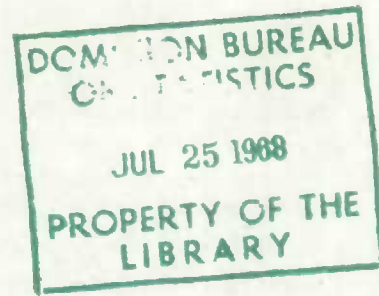


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FEDERAL GOVERNMENT ENTERPRISE FINANCE

1966

(Fiscal Year Ended Nearest to December 31)

ASSETS, LIABILITIES AND NET WORTH
CURRENT REVENUE AND EXPENDITURE

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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

1966

(Fiscal Year Ended Nearest to December 31)

ASSETS, LIABILITIES AND NET WORTH CURRENT REVENUE AND EXPENDITURE

INTRODUCTION

This report covers the financial statistics of federal government enterprises in Canada in 1966. This series of publications by the Dominion Bureau of Statistics commenced with data for the year 1958.

The federal government financial universe in Canada is comprised of: (a) departmental organizations, (b) special funds and agencies, (c) education, health, welfare and administration of justice institutions, (d) trust funds, and (e) enterprises.

The series on federal government enterprises complements the publication, Federal Government Finance (Catalogue No. 68-211), which contains financial data on departmental organizations, special funds and agencies, and institutions, the costs of which must be met from government revenues.

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 to permit the consolidation of all parts of the government finance universe. This 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 agency 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.

There is quite a fine line drawn between a special fund and a government enterprise. In the final analysis the deciding factor is whether or not the individual has a free choice of availing himself of the goods or services provided at a fee determined according to use. Where the individual does not have this choice, the organization is treated for statistical purposes as a special fund and included as part of general government.

Other characteristics of an enterprise, usually evident, are:

- (1) separate legal existence;
- (2) separate accounting records;
- (3) sustained activity;
- (4) commitment of an appreciable volume of capital;
- (5) payment of income tax;
- (6) personnel not subject to Public Service Employment Act;
- (7) record of inventories of raw materials and finished goods;
- (8) depreciation allowances.

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 Canada Corporations Act (formerly Companies Act). In 1946, the Government Companies Operations 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.

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 26 federal government enterprises in operation during 1966. This number does not include the Canadian National (West Indies) Steamships Limited, the Cornwall International Bridge Company Limited and the Northern Ontario Pipe Line Crown Corporation, the affairs of which were in process of being wound up.

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
Air Canada (Trans-Canada Air Lines to Jan. 1, 1965) (b) (subsidiary).	Dec. 31	Minister of Transport	Air Canada 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.
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 Canada Corporations Act, RSC 1952, c. 53, and amendment.	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.....	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 International Assistance Fund and other aid programs.
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 Canada Corporations Act, RSC 1952, c. 53, and amendment.	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 Corporation 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 Canada Corporations Act, RSC 1952, c. 53, and amendment; 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 and others through licensing arrangements inventions arising from the work of the National Research Council laboratories and to handle, by contract, inventions from a number of Crown agencies and universities.
The Canadian Wheat Board ¹	July 31	Minister of Finance	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 and amendments; (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.

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
Cornwall International Bridge Company Limited (d) (Subsidiary).	Sept. 30	Minister of Transport	Incorporated under the Canada Corporations Act, RSC 1952, c. 53, and amendment; 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 year-end 1966).
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 Energy, Mines and Resources	Incorporated under the Canada Corporations Act, RSC 1952, c. 53, and amendment.	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 Energy, Mines and Resources	Incorporated under the Canada Corporations Act, RSC 1952, c. 53, and amendment.	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 from credit and political risks involved in foreign trade; to provide financing in respect of export transactions involving extended credit terms.
Farm Credit Corporation ¹	March 31	Minister of Agriculture	Farm Credit Act, SC 1959, c. 43 and amendments, and Farm Machinery Syndicates Credit Act, SC 1964-65, c. 29.	1959	To provide long-term mortgage credit to Canadian farmers and make loans for purchase of farm machinery for cooperative use.
Industrial Development Bank (a) (Subsidiary).	Sept. 30	Minister of Finance	Industrial Development Bank Act, RSC 1952, c. 151 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 Indian Affairs and Northern Development	Northern Canada Power Commission Act, RSC 1952, c. 196 and amendment.	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.	Dec. 31	Minister of Energy, Mines and Resources	Northern Ontario Pipe Line Crown Corporation Act, SC 1956, c. 10.	1956	The Northern Ontario Section of all Canadian natural gas pipeline was sold to Trans-Canada Pipe Lines Limited on May 29, 1963. (Affairs still being wound up at year-end 1966).
Northern Transportation Company Limited (c) (Subsidiary). ¹	Dec. 31	Minister of Indian Affairs and Northern Development	Incorporated under the Canada Corporations Act, RSC 1952, c. 53 and amendment.	1947	To carry on water transportation in the Mackenzie River watershed for the parent corporation, and to handle D.E.W. line freight.

