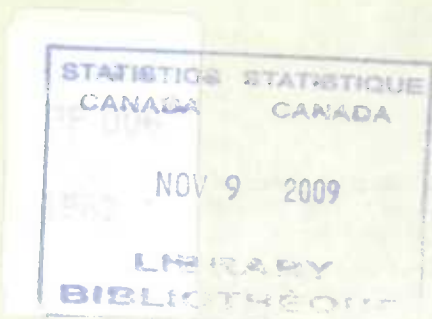


CATALOGUE No.

61-203 6.3

ANNUAL



FEDERAL GOVERNMENT ENTERPRISE FINANCE

1963

(Fiscal Years 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

February 1966
8502-533

Price: 50 cents

Reports Published by the
Public Finance and Transportation Division
dealing with
GOVERNMENT FINANCE

Catalogue number	Title	Price
	Annual	
68-201	Principal Taxes and Rates – Federal, Provincial and Selected Municipal Governments Brief résumé of taxes of all levels of government for current year by category, basis of tax and rate applicable	\$.50
68-202	Consolidated Public Finance – Federal, Provincial and Municipal Governments (Formerly A Consolidation of Public Finance Statistics – Municipalities, Provinces and the Government of Canada (Actual)) Based on data concerning federal, provincial and municipal revenues, expenditures and debt contained in DBS publications catalogue Nos. 68-204; 68-207; 68-209 and 68-211 .....	.50
68-203	Financial Statistics of Municipal Government – Revenue and Expenditure – Preliminary and Estimates Based on a sample of municipal accounts and budgets prior to publication of actual statistics .....	.50
68-204	Municipal Government Finance (Formerly Financial Statistics of Municipal Governments (Actual) – Revenues, Expenditures, Assets and Liabilities) Based on provincial compilations and/or audited financial statements of municipalities and other forms of local government.....	.75
68-205	Provincial Government Finance – Revenue and Expenditure (Estimates) (Formerly Financial Statistics of Provincial Governments – Revenue and Expenditure – Summary of Estimates (First Analysis)) Based on budget and provincial estimates for the year ending on the date indicated .....	.50
68-206	Provincial Government Finance – Revenue and Expenditure (Preliminary) (Formerly Financial Statistics of Provincial Governments – Revenue and Expenditure – Preliminary (Second Analysis)) Based on budget estimates and preliminary financial statements for the year ending on the date indicated .....	.25
68-207	Provincial Government Finance – Revenue and Expenditure (Formerly Financial Statistics of Provincial Governments – Revenue and Expenditure (Actual)) Based on detailed analyses of the Public Accounts of the provinces .....	.75
68-208	Provincial Government Finance – Funded Debt (Preliminary) (Formerly Financial Statistics of Provincial Governments – Funded Debt – Direct and Indirect (Interim)) Based on interim figures provided by provinces immediately after close of the fiscal year indicated.....	.50
68-209	Provincial Government Finance – Debt (Formerly Financial Statistics of Provincial Governments – Direct and Indirect Debt (Actual)) Based on analyses of the Public Accounts of the provinces .....	.50
68-211	Federal Government Finance (Formerly Financial Statistics of the Government of Canada – Revenue and Expenditure – Direct and Indirect Debt (Actual)) Based on analysis of the Public Accounts .....	.50
61-203	Federal Government Enterprise Finance (Formerly Financial Statistics of Federal Government Enterprises) Based on analyses of financial statements of federal government enterprises .....	.50
61-204	Provincial Government Enterprise Finance (Formerly Financial Statistics of Provincial Government Enterprises) Based on analyses of financial statements of provincial government enterprises .....	.75
63-202	The Control and Sale of Alcoholic Beverages in Canada Based on information provided by provincial liquor authorities, the federal Department of National Revenue and divisions of the Dominion Bureau of Statistics .....	.50

Remittances should be in the form of cheque or money order, made payable to the Receiver General of Canada and forwarded to the Publications Distribution Unit, Financial Control Section, Dominion Bureau of Statistics, or to the Queen's Printer, Ottawa, Canada.

TABLE OF CONTENTS

	Page
Charts	
Assets and Liabilities, by Type and by Industry, 1962 - 1963	22
Revenue and Expenditure, by Industry, 1962 - 1963	24
Introduction	5
The Concept of a Government Enterprise	5
Statutory Authorities relating to Government Enterprises	6
Federal Government Enterprises included in this Report	6
List of Enterprises	6
Explanatory Comment on Certain Enterprises	9
Comparison with Coverage in National Accounts	10
Comparison with Coverage in Volume III of Public Accounts of Canada	10
Financial Statistics of Federal Government Enterprises	10
Source of Data	10
Capital Revenue and Expenditure	10
Classification of Enterprises by Industry Groups	10
Financial Classification and Terminology	11
Analysis of Data	15
Table	
1. Assets, Liabilities and Net Worth, by Industry, 1963	20
2. Current Revenue and Expenditure, by Industry, 1963	23
3. Net Surplus Account Transactions, by Industry, 1963	24
4. Analysis of Securities Held as Investments, by Industry, 1963	25
5. Contributions from Federal Government taken into Current Revenue and Surplus Accounts, 1963	26
6. Comparative Current Revenue and Expenditure of the Bank of Canada, 1962 and 1963	26
7. Comparative Net Surplus Account Transactions of the Bank of Canada, 1962 and 1963	26
8. Comparative Assets and Liabilities of the Bank of Canada, 1962 and 1963	27

SYMBOLS

The following standard symbols are used in Dominion Bureau of Statistics publications:

- .. figures not available.
- ... figures not appropriate or not applicable.
- nil or zero.
- amount too small to be expressed.
- ♣ preliminary figures.
- † revised figures.

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

FEDERAL GOVERNMENT ENTERPRISE FINANCE

1963

INTRODUCTION

This report covers the financial statistics of federal government enterprises in Canada in 1963. It is the fourth in a series of publications by the Bureau of Statistics, the first of which covered the years 1958 to 1960.

This series complements the publication "Federal Government Finance" (Catalogue No. 68-211), which is published annually by the Bureau of Statistics.

There is a series of corresponding reports for provincial government enterprises (Catalogue No. 61-204).

Reports dealing with government enterprises are part of the program to enlarge the scope of the public finance statistics by incorporating comparable data on government enterprises, institutions and social security and pension funds. The broadened framework will permit a more sophisticated evaluation of the impact of government on the economy with respect to its demands on the goods and services produced, its capital formation, its external financing, the redistributive effects on private incomes through its taxing powers and transfer payments, and the significance of its trading operations in industry.

THE CONCEPT OF A GOVERNMENT ENTERPRISE

Government enterprises are part of the government complex and render a portion of the services provided by government.

Government Services

Services provided by present day governments are diverse in their nature, and are carried out by various forms of organization: departments, boards, commissions, crown corporations or other agencies.

Those services of a general nature such as the protection of persons and property, health, education and highways, which are common to most governments, are usually financed out of ordinary revenues or funds repayable out of ordinary revenues. Nominal fees are charged for some general community 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 the services.

Certain other activities of government, however, have quite different characteristics, in as much as they involve the production of economic goods and the provision of services for sale on the market at a price to the consumer which is intended to compensate wholly or largely for their costs, and, in some cases, to yield a profit. The form of organization of this type of undertaking is usually a crown corporation, or a special agency with specific powers, subject to varying degrees of financial control by government and public accountability. Capital funds are made available by direct loans and advances from government, share capital subscribed by government, or by outside borrowing usually guaranteed by government. In most cases, the activities of these enterprises are of an outright commercial or industrial nature, conducted in competition with private businesses or sometimes as monopolies. In terms of motivation and behavior, they are more comparable to private business corporations than to institutional or non-commercial organizations with which latter category general government data are ordinarily classified.

