 1960-1961 crop, were higher by \$127 million. In manufacturing, there was a decline in total sales, a reflection of the current over-supply of uranium. Financial institutions increased their income from sales and services by about \$2 million, and transportation, communication and other public utilities garnered an additional \$37 million.

Included in the operating revenue of Canadian National Railways were interim payments of \$28 million by the federal government related to recom-

mendations of the Royal Commission on Transportation. This amount was in addition to its regular subsidy payments under the Freight Rates Reduction Act, the Maritime Freight Rates Act and the east-west bridge trackage maintenance, totalling \$24 million. Freight revenue of the railway actually decreased by \$12 million despite increased revenue ton miles, due to a higher proportion of low-rated traffic.

Trans-Canada Air Lines registered higher revenues of \$6 million with a record traffic volume under a revised domestic fare structure.

Financial income earned was \$124 million, up \$16 million from the preceding year, mostly interest on a larger volume of loans made by Central Mortgage and Housing Corporation under the National Housing Acts.

Other items of current income include: rents (item 3), which at \$21 million, showed an increase of \$3 million (the effect of higher revenue on the lease of the Northern Ontario pipe line); contributions from the federal government towards the net operating requirements of the Canadian Broadcasting Corporation (item 4), which at \$70 million was \$11 million more than the grant received in 1960; and item 5, other income, \$54 million, of which all but \$3 million in miscellaneous earnings, represent carrying charges on wheat under the Temporary Wheat Reserves Act from the federal government, an increase of more than \$6 million over the amount received in 1960.

The overall increase in total current revenue was \$143 million, a gain of 6 per cent.

Absolute and percentage changes in the major components of current revenue, current expenditure and net profit before income taxes are illustrated in the following table:

Changes in Revenue, Expenditure and Net Profit for Fiscal Years Ended Nearest to December 31¹

	1960	1961	Absolute change	Per cent change ²
	millions of dollars		1961/1960	1961/1960
				%
Revenue				
Revenue from sales and services on current operations	1,980	2,087	107	5.4
Financial income	108	124	16	14.3
Other income	125	145	20	16.8
Totals	2,213	2,356	143	6.4
Expenditure				
Cost of goods sold from current operations	1,876	1,929	53	2.9
Depreciation	125	139	14	11.0
Interest	174	198	24	13.8
Other	6	5	- 1	- 16.5
Totals	2,181	2,271	90	4.1
Net profit before income taxes	32	85	53	164.2

¹ Excludes Bank of Canada.

² Based on unrounded data.

Current Expenditure

The costs of goods and services sold from current operations in 1961 amounted to \$1,929 million, an increase of 3 per cent over the previous year.

The wages and salaries component was \$23 million higher, mostly accounted by higher payroll costs of transportation and communication utilities. A drop of \$2 million in manufacturing labour costs occurred due to the cutback in the production of uranium.

There was a net drawing down of inventories in the amount of \$3 million during the year. Increases in the value of stocks of grain held in pool accounts of the Canadian Wheat Board were offset by the decumulation in the manufacturing industry. In transportation, materials and supplies on hand decreased by \$3 million.

Other purchases of goods and services were lower by \$2 million, mostly in manufacturing.

Provision for the depreciation of fixed assets (item 2) was \$14 million greater for a total of \$139 million, with the only significant change being provided in transportation.

Interest paid on loans and bonds and debentures amounted to \$198 million. The larger interest payments to the federal government of \$10 million (net) were due to the additional loans made in the year to its financial enterprises to facilitate credit; however, interest paid by Canadian National Railways actually decreased by \$5 million due to lower rates prevailing on loans received under the Financing and Guarantee Act, 1961. Interest paid by subsidiaries to parent government enterprises increased by \$3 million.

Bond and debenture debt interest, undifferentiated as to payee, amounted to \$69 million, an increase of \$11 million, ascribable to a full year's payment of interest by Canadian National Railways on issues floated in 1960.

Other interest charges amounted to \$12 million, and were mostly on bank loans; the corresponding payment in 1960 was \$10 million.

Interest capitalized during construction of fixed assets of transportation and communication facilities has been excluded.

Other miscellaneous expenditures, including the amortization of bond discount, were down slightly from the previous year.

Total current expenditure was \$2,271 million, an increase of \$90 million (4 per cent), which was less than the increase in gross revenues.

Net profits before provision for income taxes, excluding the Bank of Canada, were \$85 million as against net earnings of \$32 million in 1960. The

net profit of the Canadian Wheat Board which accrues to grain producers was approximately \$56 million higher; lower income of enterprises engaged in manufacturing and transportation reduced the overall gain of federal government enterprises to \$53 million.

Estimated income taxes payable amounted to \$21 million, leaving profits for distribution of \$64 million.

Net Surplus Transactions

Net debits and credits to surplus account carried to the balance sheet are shown in Table 3.

The closing balance was \$100 million, which was \$41 million more than the opening credit. In addition to net profits after provision for income taxes in the amount of \$64 million, there was a gain of approximately \$5 million on the sale of fixed assets by Central Mortgage and Housing Corporation, and contributions from the federal government towards operating deficits and capital requirements of \$95 million. (See Table 6 for details of the latter).

Out of these total credits of \$223 million, including the opening balance, there was a net transfer to reserves of \$10 million, adjustments for write-offs and capital transactions of \$14 million, and remittances of surplus of \$99 million. Remittances to the federal government were \$21 million, of which \$10 million were in dividends. Another \$78 million were paid out to grain producers from earnings of the Canadian Wheat Board.