¹ For further detail see following commentary.² Finances consolidated with those of C.N.R. except for fixed assets owned by federal government.

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
Polymer Corporation Limited ¹	Dec. 31	Minister of Industry	Incorporated under the Canada Corporations Act, RSC 1952, c. 53, and amendment.	1942	Production of synthetic rubber products, plastics and some chemicals; owns five subsidiaries, Polymer Corporation (SAF), Polysar Belgium N.V., Polysar Nederland, N.V., Polysar International S.A., and Polysar Italiana S.P.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)	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.
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 1965 and 1966 within the enterprise classification framework, with a breakdown of the items included under pertinent headings.

Canadian Arsenals Limited

During 1966 the Val Rose Plant of the Dominion Arsenal Division was sold to commercial interests, at the same time the Louise Basin Plant, of the same Division, became the subject of a management agreement with the same interests under the auspices of the Department of Defence Production.

Canadian National Railways

The consolidated accounts of the Canadian National Railway System included thirty-two companies at the end of 1966. One new company, a trucking firm, was acquired during 1966 and one, the Vancouver Hotel Company Limited, surrendered its charter in 1966.

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. Air Canada, 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.

Farm Credit Corporation

The Farm Machinery Syndicates Credit Act proclaimed on December 11, 1964 provided the Farm Credit Corporation with authority to make loans to qualified syndicates of three or more farmers to purchase farm machinery for their co-operative use. The Corporation began to accept applications under the Act in January 1965.

Northern Canada Power Commission

During 1966 the Commission purchased the capital stock of the Yukon Telephone Syndicate Limited; The Dawson City Water and Power Company Limited and The Dawson Light and Power Company Limited. Data in this publication includes the financial transactions of these companies for the period October 1, 1966 to March 31, 1967.

Polymer Corporation Limited

At December 21, 1965, 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 N.V. 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 N.V. 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. During 1966 another subsidiary was formed, Polysar Italiana S.p.A., Milan, Italy. This subsidiary is owned jointly by Polysar Belgium N.V., and Polysar International S.A. 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. These statistics also include the financial transactions of Kayson Plastics and Chemicals Limited, Preston, Ontario, Canada, which was acquired during 1966.

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, the Canadian National Railways Securities Trust, Centennial Commission, Defence Construction (1951) Limited, The National Battlefields Commission and the National Capital Commission.

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. For purposes of accounting and financial control, the Canadian Government Elevators function in the same manner as a branch of a department of the Government of Canada and, although included in these statistics, 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 by the Governments Division for the publication "Federal Government Employment" (Catalogue No. 72-004).

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 1966 were \$439 million. The comparable actual figure for 1965 was \$272 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 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.

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

ASSETS

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 claimed against debtors, usually money rights arising from the sale of goods or services.

Provisions 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 short-term expenses which are expected to yield their benefits in the near future and meanwhile are carried forward to be assigned to expense in the near future.

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

Item 7. Fixed assets. In this publication, fixed assets are deemed to be long-term assets, such as land, buildings or equipment held for use or sale.

Property held for sale by financial enterprises has been included under fixed assets rather than investments. For some studies, if 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 are long-term expense prepayments; expenditures, other than capital expenditures, the benefit of which will extend over a period of years from the time of incurrence and meanwhile are carried forward to be assigned to expense over a period of years. 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

Item 1. Accounts payable are amounts owing to creditors.

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 borrowing 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) is classified by sub-items (i) to (vi), under the appro-

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

In this publication a reserve is deemed to be 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. This item comprises provisions for future income taxes, for estimated liabilities such as loss on foreign exchange and workmen's compensation awards and insurance against fire losses, accidents, etc.

Provisions for estimated decreases in the value of assets have been offset to the appropriate asset accounts.

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) is the excess of assets over liabilities.

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

If revenues and costs are reflected in the accounts in the period in which the related cash receipts or disbursements occur, the accounts are maintained on a cash basis. If, on the other hand, revenues and expenses are reflected in the accounts in the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been finally settled by the receipt or payment of cash or its equivalent, 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 amounts received and receivable and available to meet expenditures that neither increase any 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 comprises proceeds from the sale of fixed assets and 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 for any purpose whether or not paid.