For purposes of uniformity and comparability in the recasting of public finance data within an economic and functional classification framework, these

two distinct categories of government activity have been segregated into "general government" and "government enterprises".

Government Enterprises

To isolate government enterprise activities, it is necessary to establish certain criteria.

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

An exception is made where a central agency has been set up to provide goods or services mainly to its own or other levels of government; such an agency is treated as a working capital fund of general government as it is subject only to a limited play of market forces due to arbitrary prices, for example, the Defence Production Revolving Fund.

One 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.

No attempt has been made to isolate an enterprise activity that is incidental to a general government service.

STATUTORY AUTHORITIES RELATING TO GOVERNMENT ENTERPRISES

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 Operations Act were repealed, with the enactment in October, 1952, of the Financial Administration Act, RSC 1952, c. 116, and amendments, (SC 1955, c. 3; 1958, c. 31; 1960-61, c. 48).

The Financial Administration Act provides 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, by independent public accountants.

Three classes of crown corporations are defined and identified in Part VIII of the Financial Administration Act: departmental, agency and proprietary. The enterprises included in this report fall into the latter two classes, 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.

FEDERAL GOVERNMENT ENTERPRISES INCLUDED IN THIS REPORT

There were 27 federal government enterprises in operation during 1963. This number does not include the Canadian National (West Indies) Steamships Limited and the Cornwall International Bridge Company Limited, the affairs of which were in process of being wound up, nor Park Steamship Company Limited which was inactive.

Transactions of the Seaway International Bridge Company Limited which was established on January

1, 1963 are included in these statistics for the first time.

Northern Ontario Pipe Line Crown Corporation was sold during the year.

A list of the enterprises included in this report, the statutory authority by which they were established, and their main functions follows:

List of Enterprises

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	Main functions
Bank of Canada (a) ¹	Dec. 31	Minister of Finance	Bank of Canada Act, RSC 1952, c. 13 and amendments.	1934	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 ¹	March 31	Minister of Industry	Incorporated under the Companies Act, RSC 1952, c. 53.	1945	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	Secretary of State	Broadcasting Act, SC 1958, c. 22.	1936	To broadcast, produce and distribute national program services in English and in French, in radio and television, domestically and internationally; to operate the International Service on behalf of the federal government, which bears operational and maintenance costs.
Canadian Commercial Corporation ¹	March 31	Minister of Industry	Canadian Commercial Corporation Act, RSC 1952 c. 35.	1946	To assist in the development of trade between Canada and other nations by acting on behalf of the Canadian government as the contracting agency when other countries wish to purchase defence or other supplies and services from Canada on a government-to-government basis and to procure in Canada goods, equipment and facilities which the Government of Canada contributes to other nations under the Colombo Plan and other aid programs.

¹ For further detail see following commentary.

List of 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	Main functions
Canadian Government Elevators	March 31	Minister of Agriculture	Canada Grain Act, RSC 1952, c. 25 and amendments.	1913	To operate terminal grain elevators under management of the Board of Grain Commissioners for Canada.
Canadian National Railway System (b) ¹	Dec. 31	Minister of Transport	Canadian National Railways Act, SC 1955, c. 29 and amendment.	1919	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	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 Act, RSC 1952, c. 42 and amendments.	1949	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 and amendment; Public Servants Inventions Act, 1953-54, c. 40, s. 15.	1948	To make available to industry through licensing arrangements, new processes developed by scientific workers of the National Research Council.
Canadian Wheat Board ¹	July 31	Minister of Trade and Commerce	Canadian Wheat Board Act, RSC 1952, c. 44 and amendments.	1935	To market in an orderly manner in the interprovincial and export trade, grain grown in Western Canada.
Central Mortgage and Housing Corporation.	Dec. 31	Hon. J.R. Nicholson	Central Mortgage and Housing Corporation Act, RSC 1952, c. 46 (also National Housing Acts, SC 1953-54, c. 23 and amendments.	1945	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; make loans for municipal sewage treatment projects.
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, c. 242 and amendments.	1957	As a subsidiary of the St. Lawrence Seaway Authority of Canada and the St. Lawrence Seaway Development Authority (American), the company operated a toll bridge between Cornwall, Ontario, and Massena, New York, until July 1, 1962. (Affairs still being wound up at end of year 1963.)
Crown Assets Disposal Corporation ...	March 31	Minister of Industry	Surplus Crown Assets Act, RSC 1952, c. 260.	1949	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	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	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 ore 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 and amendments.	1944	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.

¹ For further detail see following commentary.

List of 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	Main functions
Farm Credit Corporation	March 31	Minister of Agriculture	Farm Credit Act, SC 1959, c. 43 and amendments.	1959	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. 51 and amendments.	1944	To provide loans and 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 and amendments.	1936	Administration of certain port facilities, grain elevators and bridges.
Newfoundland Car Ferry ²	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 and amendments.	1948	To provide power to areas in the Northwest Territories and Yukon Territory on a self-sustaining basis and, with the approval of the Governor in Council, in any other part of Canada; to act as agent for the Government of Canada in respect of loans made under the Atlantic Provinces Power Development Act.
Northern Ontario Pipe Line Crown Corporation. ¹	Dec. 31	Minister of Trade and Commerce	Northern Ontario Pipe Line Crown Corporation Act, SC 1956, c. 10.	1956	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. This option was exercised May 29, 1963.
Northern Transportation Company Limited (c) (Subsidiary).	Dec. 31	Minister of Trade and Commerce	Incorporated under the Companies Act, RSC 1952, c. 53.	1947	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	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 ¹	Dec. 31	Minister of Industry	Incorporated under the Companies Act, RSC 1952, c. 53.	1942	Production of synthetic rubber products and some chemicals; owns four subsidiaries, Polymer Corporation (SAF), Polysar Belgium, S.A., Polysar Nederland, N.V. and Polysar International S.A., all foreign-incorporated. The financial transactions of the Canadian parent company only are included in the following statistics.
Prince Edward Island Car Ferry ²	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.
The St. Lawrence Seaway Authority (d) ¹	Dec. 31	Minister of Transport	St. Lawrence Seaway Authority Act, RSC 1952, c. 242 and amendments.	1951	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.
The Seaway International Bridge Corporation Limited (d) (Subsidiary).	Dec. 31	Minister of Transport	St. Lawrence Seaway Authority Act, RSC 1952, c. 242 and amendments.	1963	To operate a toll bridge between Cornwall, Ontario and Massena, New York.
Trans-Canada Air Lines (Air Canada) (b) (Subsidiary).	Dec. 31	Minister of Transport	Trans-Canada Air Lines Act, RSC 1952, c. 268 and amendments.	1937	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	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 For further detail see following commentary.² Finances consolidated with those of C.N.R. except for fixed assets owned by federal government.

Explanatory Comment on Certain Enterprises

Explanatory comments on the operations of certain of the enterprises follow.

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 5. 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 6, 7 and 8 present comparative income, surplus account and balance sheet for 1962 and 1963 within the enterprise classification framework, with a breakdown of the items included under pertinent headings.

Canadian Arsenals Limited

During the year the sale of the Gun Ammunition Division at Lindsay was completed and action was initiated to close the Instrument and Electronic Division at Scarborough.

Canadian Commercial Corporation

In the interest of facilitating the export of defence supplies, the Corporation's policy has been not to add any administrative surcharge or fee to prices quoted to other governments and to charge the resulting deficit each year to surplus account. As the Corporation's operations are, in all material respects, integral to those of the Department of Defence Production, the Royal Commission on Government Organization recommended that the Corporation's legal entity should be retained but that its management and staff should be provided by the Department. The recommendation was implemented during the year and, effective April 1, 1964, all administrative expenses of the Corporation will be assumed by the Department of Defence Production.