These transactions left a balance of \$100 million in unappropriated surplus account at the close of 1961.

The year-over-year changes in the net transactions were as follows:

- (a) credits: profits, up \$51 million, and contributions from the federal government, up \$7 million, for a total of \$58 million;
- (b) debits: adjustments, up \$13 million, remittances, up \$5 million, transfers to reserves, down \$4 million, total, \$14 million;
- (c) net change, \$44 million.

Reconciliation of Assets or Liabilities and Net Worth with Balance Sheets per Annual Reports (Table 4)

To place the balance sheet accounts of all the enterprises on a comparable basis, and to eliminate trust and deposit accounts not owned by them, adjustments of \$105 million were made to the values which appeared in their published annual reports for the year ended nearest to December 31, 1961.

The largest single adjustment (\$88 million) was to offset a reserve for the replacement of capital assets against the relevant property account which

was reported on a gross basis. As mentioned previously, fixed assets are shown net of accumulated depreciation.

A reserve of \$6 million for facilities not owned by an enterprise was offset to restricted funds.

Employees' savings funds and contractors' security deposits made contingent to the fulfilment of contracts were eliminated. This involved an offset of \$4 million.

There was a minor adjustment for the elimination of contra assets and liabilities on the amalgamation of two separate funds of one enterprise.

In order to show the accumulated surplus on a net basis in the conventional manner, a deficit of \$5 million shown on the debit side was transferred by a credit entry.

Note: Because of differences in methods of presentation by the enterprises of income, operating costs and fixed charges, there are no specific totals on which to base a reconciliation of current revenue and expenditure data as prepared for this publication.

Securities held as Investments (Table 5)

An analysis of securities held as investments, including those in restricted funds, embracing asset item 9 and part of asset item 11, is presented in Table 5, by industry, and in total.

In addition, a breakdown of other assets held in restricted funds is shown in a footnote to the table.

Of \$253 million in securities held by federal government enterprises in 1961, \$199 million were in the form of government bonds or treasury bills, an amount relatively unchanged from government securities held in a total portfolio of \$249 million in 1960. Government financial enterprises held \$101 million and transportation and communication utilities \$89 million of the government bonds and treasury bills.

Ownership of bonds of companies incorporated in Canada was increased by \$4 million during the year for an aggregate of \$35 million, but investments in Canadian preferred and common stock were unchanged at \$15 million. Included in the latter figure was the value of stock of the Trans-Canada Air Lines owned by Canadian National Railways, which also holds most of the balance in stocks of non-government affiliates, as well as \$4 million in foreign investments.

Contributions from Federal Government (Table 6)

The contributions received from the federal government presented in this table include only those grants which affect the trading and surplus accounts.

Any comments on the amounts involved were included in the remarks on current revenue and on surplus.

TABLE 1. Assets, Liabilities and Net Worth, by Industry¹ as at Fiscal Year End Nearest to December 31, 1961

No.	Assets	Manufacturing	Transportation, communication, and other utilities				Sub-total, transportation, communication, and other utilities	Wholesale trade	Finance, insurance and real estate	Total
			Transportation	Storage	Communication	Electric power				
thousands of dollars										
1	Cash on hand and on deposit	26,115	35,844	—	4,206	12	40,062	7,448	5,391	79,016
2	Accounts receivable	38,019	87,618	148	5,523	1,471	94,760	25,439	4,149	162,367
3	Inventories	48,035	101,334	192	5,074	517	107,117	706,037	—	861,189
4	Interest, dividends and rents receivable from									
	(ii) Federal government enterprises ²	—	3,161	—	—	—	3,161	—	—	3,161
	(vii) Other	—	1,066	—	—	—	1,066	91	7,765	8,922
	Sub-total, item 4	—	4,227	—	—	—	4,227	91	7,765	12,083
5	Accrued revenue:									
	1. Interest owing from									
	(i) Federal government	—	—	—	12	..	12	—	167	179
	(v) Municipal governments	—	—	—	—	—	—	—	31	31
	(vii) Other	—	—	—	—	—	—	—	6,209	6,209
	Sub-total	—	—	—	12	—	12	—	6,407	6,419
	2. Other revenue	—	680	562	—	—	1,242	4	—	1,246
	Sub-total, item 5	—	680	562	12	—	1,254	4	6,407	7,665
6	Prepaid expenses	423	3,000	—	138	17	3,155	—	255	3,833
7	Fixed assets	46,410 ³	4,308,259	12,184	74,640	25,866	4,420,949	615	160,494	4,628,468 ⁴
8	Loans and advances receivable from									
	(ii) Federal government enterprises ²	—	227,671 ⁵	—	—	—	227,671	—	—	227,671
	(iii) Provincial governments	—	—	—	—	—	—	—	24	24
	(v) Municipal governments	—	—	—	—	—	—	—	4,583	4,583
	(vii) Other	28,811	7,250 ⁶	—	—	—	7,250	60,764	1,595,820	1,692,645
	Sub-total, item 8	28,811	234,921	—	—	—	234,921	60,764	1,600,427	1,924,923
9	Securities held as investments ⁷	8,077	52,015	—	3,828	1,004	56,847	2,928	18,140	85,992
10	Mortgages receivable and agreements for sale	482	912	—	—	—	912	6,370	313,547	321,311
11	Restricted funds:									
	1. Depreciation funds	—	56,827	—	—	—	56,827	—	—	56,827
	2. Trust and deposit accounts	—	—	—	—	—	—	—	—	—
	3. Other funds	—	30,791	—	938	—	31,729	—	133,382	165,111 ⁸
	Sub-total, item 11 ⁷	—	87,618	—	938	—	88,556	—	133,382	221,938
12	Deferred charges:									
	1. Amortization of bond discount	—	24,717	—	—	—	24,717	—	701	25,418
	2. Other charges	13,580	43,766	—	—	—	43,766	25	—	57,371
	Sub-total, item 12	13,580	68,483	—	—	—	68,483	25	701	82,789
13	Other assets:									
	1. Due on account of deficits from									
	(i) Federal government	930	18,608	—	—	—	18,608	—	857	20,395
	(iii) Provincial governments	—	745	—	—	—	745	—	—	745
	Sub-total	930	19,353	—	—	—	19,353	—	857	21,140
	2. Unspecified	—	15,128	—	1,656	—	16,784	20	214	17,018
	Sub-total, item 13	930	34,481	—	1,856	—	36,137	20	1,071	38,158
14	Total assets	210,882	5,019,392	13,086	96,015	28,887	5,157,380	609,741	2,251,729	8,429,732