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 expenditure is any expenditure that results in the acquisition of, or addition to, fixed assets.

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 development expenses, lay-up expenses and any contributions of enterprises to own or other levels of government.

Item 7. Estimated income tax. On January 1, 1952, federal proprietary crown corporations became liable for the payment of taxes on income earned as are privately owned corporations. The Export Credits Insurance Corporation, however, is exempted from payment of the tax for 1964 and subsequent years.

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, 1966, 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 1965 and 1966, 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

	1965	1966	Absolute change	Per cent change ²
			1966/65	1966/65
millions of dollars				
Assets				
Cash	126	147	21	16.5
Accounts receivable	327	381	54	16.6
Inventories	858	800	- 58	- 6.7
Fixed assets	4,749	4,821	72	1.5
Investments, including loans and advances and restricted funds	3,982	4,696	714	18.0
Other assets	132	167	35	26.3
Totals	10,174	11,012	838	8.2
Liabilities and net worth				
Accounts payable	589	572	- 17	- 2.9
Long-term loans and advances and debt	5,939	6,714	775	13.1
Liability reserves	307	312	6	1.9
Other liabilities	543	550	7	1.3
Proprietary equity (net worth)	2,796	2,864	67	2.4
Totals	10,174	11,012	838	8.2

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

	1965	1966
Assets		
Cash	1.2	1.3
Accounts receivable	3.2	3.5
Inventories	8.4	7.3
Fixed assets	46.7	43.8
Investments, including loans and advances and restricted funds	39.2	42.6
Other assets	1.3	1.5
Totals	100.0	100.0
Liabilities and net worth		
Accounts payable	5.8	5.2
Long-term loans and advances and debt	58.4	61.0
Liability reserves	3.0	2.8
Other liabilities	5.3	5.0
Proprietary equity (net worth)	27.5	26.0
Totals	100.0	100.0

¹ Excludes Bank of Canada.

Assets

The assets of federal government enterprises, excluding the Bank of Canada, were valued at \$11,012 million at the end of 1966. This was an increase of \$838 million or approximately 8 per cent over the aggregate valuation in 1965. Of the total, 50 per cent were held by transportation, communication and other utilities, 40 per cent by enterprises engaged in finance, insurance and real estate and 10 per cent by those in wholesale trade and manufacturing.

Investments, including loans and advances and restricted funds, encompassed 43 per cent of the total asset holdings and accounted for \$714 million of the increase.

Asset item 10, mortgages receivable and agreements for sale, in Table 1 includes mortgage loans for housing of \$2,307 million. In publications prior to 1964 such loans were included in Item 8 (VII), loans and advances receivable. Mortgage loans under National Housing Acts increased by \$396 million during 1966 and those under the Farm Credit Act by \$162 million.

An additional \$26 million was provided in 1966 for long-term financing of export sales of capital goods and related engineering and technical services. Loans for university housing and municipal sewage treatment projects increased by \$32 million and \$34 million respectively during 1966. Industrial Development Bank Loans outstanding increased by approximately \$42 million over 1965. Advances made by the Canadian Commercial Corporation to suppliers of goods procured for other countries increased by \$40 million during 1966.

An analysis of securities held as investments including those in restricted funds is presented in Table 4. Total security holdings at the end of 1966 were \$20 million more than at the end of 1965. The footnotes to this table show other assets held in restricted funds, including a \$85 million obligation of the Government of Canada under Section 21 A of the Export Credits Insurance Act.

Fixed assets (net of accumulated depreciation) were valued at \$4,821 million at the end of 1966 and constituted 44 per cent of the total assets of federal government enterprises. In addition, government-owned assets valued at \$90 million were operated or administered by enterprises. Most of the \$72 million increase in the value of fixed assets held by the enterprises relates to the transportation and communication utilities and includes increases of \$46 million for the Canadian National Railways, \$28 million for the St. Lawrence Seaway Authority, \$23 million for the Canadian Broadcasting Corporation, and \$27 million for Air Canada. It will be noted that the total of these increases, in the value of fixed assets, exceeds the \$72 million. This is mainly due to a change in accounting procedures employed by the National Harbours Board. Prior to

1966 this Board did not deduct accumulated depreciation thereby reporting fixed assets on a "gross" basis. In 1966 this procedure was changed and the depreciation was deducted. As a result of the change the Board reported a decrease of \$76 million in the value of fixed assets instead of an actual increase of \$32 million. This, along with other increases and/or decreases for some of the other enterprises, makes up the above total increase.

Liabilities

Long-term loans and advances amounted to \$5,386 million at the end of the current year, an increase of \$815 million during the year.