Canadian National Railways

The consolidated accounts of the Canadian National Railway System included thirty-five companies at the close of 1963. To simplify the corporate structure, five companies were eliminated during the year, namely, Canadian National Hotels, Limited; The Central Counties Railway Company; The Montreal Stock Yards Company; The Montreal Warehousing Company and the Yellowknife Telephone Company. The Canadian Pacific's interest in the Vancouver Hotel Company Limited was acquired and the Northern Consolidated Holding Company Limited was first listed in 1963.

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 by 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 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.

Northern Ontario Pipe Line Crown Corporation

Pursuant to the purchase option of the lease agreement, the Northern Ontario section of the all-Canadian natural gas pipe line was sold to Trans-Canada Pipe Lines Limited on May 29, 1963 for \$108 million representing the capital cost amortized at 3½ per cent per annum and interest thereon compounded annually from October 22, 1958. A surplus of about \$1 million remains after all administrative costs have been paid.

Polymer Corporation Limited

At December 31, 1963, Polymer Corporation Limited held a 95 per cent equity in a subsidiary company, Polymer Corporation (SAF) and a 100 per cent equity in three others: Polysar Belgium S.A., Polysar Nederland N.V. and Polysar International S.A.. Polymer Corporation (SAF) was incorporated under the laws of France in January 1961 and its special purpose rubber plant located near Strasbourg commenced operations in the fall of 1962. Polysar Belgium S.A. was formed under the laws of Belgium in December 1961 and production of butyl rubber at its plant near Antwerp started late in 1963. Polysar Nederland N.V., which is a holding company, was incorporated in accordance with the laws of Holland in May, 1962. Polysar International S.A. was incorporated under Swiss law, in June 1962 for the purpose of marketing all polymer products outside of North America. Through its subsidiaries, Polymer Corporation Limited is participating in synthetic rubber projects in Mexico and South Africa.

The financial statistics of the Canadian parent company only are included in this report.

The St. Lawrence Seaway Authority

From July 3rd to December 31st, 1962, the Bridge Division of the Authority was assigned the control of the bridge system between Cornwall, Ontario and Massena, New York, formerly operated by a subsidiary, the Cornwall International Bridge Company Limited. On January 1st, 1963, the management of this toll bridge system was assumed by the newly incorporated subsidiary, the Seaway International Bridge Corporation Limited.

The amount of the Authority's investment in shares of the Cornwall International Bridge Company Limited was written off in 1962 and is recorded as part of the cost of the St. Lawrence River section of the deep waterway.

Comparison with Coverage in National Accounts

The amounts shown as net profit or loss before provision for income tax (Table 2, Expenditure, Item 6) and provision for depreciation (Table 2, Expenditure, Item 2) do not agree with those currently incorporated in the National Accounts as government investment income and capital consumption allowances, respectively, because of difference in coverage and the inclusion of imputed items in the National Accounts series.

To convert to "National Accounts", the following adjustments to these items are necessary:

- (a) Additions to both items of amounts for Bank of Canada and Canadian Corporation for the 1967 World Exhibition:
- (b) Additions to "net profit" only of estimates for the Exchange Fund Account, Post

Office, Veterans' Land Act, imputations for banking services provided to the federal government without specific charge (revenue), and a portion of the net imputed rent on government-owned buildings (revenue);

- (c) Deductions from both items of amounts for Canadian Broadcasting Corporation, The Canadian Wheat Board and Crown Assets Disposal Corporation.

Comparison with Coverage in Volume III in Public Accounts

The financial statements of all Crown Corporations as listed in the Financial Administration Act are included in Volume III of the Public Accounts of Canada. The following are not classified as federal government enterprises for purposes of this report: Atomic Energy of Canada Limited, Canadian Corporation for the 1967 World Exhibition, Centennial Commission, Defence Construction (1951) Limited, The National Battlefields Commission, National Capital Commission and the Canadian National Railways Securities Trust.

The accounts of Newfoundland Car Ferry, Prince Edward Island Car Ferry and Yarmouth-Bar Harbour Ferry, which are operated by the Canadian National Railways on behalf of the federal government, are not separately shown in the Public Accounts. The Canadian Government Elevators, which for purposes of accounting and financial control functions in the same manner as a branch of a department of the Government of Canada, is not a Crown Corporation. Its financial statements are printed as an appendix to the section of the Public Accounts dealing with the Department of Agriculture.

FINANCIAL STATISTICS OF FEDERAL GOVERNMENT ENTERPRISES

Source of Data

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.

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

Capital Revenue and Expenditure

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 expenditures of a capital nature 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 1963 were \$246 million.

Classification of Enterprises by Industry Group

The financial statistics presented in this report have been classified according to the broad industry groups in which the enterprises participate, as set out in the Standard Industrial Classification Manual (1960) of the Dominion Bureau of Statistics. The groups pertaining to federal government enterprises are: transportation, communication and other utilities with sub-groups of transportation, storage, communication and electric power; wholesale trade, manufacturing and finance, insurance and real estate. Statistics for enterprises classified under wholesale trade and manufacturing have been combined in this report.

Although the "establishment" is the Bureau's standard unit for obtaining basic statistical data by industry on output, cost of materials, supplies, fuel

and electricity and employment and payrolls, some establishments are unable to report overhead costs charged to them and therefore cannot show their net trading profits. Thus the appropriate unit for reporting financial data is the "firm". 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 (in some cases in widely different industries) which 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.

Financial Classification and Terminology

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 enter-

prise 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.

For purposes of interpreting this report, the following definitions (or explanations) of certain assets, liabilities, revenues and expenditures are presented.

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.

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 11.2 (Restricted funds: Trust and deposit accounts) 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 frequently accounted for 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 neither 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-imbursements 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 values 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 enterprises, wherever it has been possible to isolate them; otherwise the changes in the inventory asset item have 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. Provisions for depreciation and replacement. The provision for depreciation and replacement of fixed assets is recorded at the amount charged 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 develop-

ment 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.

ANALYSIS OF DATA

Table 1 shows the assets, liabilities and net worth of federal government enterprises as at the fiscal year end nearest to December 31, 1963, classified by the categories described in the preceding section entitled "Financial Classifications and Terminology".

The absolute and per cent change in the group components between 1962 and 1963, 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

	1962	1963	Absolute change	Per cent change ²
			1963/1962	1963/1962
	millions of dollars			%
Assets				
Cash	109	86	- 23	- 21.5
Accounts receivable	251	228	- 23	- 9.0
Inventories	732	838	106	14.4
Fixed assets	4,775	4,687	- 88	- 1.8
Investments, including loans and advances and restricted funds	2,840	3,163	323	11.4
Other assets	137	117	- 20	- 14.2
Totals	8,844	9,119	275	3.1
Liabilities and net worth				
Accounts payable	412	539	127	30.7
Long-term loans and advances and debt	5,070	5,119	49	1.0
Liability reserves	149	251	102	69.2
Other liabilities	595	558	- 37	- 6.3
Proprietary equity (net worth)	2,618	2,652	34	1.3
Totals	8,844	9,119	275	3.1

¹ Excludes Bank of Canada.

² Based on unrounded data.

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

	1962	1963
Assets		
Cash	1.2	0.9
Accounts receivable.....	2.8	2.5
Inventories.....	8.3	9.2
Fixed assets	54.0	51.4
Investments, including loans and advances and restricted funds	32.1	34.7
Other assets	1.6	1.3
Totals.....	100.0	100.0
Liabilities and net worth		
Accounts payable	4.7	5.9
Long-term loans and advances and debt	57.3	56.1
Liability reserves.....	1.7	2.8
Other liabilities	6.7	6.1
Proprietary equity (net worth).....	29.6	29.1
Totals.....	100.0	100.0

¹ Excludes Bank of Canada.

Assets

The assets of federal government business enterprises, excluding the Bank of Canada, were valued at \$9,119 million at the end of 1963. This is an increase of \$275 million or 3 per cent over the aggregate valuation in 1962. Of the total 57 per cent were held by transportation, communication and other utilities, 31 per cent by enterprises engaged in finance, insurance and real estate and 12 per cent by those in wholesale trade and manufacturing.