¹ Excludes Bank of Canada, See Table 7 for special presentation.² Involves transactions between subsidiary and parent government enterprises.³ Does not include government-owned plants, valued at 101,363.⁴ Net of accumulated depreciation: manufacturing, 113,654; transportation, 854,252; storage, nil; communication, 29,495; electric power, 4,808; wholesale trade, 378; finance, insurance and real estate, 21,269; total, 1,023,856; includes physical property held for sale by financial enterprises, valued at 157,442, and an undetermined amount of interest capitalized during construction of fixed assets of two transportation and communication utilities.⁵ Consists of non-negotiable notes and debentures of subsidiary federal government enterprises which are classified under contra loan liabilities.⁶ Receivable from non-government affiliates.⁷ See Table 5 for analysis of investments held.⁸ Offset against contra liability item 8.⁹ Consists mostly of insurance funds.

TABLE 1. Assets, Liabilities and Net Worth, by Industry¹ as at Fiscal Year End Nearest to December 31, 1961

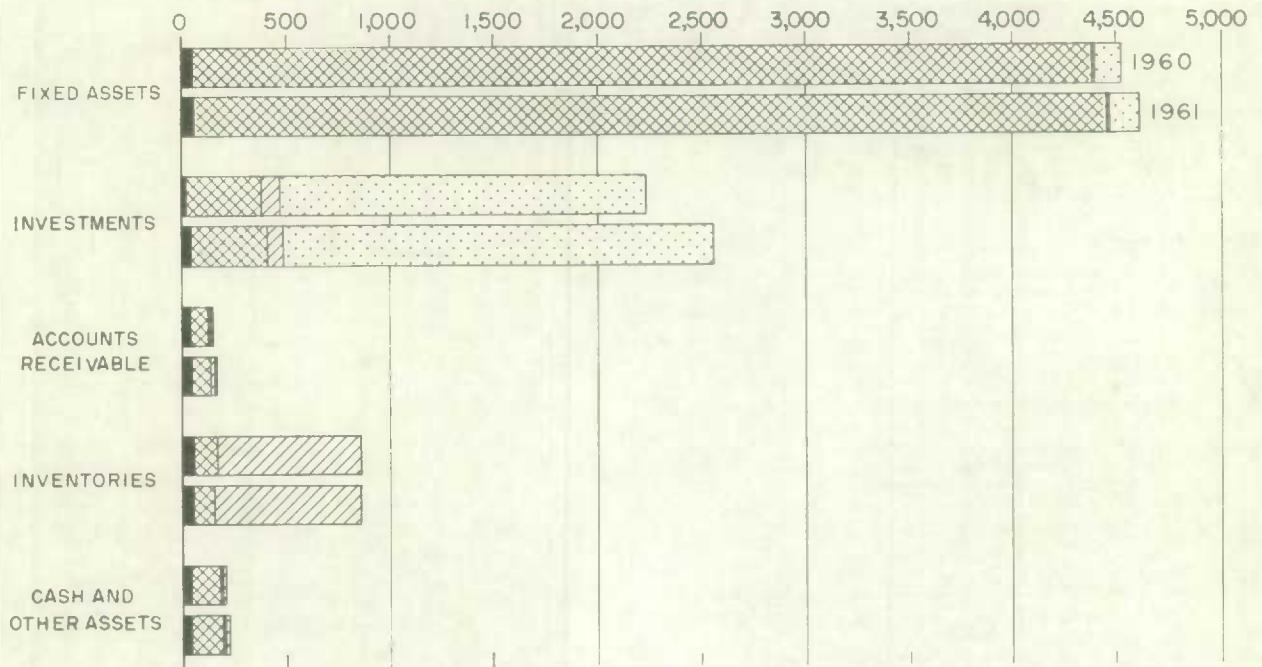
No.	Liabilities and net worth	Manufacturing	Transportation, communication, and other utilities				Sub-total, transportation, communication, and other utilities	Wholesale trade	Finance, insurance and real estate	Total
			Transportation	Storage	Communication	Electric power				
thousands of dollars										
1	Accounts payable	15,722	89,667	—	8,424	195	98,286	425,418	1,500	540,926
2	Temporary loans, advances and notes payable:									
	1. Bank loans and overdrafts	—	—	—	—	—	—	119,731	—	119,731
	2. Other loans and advances	18,576	—	—	—	—	—	132,934	—	151,510
	Sub-total, item 2	18,576	—	—	—	—	—	252,665	—	271,241
3	Interest payable to:									
	(i) Federal government	—	8,967	—	—	—	8,967	—	—	8,967
	(ii) Federal government enterprises ²	—	3,161	—	—	—	3,161	—	—	3,161
	(vii) Other	—	753	—	—	—	753	—	—	753
	Sub-total, item 3	—	12,881	—	—	—	12,881	—	—	12,881
4	Accrued expenditure:									
	1. Interest owing to:									
	(i) Federal government	—	34,505	—	—	375	34,880	—	18,763	53,643
	(ii) Federal government enterprises ²	—	—	—	—	—	—	—	1,672	1,672
	(vii) Other	17	16,457 ¹⁰	—	—	—	16,457	4,505	993	21,972
	Sub-total	17	50,962	—	—	375	51,337	4,505	21,428	77,287
	2. Provision for income tax	5,730	238	—	692	—	930	—	3,753	10,413
	3. Other expenditure	3,983	3,980	—	—	—	3,980	10,088	—	18,051
	Sub-total, item 4	9,730	55,180	—	692	375	56,247	14,593	25,181	105,751
5	Long-term loans and advances owing to:									