Additional loans and advances of \$1,040 million were made by the Government of Canada to its enterprises in 1966, including \$459 million for credit under the Housing Acts and to construct and acquire real estate, \$158 million for farm credit, \$37 million for export credit and \$17 million for harbour and seaway facilities. The Canadian Broadcasting Corporation which in the years prior to 1964 derived both its operating and capital requirements from parliamentary appropriations borrowed an additional \$29 million in 1966 for capital purposes.

Loans and advances by parent enterprises to subsidiaries include bonds and debentures due to the parent, as these are considered non-marketable. The contra-asset holdings of the parent enterprise are classified as loans. During 1966 the Industrial Development Bank borrowed \$37 million more from its parent, The Bank of Canada.

Long-term loans and advances from third parties decreased by \$46 million during the period.

Essentially all of the long-term debt shown in Table 1 represents bonds and debentures of the Canadian National Railways due to the public and guaranteed by the federal government.¹

The decrease of \$25 million in temporary loans and advances occurred mainly in the Canadian Wheat Board transactions.

Reserves for estimated future liabilities were credited with a net amount of \$6 million during 1966.

Net Worth

The net worth of federal enterprises at the end of the current year was \$2,864 million, \$27 million more than at the end of 1965. Most of the equity is held by the federal government directly or through its enterprises.

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, 1966-1967, Vol. 1," p. 7.88.

The principal exceptions are: accumulated profits of the Canadian Wheat Board of \$268 million which are distributable to grain producers; equity of the Export Finance Corporation of Canada Limited amounting to \$26 million in notes receivable under the administration of the Export Credits Insurance Corporation and railway capital stock valued at \$4 million held by the public.

Capital stock valued at \$31 million was issued by federal enterprises during 1966; \$28 million by the Canadian National Railways to the federal government and \$3 million by the Industrial Development Bank to its parent, the Bank of Canada.

The increase in unappropriated surplus is commented upon under "Net Surplus Transactions" in the following table.

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

	1965	1966	Absolute change	Per cent change ²
			1966/65	1966/65
	millions of dollars			%
Revenue				
Revenue from sales and services on current operations	2,402	2,859	457	19.0
Financial income.....	200	239	39	19.8
Other income	145	195	50	33.8
Totals.....	2,747	3,293	546	19.4
Expenditure				
Cost of goods sold from current operations	2,107	2,488	381	18.1
Depreciation.....	161	172	11	6.8
Interest	254	291	37	14.6
Other	11	11	—	- 3.2
Totals.....	2,533	2,962	429	16.9
Net profit before income taxes	214	331	117	54.1

¹ Excludes Bank of Canada.

² Based on unrounded data.

Current Revenue and Expenditure

Details of revenue and expenditure for 1966 and the resultant net profit or loss are provided in Table 2. The net profit of federal enterprises before income tax for 1966 was \$331 million, an increase of \$117 million over the \$214 million earned in 1965.

There were only minor variations in the profits earned by all enterprises with the exception of the Canadian Wheat Board whose profits increased by \$115 million between 1965 and 1966. Grain sales handled by the Board during 1966 included final transactions relating to the 1964-65 crops and interim payments on the 1965-66 crops.

Revenues of the transportation, communication and other public utilities rose from \$1,372 million to \$1,546 million while their expenditures increased from \$1,432 million to \$1,603 million resulting in the reduction of the 1965 loss of \$59 million to \$56 million in 1966.

An increase of \$336 million in the revenue earned by enterprises in the wholesale trade and manufacturing industries resulted in an increase in profit of \$114 million for these enterprises.

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

The \$457 million increase in revenue from sales and services was largely attributable to sales of grain. The sales of uranium and sales by the Arsenal continued to decline in 1966 but were offset by increases in the transportation and communication enterprises income from sales of goods and services. The Canadian National Railways and Air Canada increased their sales revenue by \$84 million and \$40 million respectively in 1966.

Financial income rose by \$39 million in 1966 due to increased interest income earned by Central Mortgage and Housing Corporation, Farm Credit Corporation and the Industrial Development Bank.

Other income totalling \$195 million included rental income \$13 million; contribution from the federal government toward the net operating costs of the Canadian Broadcasting Corporation, \$111 million (\$7 million more than in 1965) and payments received by the Canadian Wheat Board under the Temporary Wheat Reserves Act, \$40 million.

Total expenditures of federal enterprises increased from \$2,533 million in 1965 to \$2,962 million in 1966.