Investments including loans and advances and restricted funds encompassed 35 per cent of total asset holdings and account for \$323 million of the increase. Additional loans of \$63 million were made under National Housing Acts and additional mortgage loans of \$71 million under the Farm Credit Act during the year. Under the authority of the amended Industrial Development Bank Act (1961) financial assistance continued to be extended to almost all types of business. The number of loans made by the Bank increased by 1,021 over 1962 and the amount by \$36 million. An additional \$42 million was advanced by the Export Credits Insurance Corporation.

An analysis of securities held as investments, including those in restricted funds, and other assets held in restricted funds, by industry, is given in Table 4. Obligations of the Government of Canada under Section 21 A of the Export Credits Insurance Act amounting to \$88 million are included in restricted funds in 1963 although a corresponding amount of \$35 million was omitted from the Corporation's balance sheet in 1962. Central Mortgage and Housing Corporation held an additional \$14 million mostly in insurance funds. Securities held by Eldorado Mining and Refining Limited decreased by \$9 million during the year.

Fixed assets, net of accumulated depreciation, were valued at \$4,687 million at the end of 1963 and constituted 51 per cent of total assets. Although the fixed assets of the Canadian National Railways, the National Harbours Board and the St. Lawrence Seaway Authority showed increases of \$11, \$12, and \$16 million respectively, these gains were more than offset by the transfer of the \$130 million fixed assets of the Northern Ontario Pipe Line Crown Corporation to the Trans-Canada Pipe-Lines Limited, which exercised its option to purchase on May 29, 1963. This major transfer of transportation assets from the public to the private sector resulted in a net decrease of \$88 million in the fixed assets of federal government enterprises during 1963.

At the end of 1963, 9 per cent of the total assets of enterprises were in the form of inventories. This compares with 8 per cent at the end of 1962. The difference was mostly due to the increase in the value of stocks of grain held in store by the Canadian Wheat Board, from \$588 million to \$706 million.

The residual 3 per cent of assets includes cash and accounts receivable which decreased by \$23 million each during the year.

Liabilities and Net Worth

Long-term loans and advances and debt amounted to \$5,119 million at the end of 1963. The net increase of \$49 million reflects increases in the outstanding loans and advances owing by most of the enterprises, offset by the repayment of the \$113 million loan owing the Government of Canada by the Northern Ontario Pipe Line Crown Corporation, at the end of 1962, and a reduction of \$51 million in the total interest-bearing debt of the Canadian National Railways. The latter amount comprises a

reduction of \$252 million in bonded debt owing to the public and advances of \$201 million from the federal government.

Other additional loans and advances by the Government of Canada to its enterprises in 1963 include: for farm credit, \$67 million; to provide credit under the Housing Acts and to construct and acquire real estate, \$61 million; for export credit, \$15 million; for the construction of harbour and seaway facilities, \$14 million; for communication facilities, \$6 million.

Loans and advances to subsidiary government enterprises include bonds and debentures due to the parent enterprise as these are deemed non-marketable. The contra-asset holdings of the parent enterprises are classed as loans. During 1963, the Industrial Development Bank borrowed a further \$32 million from the Bank of Canada.

Other additional long-term loans and advances of \$14 million were mainly advances from customers. The bulk of the \$1,381 million long-term debt is bonds and debentures of the Canadian National Railways due to the public and guaranteed by the federal government.

The increased liability of the Canadian Wheat Board for grain purchased, but not yet delivered, accounts for most of the \$127 million rise in trade accounts payable. The inclusion of approximately \$88 million in liability reserves, not previously shown, for the Export Credits Insurance Corporation in 1963, plus a \$14 million increase in the reserves of the Central Mortgage and Housing Corporation

¹ For a statement of contingent liabilities of the federal government, including railways securities and other guarantees of federal government enterprises transactions, see "Federal Public Accounts, 1963-64, Vol. I, p. 7.74".

combined to provide most of the \$102 million increase in liability reserves. Other liabilities decreased by 6 per cent to \$558 million. The most significant changes were a decrease of \$58 million in temporary loans in connection with wheat sales and an increase of \$23 million in interest owing by enterprises.

The equity of the federal government in its enterprises is shown as \$2,369 million, at the end of 1963. In addition, parent enterprises hold \$38 million worth of their subsidiaries' capital stock and over \$4 million capital stock is held by the public. Equity reserves and unappropriated surpluses of the enterprises were \$107 million and \$106 million, respectively. The latter figure includes accumulated profits of \$54 million of the Canadian Wheat Board distributable to grain producers. The overall increase in net worth during the year was \$34 million or 1 per cent compared with nearly 3 per cent during the previous year.

Under the provisions of the Canadian National Railways Financing and Guarantee Act, 1962-1963, the federal government purchased 4 per cent preferred stock to the value of a further \$23 million in 1963. The Bank of Canada acquired additional stock valued at \$3 million of its subsidiary, the Industrial Development Bank. The increase of \$8 million in other equity held by the federal government was due mostly to increases in the amounts shown as non-active loans by the National Harbours Board.

Equity reserves decreased by \$11 million mainly because of the settlement with the lessee of the Northern Ontario pipe line during the year.

Unappropriated surplus showed a closing balance of \$106 million—see "Net Surplus Transactions" below.

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

	1962	1963	Absolute change	Per cent change ²
			1963/62	1963/62
millions of dollars				
Revenue				
Revenue from sales and services on current operations.....	2,157	2,162	5	0.2
Financial income.....	143	157	14	10.2
Other income.....	152	132	- 20	- 13.3
Totals.....	2,452	2,451	- 1	..
Expenditure				
Cost of goods sold from current operations.....	1,930	1,957	27	1.4
Depreciation.....	148	152	4	3.1
Interest.....	213	228	15	7.1
Other.....	5	4	- 1	- 19.3
Totals.....	2,296	2,341	45	2.0
Net profit before income taxes.....	156	110	- 46	- 29.4

¹ Excludes Bank of Canada.

² Based on unrounded data.

Current Revenue and Expenditure

Details of revenue and expenditure in 1963 and the resultant net profit or loss are provided in Table 2. The net profit before income tax of federal government enterprises was \$110 million a 29 per cent decrease from the net profit figure of \$156 million in 1962.

Of this decrease, \$52 million related to enterprises engaged in the manufacturing and wholesale trade industries and was largely attributable to the lower profits of the Canadian Wheat Board. Grain sales handled by the Board covered final transactions on 1961-62 crops, and interim transactions on 1962-63 crops.

Revenue of transportation, communication and other public utilities rose from \$1,130 million to \$1,177 million during 1963 and expenditures also rose from \$1,206 to \$1,246 million. The net deficit of \$69 million was over \$6 million less than in 1962.

The Canadian National Railways reduced its annual deficit by more than \$5 million in 1963. Total revenue, including \$55 million in subsidies paid by the federal government, was up \$22 million. A substantial increase of \$26 million in freight revenue was derived principally from new movements of potash, export grain shipments and increased shipments of automobiles and parts. Passenger service revenues also increased slightly. On the expenditure side, the \$17 million increase was mostly due to increased operating expenses.

During 1963, Trans-Canada Air Lines (Air Canada) continued to improve its operating position, going from a deficit of \$4 million in 1962 to a net profit of nearly \$1 million in 1963.

The excess of expenditures over revenue for the National Harbours Board and the St. Lawrence Seaway Authority were each over \$1 million more in 1963 than in 1962.

Absolute and percentage changes in the major components of current revenue, current expenditure and net profit before income tax are illustrated in the preceding table.

Uranium production continued to decline in 1963 and the sales of uranium products dropped over 20 per cent from those of the previous year. The production of the arsenals also declined. Most enterprises however, particularly the two major transportation systems, supplied additional goods and services in 1963 resulting in an overall increase of \$5 million in revenue from this source.