	(i) Federal government	—	792,204	—	37,918	25,538	855,660	—	1,839,952	2,695,612
	(ii) Federal government enterprises ²	—	227,671	—	—	—	227,671	—	78,900	306,571
	(vii) Other	31,562	936	—	—	—	936	60,145	629	93,272
	Sub-total, item 5	31,562	1,020,811	—	37,918	25,538	1,084,267	60,145	1,919,481	3,095,455
6	Long-term debt:									
	1. Bonds and debentures	626	1,673,077 ¹¹	—	—	—	1,673,077	—	—	1,673,703
	Sub-total, item 6	626	1,673,077	—	—	—	1,673,077	—	—	1,673,703
7	Deferred credits:									
	1. Deferred revenue	—	5,775	—	—	—	5,775	—	51,095	56,870
	2. Other credits	—	17,135	—	—	—	17,135	—	—	17,135
	Sub-total, item 7	—	22,910	—	—	—	22,910	—	51,095	74,005
8	Trust and deposit accounts	—	—	—	—	12	12	57	4,611	4,680
9	Liability reserves:									
	1. Provision for future income taxes	1,015	—	—	808	—	808	—	—	1,823
	2. Other liability reserves	—	32,070	—	938	—	33,008	1,362	133,464	167,834
	Sub-total, item 9	1,015	32,070	—	1,746	—	33,816	1,362	133,464	169,657
10	Other liabilities	—	16,811	1	591	15	17,418	220	580	18,218
11	Proprietary equity (net worth):									
	1. Capital stock held by:									
	(i) Federal government	36,586	1,308,370	—	—	—	1,308,370	—	30,296	1,375,252
	(ii) Federal government enterprises ²	—	5,230	—	—	—	5,230	—	26,000	31,230
	(vii) Other	—	4,499 ¹²	—	—	—	4,499	—	—	4,499
	Sub-total	36,586	1,318,099	—	—	—	1,318,099	—	56,296	1,410,981
	2. Interest-free working capital provided by:									
	(i) Federal government	12,500	—	63	3,000	—	3,063	10,000	—	25,563
	3. Fixed assets transferred by:									
	(i) Federal government	—	683,125	12,184	1,020	—	696,329	—	—	696,329
	4. Other equity held by:									
	(i) Federal government	—	168,927	—	22,799	—	191,726	7,242	13,100	212,068
	(vii) Other	273	—	—	—	—	—	46	—	319
	Sub-total	273	168,927	—	22,799	—	191,726	7,288	13,100	212,387
	5. Equity reserves:									
	(1) Contingencies	—	4,239	—	—	1,611	5,850	—	2,700	8,550
	(2) Plant expansion	—	—	—	—	228	228	—	—	228
	(3) Other equity reserves	—	9,476	—	—	—	9,476	—	—	9,476
	Sub-total	—	13,715	—	—	1,839	15,554	—	2,700	18,254
	6. Unappropriated surplus	84,292	— 87,881	838	19,825	913	— 66,305	37,993	43,721	99,701
	Sub-total, item 11	133,651	2,095,985	13,085	46,644	2,752	2,158,466	55,281	115,817	2,463,215
12	Total liabilities and net worth	210,882	5,019,392	13,086	96,015	28,887	5,157,380	809,741	2,251,729	8,429,732

¹⁰ All but 38 of this amount is accrued on securities guaranteed by federal government.¹¹ 1,670,653 of this amount is guaranteed by federal government.¹² Capital stock of non-government subsidiaries held by the public.