The cost of goods and services sold from current operations in 1966 amounted to \$2,488 million compared to \$2,107 million in 1965. The wages and salaries component was \$63 million higher due to higher payroll costs incurred particularly by the transportation and communication utilities. The other components, that is, drawings on inventories and other goods and services, also increased during the year. Canadian Wheat Board inventories decreased by \$69 million and the Board reported a \$67 million increase in other goods and services costs. The major increase in other goods and services costs occurred in the transportation and communication utilities and amounted to \$104 million.

Provision of \$172 million was made for depreciation and replacement costs, an increase of \$11 million over 1965.

Interest on debt amounted to \$292 million. Of this amount \$204 million was paid to the federal government, \$23 million to parent enterprises by subsidiaries and \$65 million to others, mainly by

the Canadian National Railways. Total interest payments increased by \$37 million over 1965 as a result of increased borrowing under the National Housing and Farm Credit Acts. These amounts do not include interest capitalized during the construction of fixed assets.

Other miscellaneous expenditures decreased by \$0.1 million during the current year.

Federal government enterprises made provision for income tax totalling \$15 million in 1966, \$4 million more than in 1965.

Net Surplus Transactions

The transactions which are reflected in the Net Worth item 11.6, Unappropriated Surplus are given in Table 3. The balance of this amount increased by \$127 million in 1966.

In addition to the credit of \$317 million arising from net profits after income tax, surplus was credited with contributions from government, profits on the sale of fixed assets and miscellaneous adjustments. The details of government contributions totalling \$61 million are given in Table 5.

All contributions from the government in 1966 were towards operating deficits; funds for the Canadian Broadcasting Corporation's capital requirements were provided by loans from the federal government rather than by grants as in the years prior to 1964.

Remittances of surplus in the amount of \$16 million were made by enterprises to the federal government and \$229 million was paid to grain producers by the Canadian Wheat Board. Amounts totalling \$9 million were transferred to reserves.

TABLE 1. Assets, Liabilities and Net Worth, by Industry¹ as at Fiscal Year End Nearest to December 31, 1966

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	92,362	—	8,681	253	101,296	25,481	19,937	146,714
2	Accounts receivable	138,542	60	11,376	1,693	151,671	224,312	4,876	380,859
3	Inventories	98,281	264	13,372	1,706	113,623	686,056	—	799,679
4	Interest, dividends and rents receivable from								
	(ii) Federal government enterprises ²	3,433	—	—	—	3,433	—	—	3,433
	(vii) Other	1,311	—	—	—	1,311	—	18,642	19,953
	Sub-totals, item 4	4,744	—	—	—	4,744	—	18,642	23,386
5	Accrued revenue:								
	1. Interest owing from								
	(i) Federal government.....	—	—	—	13	13	—	94	107
	(iii) Provincial governments	—	—	—	—	—	—	44	44
	(v) Municipal governments	—	—	—	—	—	—	42	42
(vii) Other	—	—	—	—	—	5,976	25,566	31,542	
	Sub-total	—	—	—	13	13	5,976	25,746	31,735
	2. Other revenue	725	427	—	—	1,152	8	—	1,160
	Sub-totals, item 5	725	427	—	13	1,165	5,984	25,746	32,895
6	Prepaid expenses	3,321	—	743	—	4,064	201	558	4,823
7	Fixed assets	4,390,608	10,653	143,468	38,507	4,583,236	52,585	185,236	4,821,057 ³
8	Loans and advances receivable from								
	(i) Federal government	—	—	—	—	—	—	—	—
	(ii) Federal government enterprises ²	235,841 ⁴	—	—	—	235,841	—	—	235,841
	(v) Municipal governments	—	—	—	—	—	—	4,716	4,716
	(vii) Other	7,503 ⁵	—	—	—	7,503	109,269	724,749	841,521
	Sub-totals, item 8	243,344	—	—	—	243,344	109,269	729,465	1,082,078
9	Securities held as investments ⁶	60,294	—	963	985	62,242	30,655	8,398	101,295
10	Mortgages receivable and agreements for sale	470	—	—	—	470	6,762	3,152,785	3,160,017
11	Restricted funds:								
	1. Depreciation funds.....	52,221	—	—	—	52,221	—	—	52,221
	2. Trust and deposit accounts	—	—	—	—	—	—	—	—
	3. Other funds	35,837	—	—	—	35,837	—	264,774	300,611 ⁷
	Sub-totals, item 11 ⁶	88,058	—	—	—	88,058	—	264,774	352,832
12	Deferred charges:								
	1. Amortization of bond discount.....	14,754	—	—	—	14,754	—	3,988	18,742
	2. Other charges	21,192	—	—	—	21,192	917	143	22,252
	Sub-totals, item 12	35,946	—	—	—	35,946	917	4,131	40,994
13	Other assets:								
	1. Due on account of deficits from								
	(i) Federal government.....	10,833	—	—	—	10,833	450	4,417	15,700
	(iii) Provincial governments	744	—	—	—	744	—	—	744
	Sub-totals	11,577	—	—	—	11,577	450	4,417	16,444
	2. Unspecified.....	44,252	—	3,974	—	48,226	16	612	48,854
	Sub-totals, item 13	55,829	—	3,974	—	59,803	466	5,029	65,298
14	Total assets	5,212,524	11,404	182,577	43,157	5,449,662	1,142,688	4,419,577	11,011,927