Financial income rose by \$14 million during the year. The largest increases occurring in the finance, insurance and real estate industries including \$3 million each for the Farm Credit Corporation and the Industrial Development Bank; and \$6 million in interest on loans made under the Housing Acts.

Other income includes rental income, \$20 million; contributions from the federal government towards the net operating requirements of the Cana-

dian Broadcasting Corporation, \$78 million (\$6 million more than in 1962) and \$33 million in other current income. The latter amount includes \$29 million carrying charges on wheat paid by the federal government under the Temporary Wheat Reserve Act. The corresponding payment in 1962 was \$48 million.

Total current revenue was \$2,451 million, a decrease of less than 1 per cent.

The cost of goods and services sold from current operations, in 1963, amounted to \$1,957 million, \$27 million more than in 1962. The wages and salaries component was \$17 million higher, again largely because of the higher payroll costs of the transportation and communication utilities. Stocks of grain held by the Canadian Wheat Board increased in value by \$118 million.

Provision of \$152 million was made for depreciation and replacement, an increase of \$4 million mostly incurred by transportation utilities.

Interest on debt amounted to \$228 million. Of this amount \$136 million was paid to the federal government, while parent enterprises received \$19 million from their subsidiaries. Payments to the federal government increased by \$18 million during the year including additional payments of \$9 million by the railways. Increases in connection with borrowings to finance loans under the Housing and Farm Credit Acts were more than offset by increased revenues. Other interest undifferentiated as to payee, amounted to \$72 million, \$6 million less than in the previous year. The above amounts do not include interest capitalized during the construction of the fixed assets of transportation and communication utilities.

Other miscellaneous expenditure, including the amortization of bond discount did not vary appreciably from the previous year.

The income tax payable was estimated at \$17 million, \$4 million less than in 1962.

Net Surplus Transactions

The transactions which are reflected in Net Worth Item 11.6 Unappropriated Surplus are given in Table 3. The balance in this account decreased by \$12 million in 1963.

In addition to the credit of \$93 million arising from net profits after provision for income tax, surplus was credited with contributions from government, net profit on the sale or retirement of fixed assets and miscellaneous adjustments. The details of government contributions amounting to \$72 million are given in Table 5. The \$64 million contributed towards operating deficits of the enterprises is \$6 million less than the government contribution in 1962 due mostly to the reduced deficits of the Canadian National Railway System.

Remittances of surplus in the amount of \$16 million were made to the federal government and of \$152 million to grain producers from earnings of the Canadian Wheat Board. Amounts of \$10 million were transferred to reserves.

STATISTICAL TABLES

TABLE 1. Assets, Liabilities and Net Worth, by Industry¹ as at Fiscal Year End Nearest to December 31, 1963

No.	Assets	Transportation, communication and other utilities				Sub-total, transportation, communication and other utilities	Wholesale trade and manufacturing	Finance, insurance and real estate	Total
		Transportation	Storage	Communication	Electric power				
thousands of dollars									
1	Cash on hand and on deposit	45,712	—	6,052	1,150	52,914	25,511	7,301	85,728
2	Accounts receivable	109,684	108	10,668	1,319	121,779	99,605	6,744	228,128
3	Inventories	85,861	203	6,508	1,123	93,695	744,008	—	837,703
4	Interest dividends and rents receivable from								
	(i) Federal government enterprises ²	2,431	—	—	—	2,431	—	—	2,431
	(vii) Other	990	—	—	—	990	—	9,462	10,452
	Sub-total, item 4	3,421	—	—	—	3,421	—	9,462	12,883
5	Accrued revenue:								
	1. Interest owing from								
	(i) Federal government	—	—	—	15	15	—	223	238
	(v) Municipal governments	—	—	—	—	—	—	102	102
	(vii) Other	—	—	—	—	—	782	11,412	12,194
	Sub-total	—	—	—	15	15	782	11,737	12,534
	2. Other revenue	748	145	—	—	893	4	—	897
	Sub-total, item 5	748	145	—	15	908	786	11,737	13,431
6	Prepaid expenses	2,978	—	186	—	3,164	319	352	3,835
7	Fixed assets	4,334,081	10,404	97,903	28,672	4,471,060	47,267 ³	168,633	4,686,960 ⁴
8	Loans and advances receivable from								
	(i) Federal government enterprises ²	237,492 ⁵	—	—	—	237,492	—	—	237,492
	(v) Municipal governments	—	—	—	—	—	—	5,929	5,929
	(vii) Other	7,522 ⁶	—	—	—	7,522	143,479	1,909,426	2,060,427
	Sub-total, item 8	245,014	—	—	—	245,014	143,479	1,915,355	2,303,848
9	Securities held as investments ⁷	58,688	—	1,445	1,000	61,133	26,767	26,646	114,546
10	Mortgages receivable and agreements for sale	470	—	—	—	470	5,250	437,804	443,524
11	Restricted funds:								
	1. Depreciation funds	58,570	—	—	—	58,570	—	—	58,570
	2. Trust and deposit accounts	—	—	—	—	—	—	—	—
	3. Other funds	32,670	—	—	—	32,670	—	210,203	242,873 ⁸
	Sub-total, item 11 ⁷	91,240	—	—	—	91,240	—	210,203	301,443
12	Deferred-charges:								
	1. Amortization of bond discount	19,847	—	—	—	19,847	—	2,213	22,060
	2. Other charges	21,986	—	—	—	21,986	4,904	—	26,890
	Sub-total, item 12	41,833	—	—	—	41,833	4,904	2,213	48,950
13	Other assets:								
	1. Due on accounts of deficits from								
	(i) Federal government	9,070	—	—	—	9,070	826	2,180	12,076
	(iii) Provincial governments	745	—	—	—	745	—	—	745
	Sub-total	9,815	—	—	—	9,815	826	2,180	12,821
	2. Unspecified	20,278	—	1,771	—	22,049	3,008	420	25,477
	Sub-total, item 13	30,093	—	1,771	—	31,864	3,834	2,600	38,298
14	Total assets	5,049,823	10,860	124,533	33,279	5,218,495	1,101,730	2,799,050	9,119,275

¹ Excludes Bank of Canada. See Table 6 for special presentation.² Involves transactions between subsidiary and parent government enterprises.³ Does not include government-owned plants, valued at 95,217.⁴ Net of accumulated depreciation: transportation, 904,852; communication, 42,741; electric power, 5,800; wholesale trade and manufacturing, 132,068; finance, insurance and real estate, 23,271; total, 1,108,732; includes physical property held for sale by financial enterprises, valued at 165,800, 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 4 for analysis of investments held.⁸ Offset against contra liability item 8.⁹ Consists mostly of insurance funds and funds related to obligation of the Government of Canada under the Export Credits Insurance Act.