ASSETS AND LIABILITIES, BY TYPE AND BY INDUSTRY 1960-1961

(MILLIONS OF DOLLARS)

ASSETS



LIABILITIES

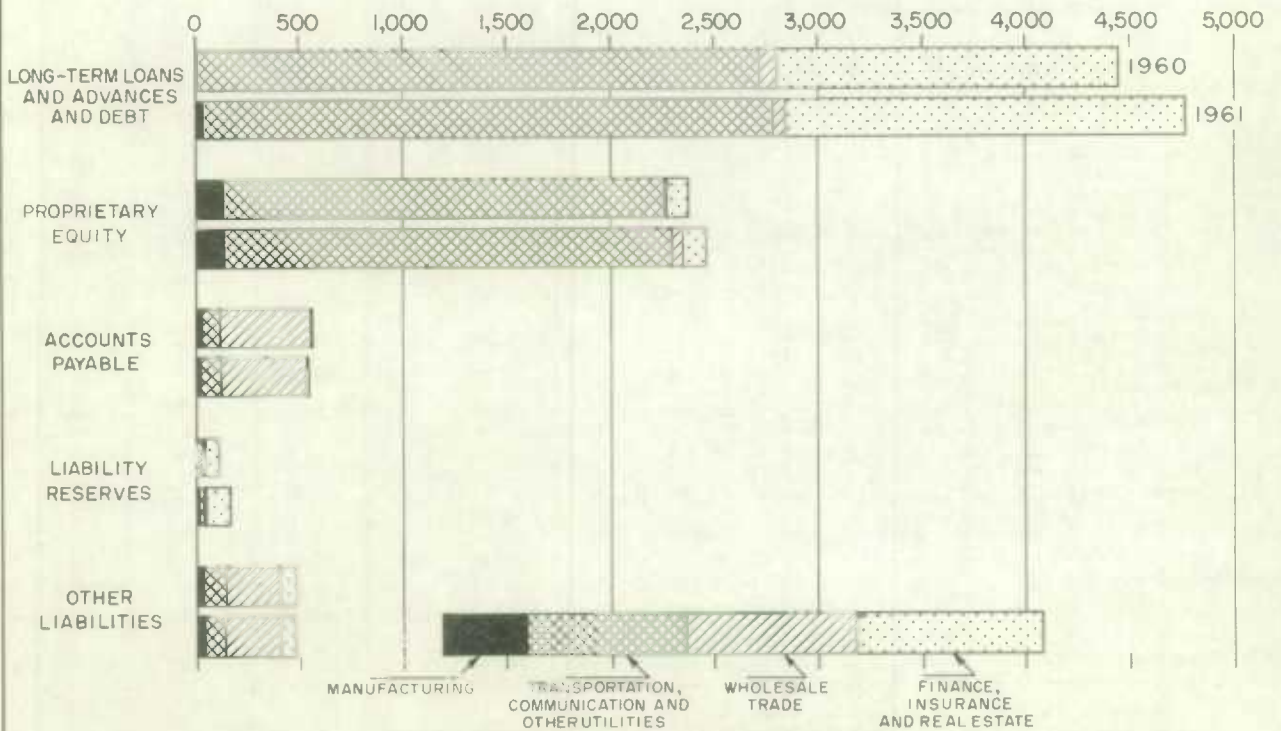
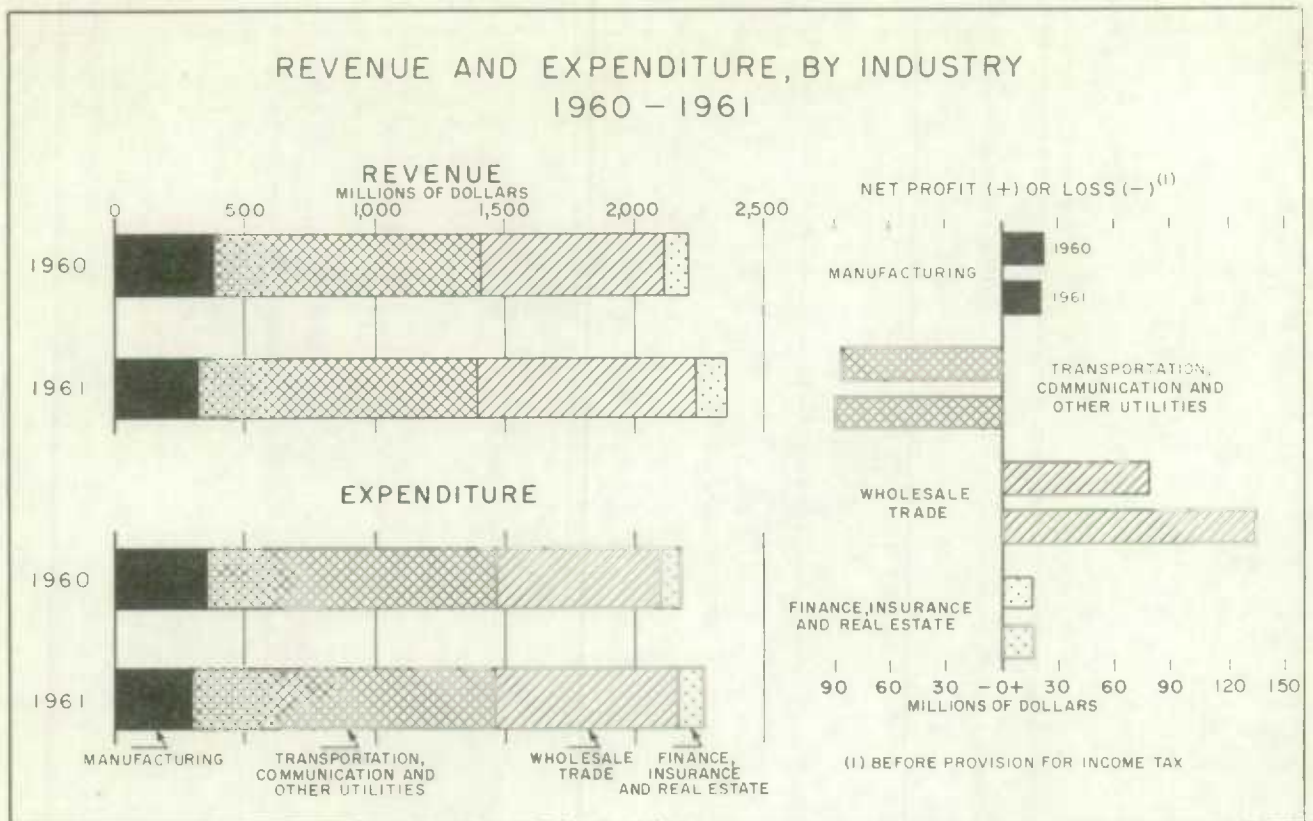