¹ Excludes Bank of Canada. See Table 8 for special presentation.² Involves transactions between subsidiary and parent government enterprises.³ Net of accumulated depreciation: transportation, 1,313,858; communication, 70,350; electric power, 7,697; wholesale trade and manufacturing, 149,282; finance, insurance and real estate, 21,757; total, 1,562,944. Fixed assets include physical property held for sale by financial enterprises valued at 200,394 and an undetermined amount of interest capitalized during construction of fixed assets of transportation and communication utilities. They do not include government owned plants, broadcasting facilities and canal and other properties operated or administered by enterprises and valued at 90,226.⁴ Consists of non-negotiable notes and debentures of subsidiary federal government enterprises which are classified under contra loan liabilities.⁵ Receivable from non-government affiliates.⁶ See Table 4 for analysis of investments held.⁷ Offset against contra liability item 8.⁸ 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, 1966 - Concluded

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	173,634	—	17,279	488	191,401	376,364	4,165	571,930
2	Temporary loans, advances and notes payable:								
	1. Bank loans and overdrafts	—	—	—	—	—	150,868	—	150,868
	2. Other loans and advances	9,500	—	—	—	9,500	100,139	—	109,639
	Sub-totals, item 2	9,500	—	—	—	9,500	251,007	—	260,507
3	Interest payable to:								
	(i) Federal government	29,358	—	—	758	30,116	—	—	30,116
	(ii) Federal government enterprises ²	3,433	—	—	—	3,433	—	—	3,433
	(vii) Other	1,195	—	—	—	1,195	—	—	1,195
	Sub-totals, item 3	33,986	—	—	758	34,744	—	—	34,744
4	Accrued expenditure:								
	1. Interest owing to:								
	(i) Federal government	54,193	—	—	600	54,793	—	45,832	100,625
	(ii) Federal government enterprises ²	—	—	—	—	—	—	—	—
	(vii) Other	13,391 ³	—	—	—	13,391	405	2	13,798
	Sub-totals	67,584	—	—	600	68,184	405	45,834	114,423
	2. Provision for income tax	2,910	—	2,257	—	5,167	313	2,343	7,823
	3. Other expenditure	10,735	—	—	—	10,735	11,925	1,501	24,161
	Sub-totals, item 4	81,229	—	2,257	600	84,086	12,643	49,678	146,407
5	Long-term loans and advances owing to:								
	(i) Federal government	1,308,537	—	105,489	30,107	1,444,133	43,488	3,642,962	5,130,583
	(ii) Federal government enterprises ²	21	—	—	—	21	—	232,800	232,821
	(vii) Other	1,013	—	—	—	1,013	17,363	4,210	22,586
	Sub-totals, item 5	1,309,571	—	105,489	30,107	1,445,167	60,851	3,879,972	5,385,990
6	Long-term debt:								
	1. Bonds and debentures	1,327,503	—	—	—	1,327,503	—	—	1,327,503
	2. Other debt	17	—	—	—	17	—	—	17
	Sub-totals, item 6	1,327,520 ⁴	—	—	—	1,327,520	—	—	1,327,520
7	Deferred credits:								
	1. Deferred revenue	11,157	—	—	—	11,157	—	37,969	49,126
	2. Other credits	22,270	—	—	—	22,270	—	—	22,270
	Sub-totals, item 7	33,427	—	—	—	33,427	—	37,969	71,396
8	Trust and deposit accounts	—	—	—	18	18	86	3,456	3,560
9	Liability reserves:								
	1. Provision for future income taxes	10,000	—	1,847	—	11,847	—	—	11,847
	2. Other liability reserves	26,995	—	—	—	26,995	8,867	264,774	300,636
	Sub-totals, item 9	36,995	—	1,847	—	38,842	8,867	264,774	312,483
10	Other liabilities	30,735	—	40	14	30,789	1,472	1,449	33,710 ⁴¹
11	Proprietary equity (net worth):								
	1. Capital stock held by:								
	(i) Federal government	1,429,972	—	—	—	1,429,972	36,586	30,296	1,496,854
	(ii) Federal government enterprises ²	5,234	—	—	—	5,234	—	41,000	46,234
	(vii) Other	4,349 ¹²	—	—	—	4,349	—	—	4,349
	Sub-totals	1,439,555	—	—	—	1,439,555	36,586	71,296	1,547,437
	2. Interest-free working capital provided by:								
	(i) Federal government	—	5	9,000	—	9,005	15,000	—	24,005
	3. Fixed assets transferred by:								
	(i) Federal government	651,535	10,652	1,020	—	663,207	—	—	663,207
	4. Other equity held by:								
	(i) Federal government	198,912	—	22,799	7,003	228,714	7,298	33,900	269,912
	(vii) Other	—	—	—	—	—	26	26,331	26,357
	Sub-totals	198,912	—	22,799	7,003	228,714	7,324	60,231	296,269
	5. Equity reserves:								
	(1) Contingencies	—	—	—	2,156	2,156	223	—	2,379
	(2) Plant expansion	—	—	—	671	671	—	—	671
	(3) Other equity reserves	6,574	—	—	—	6,574	174	—	6,748
	Sub-totals	6,574	—	—	2,827	9,401	397	—	9,798
	6. Unappropriated surplus	-120,649	747	22,846	1,342	-95,714	372,091	46,587	322,964
	Sub-totals, item 11	2,175,927	11,404	55,665	11,172	2,254,168	431,398	178,114	2,863,680
12	Total liabilities and net worth	5,212,524	11,404	182,577	43,157	5,449,662	1,142,688	4,419,577	11,011,927