TABLE 1. Assets, Liabilities and Net Worth, by Industry¹ as at Fiscal Year End Nearest to December 31, 1963

No.	Liabilities and net worth	Transportation, communication and other utilities				Sub-total, transportation, communication and other utilities	Wholesale trade and manufacturing	Finance, insurance and real estate	Total
		Transportation	Storage	Communication	Electric power				
thousands of dollars									
1	Accounts payable	79,647	—	10,357	617	90,621	445,025	3,687	539,333
2	Temporary loans, advances and notes payable:								
	1. Bank loans and overdrafts	—	—	—	—	—	147,433	415	147,848
	2. Other loans and advances	8,000	—	—	—	8,000	143,636	—	151,636
	Sub-total, item 2	8,000	—	—	—	8,000	291,069	415	299,484
3	Interest payable to:								
	(i) Federal government	15,721	—	—	—	15,721	—	—	15,721
	(ii) Federal government enterprises ²	2,431	—	—	—	2,431	—	—	2,431
	(vii) Other	754	—	—	—	754	—	—	754
	Sub-total, item 3	18,906	—	—	—	18,906	—	—	18,906
4	Accrued expenditure:								
	1. Interest owing to:								
	(i) Federal government	70,936	—	—	7	70,943	—	24,654	95,597
	(ii) Federal government enterprises ²	—	—	—	—	—	—	3,290	3,290
	(vii) Other	13,521 ³	—	—	—	13,521	2,359	28	15,908
	Sub-total	84,457	—	—	7	84,464	2,359	27,972	114,795
	2. Provision for income tax	229	—	1,317	—	1,546	4,793	2,841	9,180
	3. Other expenditure	7,569	—	—	—	7,569	14,188	1,081	22,838
	Sub-total, item 4	92,255	—	1,317	7	93,579	21,340	31,894	146,813
5	Long-term loans and advances owing to:								
	(i) Federal government	949,982	—	55,462	22,456	1,027,900	—	2,200,693	3,228,593
	(ii) Federal government enterprises ²	237,471	—	—	—	237,471	—	147,600	385,071
	(vii) Other	744	—	—	—	744	122,953	837	124,534
	Sub-total, item 5	1,188,197	—	55,462	22,456	1,266,115	122,953	2,349,130	3,738,198
6	Long-term debt:								
	1. Bonds and debentures	1,380,907	—	—	—	1,380,907	—	—	1,380,907
	2. Other debt	34	—	—	—	34	—	—	34
	Sub-total, item 6	1,380,941 ^{3a}	—	—	—	1,380,941	—	—	1,380,941
7	Deferred credits:								
	1. Deferred revenue	7,398	—	—	—	7,398	—	43,994	51,392
	2. Other credits	19,015	—	—	—	19,015	—	—	19,015
	Sub-total, item 7	26,413	—	—	—	26,413	—	43,994	70,407
8	Trust and deposit accounts	—	—	—	10	10	55	3,480	3,545
9	Liability reserves:								
	1. Provision for future income taxes	—	—	1,398	—	1,398	3,785	—	5,183
	2. Other liability reserves	33,924	—	—	—	33,924	2,097	210,203	246,224
	Sub-total, item 9	33,924	—	1,398	—	35,322	5,882	210,203	251,407
10	Other liabilities	16,606	1	69	104	16,780	103	1,667	18,550
11	Proprietary equity (net worth):								
	1. Capital stock held by:								
	(i) Federal government	1,351,468	—	—	—	1,351,468	36,586	30,296	1,418,350
	(ii) Federal government enterprises ²	5,234	—	—	—	5,234	—	33,000	38,234
	(vii) Other	4,490 ^{3b}	—	—	—	4,490	—	—	4,490
	Sub-total	1,361,192	—	—	—	1,361,192	36,586	63,296	1,461,074
	2. Interest-free working capital provided by:								
	(i) Federal government	—	56	3,000	—	3,056	14,250	—	17,306
	3. Fixed assets transferred by:								
	(i) Federal government	686,188	10,404	1,020	—	697,612	—	—	697,612
	4. Other equity held by:								
	(i) Federal government	182,575	—	22,799	7,003	212,377	5,198	18,350	235,925
	(vii) Other	—	—	—	—	—	136	26,910	27,046
	Sub-total	182,575	—	22,799	7,003	212,377	5,334	45,260	262,971
	5. Equity reserves:								
	(1) Contingencies	100	—	—	1,797	1,897	—	3,700	5,597
	(2) Plant expansion	—	—	—	297	297	—	—	297
	(3) Other equity reserves	100,727	—	—	—	100,727	—	—	100,727
	Sub-total	100,827	—	—	2,094	102,921	—	3,700	106,621
	6. Unappropriated surplus	— 125,848	399	29,111	988	— 95,350	159,133	42,324	106,107
	Sub-total, item 11	2,204,934	10,859	55,930	10,085	2,281,808	215,303	154,580	2,651,691
12	Total liabilities and net worth	5,049,823	10,860	124,533	33,279	5,218,495	1,101,730	2,799,050	9,119,275

¹ All but 42 of this amount is accrued on securities guaranteed by federal government.² 1,378,875 of this amount is guaranteed by federal government.³ Capital stock of non-government subsidiaries held by the public.

CHART-I

ASSETS AND LIABILITIES, BY TYPE AND BY INDUSTRY 1962-1963 (MILLIONS OF DOLLARS)

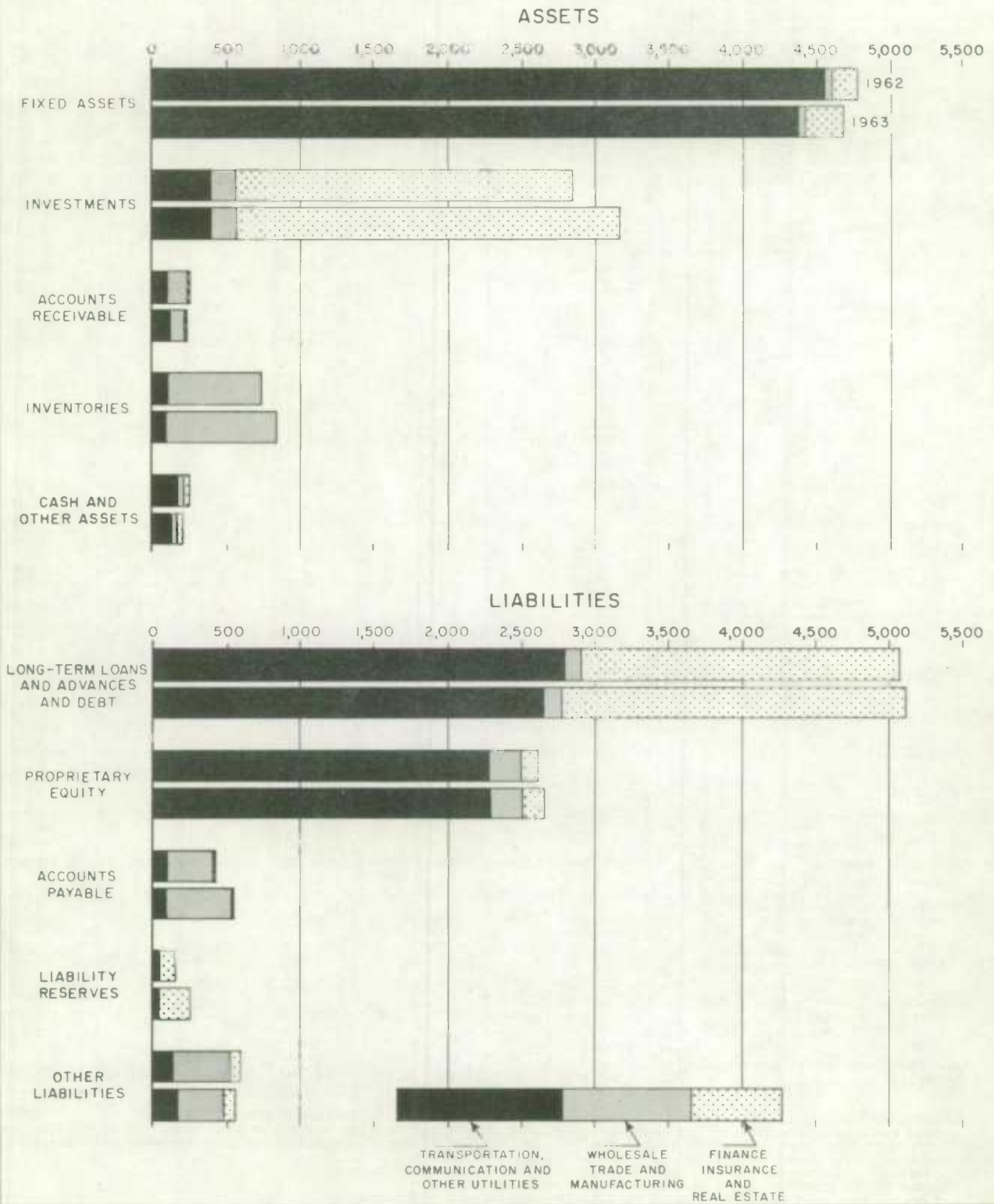


TABLE 2. Current Revenue and Expenditure, by Industry¹ for the Fiscal Year Ended Nearest to December 31, 1963