TABLE 2. Current Revenue and Expenditure, by Industry¹ for the Fiscal Year Ended Nearest to December 31, 1961

No.		Manufacturing	Transportation, communication, and other utilities				Sub-total, transportation, communication, and other utilities	Wholesale trade	Finance, insurance and real estate	Total
			Transportation	Storage	Communication	Electric power				
thousands of dollars										
Revenue										
1	Revenue from sales and services on current operations.....	317,767	927,752 ²	1,887	42,394	3,881	975,914	788,190	4,935	2,086,806
2	Financial income:									
	1. Interest from:									
	(i) Federal government.....	—	2,812	—	185	..	2,997	66	4,302	7,365
	(ii) Federal government enterprises.....	—	10,511	—	—	—	10,511	—	—	10,511
	(v) Municipal governments.....	49	—	—	—	—	—	—	—	49
	(vii) Other.....	651	3,478	—	—	—	3,478	276	100,345	104,750
	Sub-total.....	700	16,801	—	185	—	16,986	342	104,647	122,675
	2. Other financial income.....	—	594	—	—	—	594	62	456	1,112
	Sub-total, item 2.....	700	17,395	—	185	—	17,580	404	105,103	123,787
3	Rental income.....	—	12,694	95	—	—	12,989	—	7,612	20,601
4	Contributions from own or other levels of government:									
	(i) Federal ³	—	—	—	70,252	—	70,252	—	—	70,252
5	Other current income.....	1,353	1,315	9	225	107	1,656	50,437	633	54,079
6	Total current revenue.....	319,820	959,356	1,991	113,056	3,988	1,078,391	839,031	118,283	2,355,525
Expenditure										
1	Cost of goods and services sold from current operations:									
	1. Wages and salaries.....	32,614	506,763	953	44,961	968	553,645	3,121	12,677	602,057
	2. Net drawings on (+) or net additions to (-) inventories.....	11,792	3,240	59	- 638	- 117	2,544	- 10,932	—	3,404
	3. Other purchases of goods and services.....	243,569	306,768	555	62,780	1,199	371,302	699,249	9,626	1,323,746
	Sub-total, item 1.....	287,975	816,771	1,567	107,103	2,050	927,491	691,438	22,303	1,929,207
2	Provision for depreciation.....	9,396	120,169	—	5,748	739	126,656	36	2,345	138,433
3	Interest on debt to:									
	(i) Federal government.....	—	28,349	—	921	775	30,045 ⁴	—	72,438	102,483
	(ii) Federal government enterprises.....	—	10,515	—	—	—	10,515	—	2,826	13,341
	(vii) Other.....	—	69,339	—	—	—	69,339	12,890	106	82,335
	Sub-total, item 3.....	—	108,203	—	921	775	109,899	12,890	75,370	198,159
4	Other current expenditure.....	1,101	3,502	—	—	—	3,502	—	736	5,339
5	Total current expenditure.....	288,472	1,048,645	1,567	113,772	3,564	1,167,548	704,364	100,754	2,271,138
6	Net profit (+) or loss (-) before provision for income tax.....	21,348	- 89,289	424	- 716	424	- 89,157	134,667 ⁵	17,529	84,387
7	Estimated income tax.....	11,967	313	—	1,658	—	1,971	—	6,471	20,409
8	Net profit (+) or loss (-) after provision for income tax.....	9,381	- 89,602	424	- 2,374	424	- 91,128	134,667	11,058	63,978
9	Total current expenditure plus net profit or minus loss.....	319,820	959,356	1,991	113,056	3,988	1,078,391	839,031	118,283	2,355,525

¹ Excludes Bank of Canada.² Includes subsidies paid by the federal government to Canadian National Railway Company, viz.: Maritime Freight Rates Act, 10,032; east-west bridge subsidy (maintenance of trackage), 3,492; Freight Rates Reduction Act, 10,737; interim payments related to recommendations of Royal Commission on Transportation, 27,878; total, 52,139.³ See Table 6 for contributions from federal government taken into current and surplus accounts.⁴ Excludes interest capitalized during construction of fixed assets, 1,091.⁵ Includes profits of The Canadian Wheat Board which are distributed to grain producers.