⁹ All but 42 of this amount is accrued on securities guaranteed by federal government.

¹⁰ 1,325,461 of this amount is guaranteed by federal government.

¹¹ Includes holdbacks on construction, 3,084.

¹² Capital stock on non-government subsidiaries held by the public.

CHART - I

ASSETS AND LIABILITIES BY TYPE AND BY INDUSTRY 1965-1966

(MILLIONS OF DOLLARS)

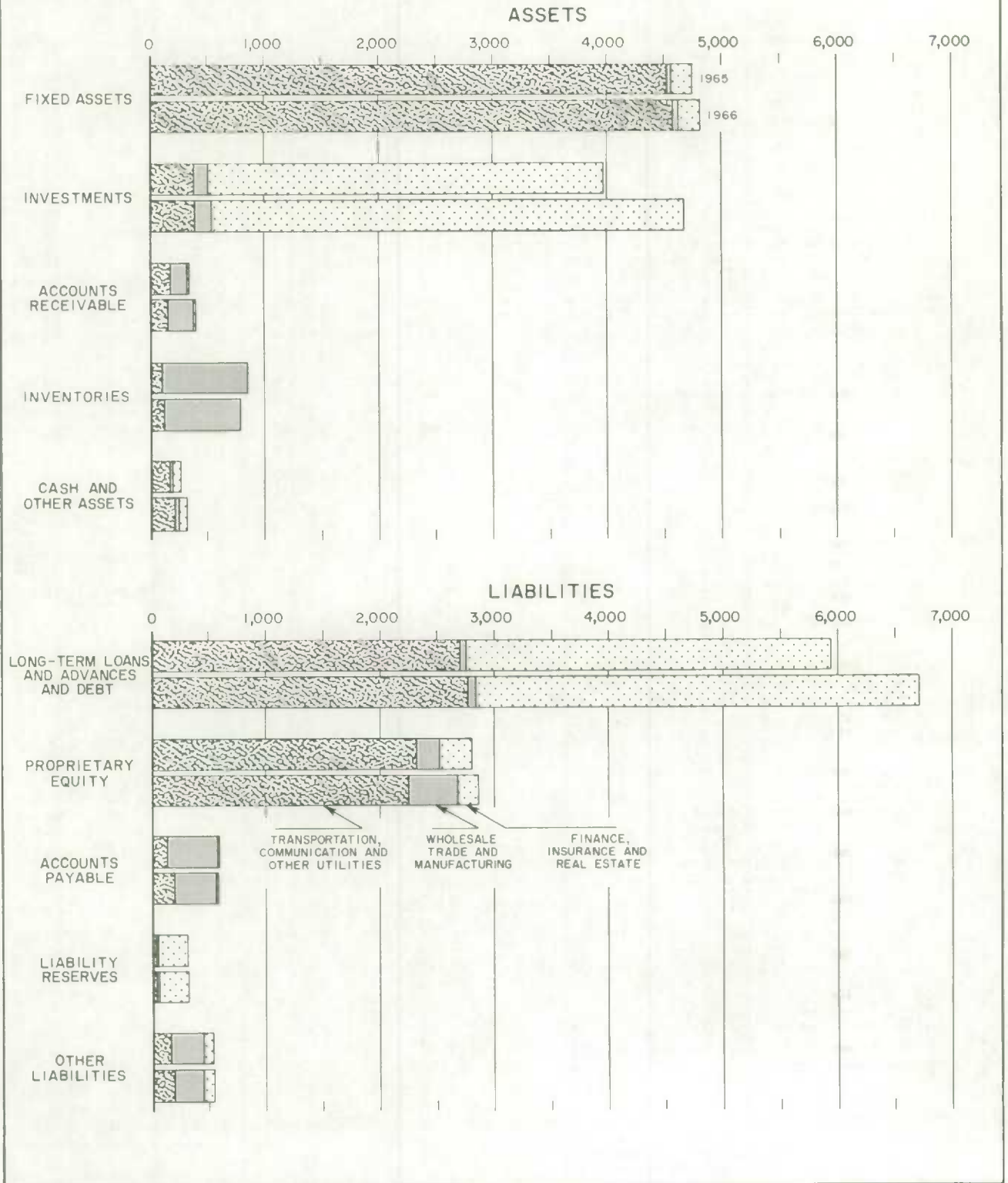


TABLE 2. Current Revenue and Expenditure, by Industry¹ for the Fiscal Year Ended Nearest to December 31, 1966

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	1,312,401 ²	1,506	56,366	5,885	1,376,158	1,477,225	5,884	2,859,267
2	Financial income:								
	1. Interest from:								
	(i) Federal government	3,187	-	499	92	3,778	174	5,266	9,218
	(ii) Federal government enterprises	11,580	-	-	-	11,580	-	-	11,580
	(iii) Provincial governments	213	-	-	-	213	-	-	213
	(v) Municipal governments	-	-	-	-	-	38	1,706	1,744
	(vi) Other	7,080	-	-	-	7,080	3,555	202,614	213,249
	Sub-totals	22,060	-	499	92	22,651	3,767	209,586	236,004
	2. Other financial income	3,308	-	-	-	3,308	23	- 40	3,291
	Sub-totals, item 2	25,368	-	499	92	25,959	3,790	209,546	239,295
3	Rental income	4,229	-	-	-	4,229	-	8,770	12,999
4	Contributions from own or other levels of government:								
	(i) Federal ³	-	79	111,032	-	111,111	-	-	111,111
5	Other current income	28,237	71	544	48	28,900	41,674	197	70,771
6	Total current revenue	1,370,235	1,656	168,441	6,025	1,546,357	1,522,689	224,397	3,293,443