No.		Transportation, communication and other utilities				Sub-total, transportation, communication and other utilities	Wholesale trade and manufacturing	Finance, insurance and real estate	Total
		Transportation	Storage	Communication	Electric power				
thousands of dollars									
Revenue									
1	Revenue from sales and services on current operations	1,014,028 ²	1,084	46,670	3,984	1,065,766	1,091,735	4,964	2,162,465
2	Financial income:								
	1. Interest from:								
	(i) Federal government	2,826	—	240	40	3,106	1,263	5,740	10,109
	(ii) Federal government enterprises	11,619	—	—	—	11,619	—	—	11,619
	(iii) Provincial government	167	—	—	—	167	—	—	167
	(v) Municipal governments	—	—	—	—	—	46	2,953	2,999
	(vii) Other	3,024	—	—	—	3,024	956	124,633	128,613
	Sub-total	17,636	—	240	40	17,916	2,265	133,326	153,507
	2. Other financial income	2,267	—	—	—	2,267	1,255	15	3,537
	Sub-total, item 2	19,903	—	240	40	20,183	3,520	133,341	157,044
3	Rental income	10,445	—	—	—	10,445	—	10,006	20,451
4	Contributions from own or other levels of government:								
	(i) Federal ³	—	101	78,377	—	78,478	—	—	78,478
5	Other current income	1,541	20	378	131	2,070	30,146	696	32,912
6	Total current revenue	1,045,917	1,205	123,665	4,155	1,176,942	1,125,401	149,007	2,451,350
Expenditure									
1	Cost of goods and services sold from current operations:								
	1. Wages and salaries	520,524	792	50,097	1,218	572,631	36,478	15,923	625,032
	2. Net drawings on (+) or net additions to (-) inventories	11,076	- 8	- 1,115	- 423	9,530	- 115,006	—	- 105,476
	3. Other purchases of goods and services	334,240	725	67,390	1,701	404,056	1,018,567	14,546	1,437,169
	Sub-total, item 1	865,840	1,509	116,372	2,496	986,217	940,039	30,469	1,956,725
2	Provision for depreciation and replacement	131,914	—	6,927	521	139,362	10,519	2,415	152,296
3	Interest on debt to:								
	(i) Federal government	41,464	—	1,687	749	43,900 ⁴	—	92,468	136,368
	(ii) Federal government enterprises	11,619	—	—	—	11,619	—	7,706	19,325
	(viii) Other	61,602	—	—	—	61,602	10,690	93	72,385
	Sub-total, item 3	114,685	—	1,687	749	117,121	10,690	100,267	228,078
4	Other current expenditure	3,354	—	—	—	3,354	806	- 187	3,973
5	Total current expenditure	1,115,793	1,509	124,986	3,766	1,246,054	962,054	132,964	2,341,072
6	Net profit (+) or loss (-) before provision for income tax	- 69,876	- 304	679	389	- 69,112	163,347 ⁵	16,043	110,278
7	Estimated income tax	439	—	2,365	—	2,804	8,191	6,032	17,027
8	Net profit (+) or loss (-) after provision for income tax	- 70,315	- 304	- 1,686	389	- 71,916	155,156	10,011	93,251
9	Total current expenditure plus net profit or minus loss	1,045,917	1,205	123,665	4,155	1,176,942	1,125,401	149,007	2,451,350

¹ Excludes Bank of Canada; includes operations of the Northern Ontario Pipe Line Crown Corporation to May 28, 1963.² Includes subsidies paid by the federal government to Canadian National Railway Company: Maritime Freight Rates Act, 11,270; East-West Bridge Subsidy (maintenance of trackage), 4,265; Freight Rates Reduction Act, 10,115; interim payments related to recommendations of Royal Commission on Transportation, 29,057; total, 54,707.³ See Table 5 for contributions from federal government taken into current and surplus accounts.⁴ Excludes interest capitalized during construction of fixed assets, 969.⁵ Includes profits of The Canadian Wheat Board which are distributed to grain producers.

CHART-2

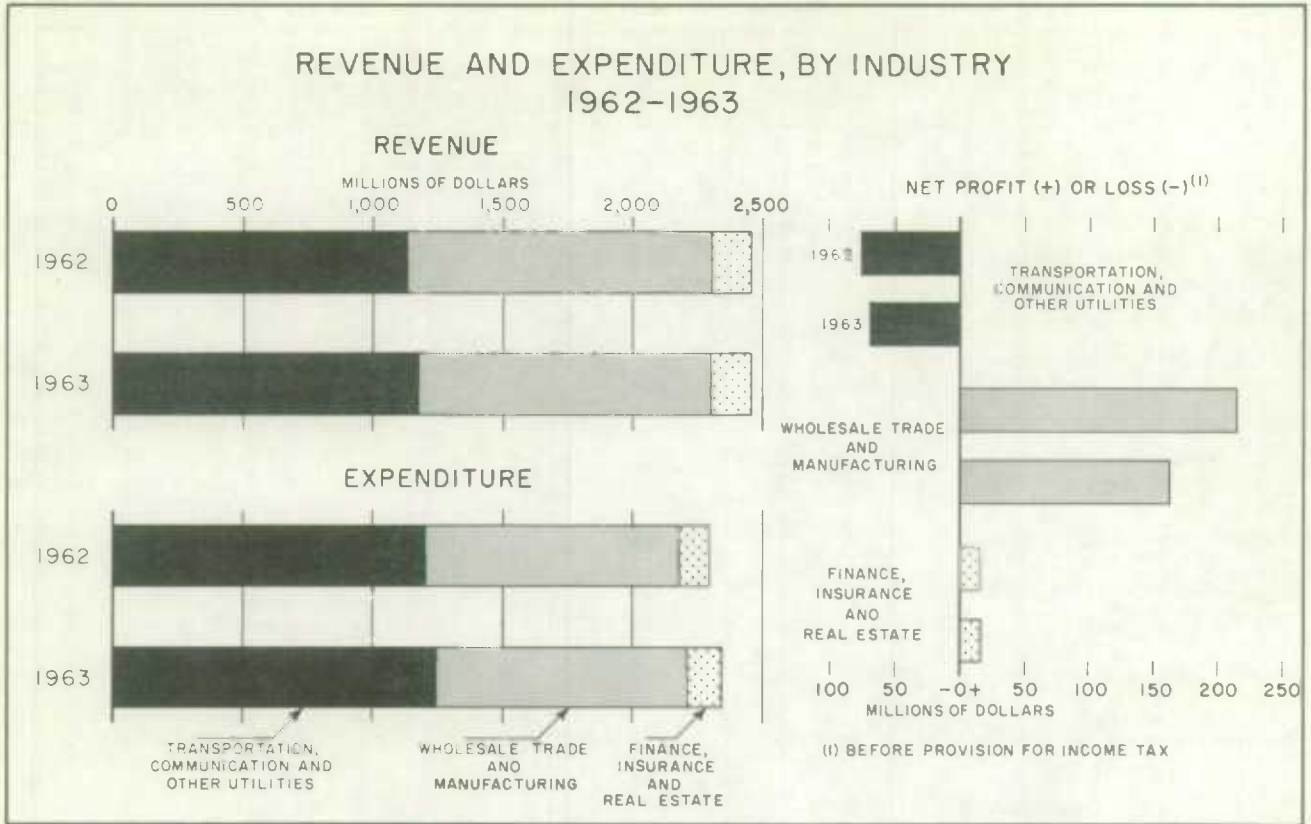


TABLE 3. Net Surplus Account Transactions, by Industry¹ for the Fiscal Year Ended Nearest to December 31, 1963