TABLE 3. Net Surplus Account Transactions, by Industry¹ for the Fiscal Year Ended Nearest to December 31, 1961

No.		Manufacturing	Transportation, communication, and other utilities				Sub-total, transportation, communication, and other utilities	Wholesale trade	Finance, insurance and real estate	Total
			Transportation	Storage	Communication	Electric power				
			thousands of dollars							
1	Balance at beginning of year	79,858	- 73,280	896	16,170	562	- 55,652	- 7,261	42,286	59,231
2	Net profit or loss for the year after provision for income tax ²	9,381	- 89,602	424	- 2,374	424	- 91,128	134,667	11,058	63,978
3	Net profit or loss on sale or retirement of fixed assets	13	- 88	-	- 15	-	- 103	-	4,797	4,707
4	Net transfers from (+) or to (-) reserves	-	- 5,930	-	-	- 318	- 6,248	-	- 4,020	- 10,268
5	Other adjustments (net)	-	- 2,311	-	- 170	245	- 2,236	- 11,046	- 297	- 13,579
6	Contributions from own or other levels of government									
	(i) Federal ³	3,040	85,558	-	6,214	-	91,772	-	-	94,812
7	Remittances of surplus:									
	1. Dividends paid to									
	(i) Federal government	- 8,000	- 2,228	-	-	-	- 2,228	-	-	- 10,228
	2. Other remittances to									
	(i) Federal government	-	-	- 482	-	-	- 482	- 355	- 10,103	- 10,940
	(vii) Other	-	-	-	-	-	-	- 78,012	-	- 78,012
	Sub-total, item 7	- 8,000	- 2,228	- 482	-	-	- 2,710	- 78,367	- 10,103	- 99,180
8	Net additions (+) or deductions (-)	4,434	- 14,601	- 58	3,655	351	- 10,653	45,254	1,435	40,470
9	Balance at end of year	84,292	- 87,881	838	19,825	913	- 66,305	37,993	43,721	99,701

¹ Excludes Bank of Canada.² Item 8, Expenditure, Table 2.³ See Table 6 for contributions from federal government taken into current and surplus accounts.

TABLE 4. Reconciliation of Assets or Liabilities and Net Worth with Balance Sheets per Annual Reports as at Fiscal Year End Nearest to December 31, 1961

No.		Thousands of dollars
1	Total assets or total liabilities and net worth per annual reports	8,534,290
2	Deductions:	
	Trust and deposit account assets offset to contra liabilities:	
	Contractors' security deposits	- 4,094
	Employees' savings funds	- 57
	Sub-total, item 2	- 4,151
3	Reserves offset against contra assets:	
	Reserve for depreciation offset to fixed assets	- 89,089
	Reserve for facilities not owned, offset to restricted fund account	- 6,274
	Sub-total, item 3	- 95,363
4	Interfund accounts eliminated	- 145
5	Deficits offset to accumulated surplus	- 4,899
	Total adjustments	-104,558
6	Total assets or total liabilities and net worth per Table 1	8,429,732

TABLE 5. Analysis of Securities Held as Investments¹ including those in Restricted Funds, by Industry, as at Fiscal Year End Nearest to December 31, 1961 (Asset items 9 and 11)²

No.		Manu- fac- turing	Transportation, communication, and other utilities			Sub-total, transportation, communication, and other utilities	Whole- sale trade	Finance, insurance and real estate	Total	
			Trans- portation	Storage	Communi- cation					Electric power
thousands of dollars										
1	Federal government treasury bills:									
	Asset item 9	3,451	-	-	2,383	-	2,383	2,742	599	9,175
2	Federal government direct and guaranteed bonds:									
	Asset item 9	383	2,460	-	1,445	1,004	4,909	186	17,541	23,019
	Asset item 11	-	70,660	-	39	-	70,699	-	82,718	153,417
	Sub-total	383	73,120	-	1,484	1,004	75,608	186	100,259	176,436
4	Provincial and municipal government direct and guaranteed bonds:									
	Asset item 9	964	-	-	-	-	-	-	-	964
	Asset item 11	-	12,267	-	225	-	12,492	-	-	12,492
	Sub-total	964	12,267	-	225	-	12,492	-	-	13,456
6	Bonds of companies incorporated in Canada and of institutions:									
	Asset item 9	3,092	31,112	-	-	-	31,112	-	-	34,204
	Asset item 11	-	536	-	376	-	912	-	-	912
	Sub-total	3,092	31,648 ³	-	376	-	32,024	-	-	35,116
7	Preferred and common stock, Canadian: (ii) Federal government enterprises ⁴									
	Asset item 9	187	5,200	-	-	-	5,200	-	-	5,387
	(vii) Other									
	Asset item 9	-	9,503 ⁵	-	-	-	9,503	-	-	9,503
	Asset item 11	-	-	-	245	-	245	-	-	245
	Sub-total	187	14,703	-	245	-	14,948	-	-	15,135
8	Foreign investments:									
	Asset item 9	-	3,740 ⁶	-	-	-	3,740	-	-	3,740
	Asset item 11	-	400	-	35	-	435	-	-	435
	Sub-total	-	4,140	-	35	-	4,175	-	-	4,175
	Total securities:									
	Asset item 9	8,077	52,015	-	3,828	1,004	56,847	2,928	18,140	85,992
	Asset item 11	-	83,863	-	920	-	84,783	-	82,718	167,501
	Grand totals	8,077	135,878	-	4,748	1,004	141,630	2,928	100,858	253,493

¹ Excludes Bank of Canada.

² In addition, other assets held in Restricted Funds are as follows:

	Transportation, communication, and other utilities	Finance, insurance and real estate	Total
Cash	3,550	362	3,912
Accrued interest (ii) Federal government enterprises	-	1,282	1,282
(vii) Other	10	8	18
Real estates	-	9,912	9,912
Mortgages	-	1,517	1,517
Other assets	213	37,583	37,796
Totals	3,773	50,664	54,437

³ Of this amount, 27,841 represents the value of bonds of non-government affiliates.

⁴ Involves transactions between subsidiary and parent government enterprises.

⁵ Investments in non-government affiliates.

**TABLE 6. Contributions from Federal Government taken into Current Revenue and Surplus Accounts¹
for Fiscal Year Ended Nearest to December 31, 1961**

	Thousands of dollars
Current revenue:	
Canadian Broadcasting Corporation:	
Grant in respect of net operating requirements	70,252
Surplus account:	
Contributions towards operating deficits:	
Canadian Arsenals Limited	3,040
Canadian National Railway System:	
Canadian National Railways	67,308
Newfoundland Car Ferry	7,271
Prince Edward Island Car Ferry	2,984
The St. Lawrence Seaway Authority	1,421
Trans-Canada Air Lines	6,450
Yarmouth-Bar Harbour Ferry	124 ²
Sub-total	88,598
Contributions for capital requirements:	
Canadian Broadcasting Corporation ³	6,214
Sub-total, surplus account	94,812
Total contributions from federal government taken into current revenue and surplus accounts	165,064

¹ In addition, two of the enterprises received production cost subsidies.

² Paid to Canadian National Railways which operates the ferry on a management fee basis.

³ Unexpended portion of grant is included in other liabilities.

**TABLE 7. Comparative Current Revenue and Expenditure of the Bank of Canada for Fiscal Years Ended Nearest to
December 31, 1960 and 1961**

No.		1960	1961	Change
		thousands of dollars		
	Revenue			
2	Financial income:			
	(i) Federal government	} 100,446	117,349	16,903
	(ii) Federal government enterprises			
	(vii) Other			
6	Total current revenue	100,446	117,349	16,903
	Expenditure			
1	Cost of goods and services sold from current operations:			
	1. Wages and salaries	4,023	4,230	207
	3. Other purchases of goods and services	6,202	5,377	- 825
	Sub-total, item 1	10,225	9,607	- 618
3.	Interest on debt to			
	(vii) Other—Interest paid on unclaimed balances	45	49	4
5.	Total current expenditure	10,270	9,656	- 614
6.	Net profit (+) or loss (-) before provision for income tax	90,176	107,693	17,517
9.	Total current expenditure plus net profit or minus loss	100,446	117,349	16,903

**TABLE 8. Comparative Net Surplus Account Transactions of the Bank of Canada for the Fiscal Years Ended Nearest to
December 31, 1960 and 1961**

No.		1960	1961	Change
		thousands of dollars		
1	Balance at beginning of year	-	-	-
2	Net profit or loss for the year	90,176	107,693	17,517
7	Remittances of surplus:			
	2. Other remittances to			
	(i) Federal government: Paid to the Receiver General of Canada for credit of the consolidated revenue fund	- 90,176	- 107,693	- 17,517
8	Net additions (+) or deductions (-)	-	-	-
9	Balance at end of year	-	-	-

TABLE 9. Comparative Assets and Liabilities of the Bank of Canada as at Fiscal Year Ends Nearest to December 31, 1960 and 1961

No.		1960	1961	Change
		thousands of dollars		
	Assets			
1	Cash on hand and on deposit:			
	Foreign exchange — Pounds sterling and U.S.A. dollars	54,325	44,633	- 9,692
	Other currencies	165	213	48
	Sub-total, item 1	54,490	44,846	- 9,644
5	Accrued revenue:			
	1. Interest — accrued interest on investments from			
	(i) Federal government	24,599	26,604	2,005
	(ii) Federal government enterprises			
	(vii) Other			
7	Fixed assets:			
	Bank premises — land, buildings and equipment — at cost less depreciation	11,470	10,583	- 887
8	Loans and advances receivable from			
	(ii) Federal government enterprises: Debentures issued by Industrial Development Bank	64,379	88,007	23,628
9	Securities held as investments:			
	1. Federal government treasury bills	404,354	312,159	- 92,195
	2. Federal government direct and guaranteed bonds	2,285,378	2,513,494	228,116
	5. Preferred and common stock, Canadian:			
	(ii) Federal government enterprises: Industrial Development Bank, total share capital at cost	25,000	27,000	2,000
	6. Foreign investments: Other securities, U.S.A. Government	24,357	24,957	600
	Sub-total, item 9	2,739,089	2,877,610	138,521
13	Other assets:			
	Cheques on other banks	149,946	194,683	44,737
	Other	471	567	96
	Sub-total, item 13	150,417	195,250	44,833
14	Total assets	3,044,444	3,242,900	198,456
	Liabilities			
2	Temporary loans, advances and notes payable:			
	2. Other loans and advances:			
	(i) Federal government:			
	Deposits, Government of Canada	35,721	41,443	5,722
	Liabilities payable in pounds sterling, U.S.A. dollars and other foreign currencies	59,573	45,087	- 14,486
	Sub-total	95,294	86,530	- 8,764
	(vii) Other:			
	Deposits of chartered banks and others	695,863	782,815	86,952
	Liabilities payable in pounds sterling, U.S.A. dollars and other foreign currencies	9,037	13,943	4,906
	Sub-total	704,900	796,758	91,858
	Sub-total, item 2.2	800,194	883,288	83,094
	3. Notes: Notes in circulation	2,061,743	2,146,820	85,077
	Sub-total, item 2	2,861,937	3,030,108	168,171
9	Other liabilities:			
	Bank of Canada cheques outstanding	149,194	177,700	28,506
	Other liabilities	3,313	5,092	1,779
	Sub-total, item 9	152,507	182,792	30,285
11	Proprietary equity (net worth):			
	1. Capital stock held by			
	(i) Federal government: Capital paid up	5,000	5,000	—
	5. Equity reserves: Rest fund	25,000	25,000	—
12	Total liabilities	3,044,444	3,242,900	198,456

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