No.	Transportation, communication and other utilities				Sub-total, transportation, communication and other utilities	Wholesale trade and manufacturing	Finance, insurance and real estate	Total	
	Transportation	Storage	Communication	Electric power					
thousands of dollars									
1	Balance at beginning of year	- 107,765	467	23,605	855	- 82,838	157,526	43,874	118,562
2	Net profit or loss for the year after provision for income tax ²	- 70,315	- 304	- 1,686	389	- 71,916	155,156	10,011	93,251
3	Net profit or loss on sale or retirement of fixed assets	- 112	-	- 283	-	- 395	48	5,274	4,927
4	Net transfers from (+) or to (-) reserves	- 5,522	-	-	- 256	- 5,778	-	- 4,587	- 10,365
5	Other adjustments (net)	- 495	-	142	-	- 353	- 179	- 3,252	- 3,784
6	Contributions from own or other levels of government								
	(i) Federal ³	58,554	236	7,333	-	66,123	4,258	1,119	71,500
7	Remittances of surplus:								
	1. Dividends paid to								
	(i) Federal government	-	-	-	-	-	- 5,250	-	- 5,250
	2. Other remittances to								
	(i) Federal government	-	-	-	-	-	208	- 10,115	- 10,323
	(ii) Federal government enterprises	- 193	-	-	-	- 193	-	-	- 193
	(vii) Other	-	-	-	-	-	- 152,218	-	- 152,218
	Sub-total, item 7	- 193	-	-	-	- 193	- 157,676	- 10,115	- 167,984
8	Net additions (+) or deductions (-)	- 18,083	- 68	5,506	133	- 12,512	1,607	- 1,550	- 12,455
9	Balance at end of year	- 125,848	399	29,111	988	- 95,350	159,133	42,324	106,104

¹ Excludes Bank of Canada; includes operations of the Northern Ontario Pipe Line Crown Corporation to May 28, 1963.
² Item 8, Expenditure, Table 2.
³ See Table 5 for contributions from federal government taken into current and surplus accounts.

TABLE 5. Contributions from Federal Government taken into Current Revenue and Surplus Accounts¹ for Fiscal Year Ended Nearest to December 31, 1963

	Thousands of dollars
Current revenue:	
Canadian Broadcasting Corporation:	
Grant in respect of net operating requirements	78,377
Canadian Government Elevators:	
Services provided without charge by government departments	101
Sub-total, current revenue	78,478
Surplus account:	
Contributions towards operating deficits:	
Canadian Arsenals Limited	4,258
Canadian Government Elevators	236
Canadian National Railway System:	
Canadian National Railways	43,014
Newfoundland Car Ferry	8,573
Prince Edward Island Car Ferry	3,353
Farm Credit Corporation	1,119
The St. Lawrence Seaway Authority	3,401
Trans-Canada Air Lines	—
Yarmouth-Bar Harbour Ferry	213 ²
Sub-total	64,167
Contributions for capital requirements:	
Canadian Broadcasting Corporation ³	7,333
Sub-total, surplus account	71,500
Total contributions from federal government taken into current revenue and surplus accounts	149,978

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 6. Comparative Current Revenue and Expenditure of the Bank of Canada for Fiscal Years Ended Nearest to December 31, 1962 and 1963

No.		1962	1963	Change
		thousands of dollars		
	Revenue			
2	Financial income:			
	(i) Federal government			
	(ii) Federal government enterprises			
	(vii) Other			
6	Total current revenue	106,907	127,851	20,944
	Expenditure			
1	Cost of goods and services sold from current operations:			
	1. Wages and salaries	4,487	4,831	344
	3. Other purchases of goods and services	5,687	6,576	889
	Sub-total, item 1	10,174	11,407	1,233
3	Interest on debt to			
	(vii) Other—Interest paid on unclaimed balances	53	58	5
5	Total current expenditure	10,227	11,465	1,238
6	Net profit (+) or loss (-) before provision for income tax	96,680	116,386	19,706
9	Total current expenditure plus net profit or minus loss	106,907	127,851	20,944

TABLE 7. Comparative Net Surplus Account Transactions of the Bank of Canada for the Fiscal Years Ended Nearest to December 31, 1962 and 1963

No.		1962	1963	Change
		thousands of dollars		
1	Balance at beginning of year	—	—	—
2	Net profit or loss for the year	96,680	116,386	19,706
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	96,680	116,386	19,706
8	Net additions (+) or deductions (-)	—	—	—
9	Balance at end of year	—	—	—

TABLE 8. Comparative Assets and Liabilities of the Bank of Canada as at Fiscal Year Ends Nearest to December 31, 1962 and 1963

No.		1962	1963	Change
		thousands of dollars		
	Assets			
1	Cash on hand and on deposit:			
	Foreign exchange—Pounds sterling and U.S.A. dollars	47,226	42,163	- 5,063
	Other currencies	179	193	14
	Sub-total, item 1	47,405	42,356	- 5,049
5	Accrued revenue:			
	1. Interest—accrued interest on investments from			
	(i) Federal government	28,445	34,256	5,811
	(ii) Federal government enterprises			
	(vii) Other			
7	Fixed assets:			
	Bank premises—land, buildings and equipment—at cost less depreciation	10,682	11,804	1,122
8	Loans and advances receivable from			
	(ii) Federal government enterprises: Debentures issued by Industrial Development Bank	127,145	150,630	23,485
9	Securities held as investments:			
	1. Federal government treasury bills	455,221	465,570	10,349
	2. Federal government direct and guaranteed bonds	2,427,322	2,569,656	142,334
	4a. Bills bought on open market not including treasury bills	3,295	—	- 3,295
	7. Preferred and common stock, Canadian:			
	(ii) Federal government enterprises: Industrial Development Bank, total share capital at cost	31,000	33,000	2,000
	8. Foreign investments: Other securities, U.S.A. Government	25,745	21,513	- 4,232
	Sub-total, item 9	2,942,583	3,089,739	147,156
13	Other assets:			
	Cheques on other banks	39,009	114,983	75,974
	Net balance of Government of Canada collections and payments in process of settlement	35,225	—	- 35,225
	Other	601	1,153	552
	Sub-total, item 13	74,835	116,136	41,301
14	Total assets	3,231,095	3,444,921	213,826
	Liabilities			
2	Temporary loans, advances and notes payable:			
	2. Other loans and advances:			
	(i) Federal government:			
	Deposits, Government of Canada	42,890	49,398	6,508
	Liabilities payable in pounds sterling, U.S.A. dollars and other foreign currencies	48,431	43,271	- 5,160
	Sub-total	91,321	92,669	1,348
	(vii) Other:			
	Deposits of chartered banks and others	783,646	811,410	27,764
	Liabilities payable in pounds sterling, U.S.A. dollars and other foreign currencies	12,704	9,549	- 3,155
	Others	—	38,926	38,926
	Sub-total	796,350	859,885	63,535
	Sub-total, item 2.2	887,671	952,554	64,883
	3. Notes: Notes in circulation	2,233,822	2,304,644	70,822
	Sub-total, item 2	3,121,493	3,257,198	135,705
10	Other liabilities:			
	Bank of Canada cheques outstanding	78,637	132,291	53,654
	Net balance of Government of Canada collections and payments in process of settlement	—	23,764	23,764
	Other liabilities	965	1,668	703
	Sub-total, item, 10	79,602	157,723	78,121
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	—
	Sub-total, item 11	30,000	30,000	—
13	Total liabilities	3,231,095	3,444,921	213,826

STATISTICS CANADA LIBRARY
BIBLIOTHEQUE STATISTIQUE CANADA



1010465120

~~6.5~~

6.5