Expenditure									
1	Cost of goods and services sold from current operations:								
	1. Wages and salaries	641,858	853	71,026	1,954	715,691	39,913	21,362	776,966
	2. Net drawings on (+) or net additions to (-) inventories	- 8,190	- 60	- 6,467	- 212	- 14,929	72,729	-	57,800
	3. Other purchases of goods and services	519,209	1,006	86,961	2,247	609,423	1,027,011	16,785	1,653,219
	Sub-totals, item 1	1,152,877	1,799	151,520	3,989	1,310,185	1,139,653	38,147	2,487,985
2	Provision for depreciation and replacement	149,949	-	12,295	673	162,917	6,915	2,221	172,053
3	Interest on debt to:								
	(i) Federal government	44,163	-	4,560	1,372	50,095 ⁴	-	153,618	203,713
	(ii) Federal government enterprises	11,580	-	-	-	11,580	-	11,022	22,602
	(vi) Other	59,317	-	-	-	59,317	5,925	156	65,398
	Sub-totals, item 3	115,060	-	4,560	1,372	120,992	5,925	164,796	291,713
4	Other current expenditure	8,685	-	-	-	8,685	-	1,933	10,618
5	Total current expenditure	1,426,571	1,799	168,375	6,034	1,602,779	1,152,493	207,097	2,962,369
6	Net profit (+) or loss (-) before provision for income tax	- 56,336	- 143	66	- 9	- 56,422	370,196 ⁵	17,300	331,074
7	Estimated income tax	2,996	-	3,529	-	6,525	1,714	6,258	14,497
8	Net profit (+) or loss (-) after provision for income tax	- 59,332	- 143	- 3,463	- 9	- 62,947	368,482	11,042	316,577
9	Total current expenditure plus net profit or minus loss	1,370,235	1,656	168,441	6,025	1,546,357	1,522,689	224,397	3,293,443

¹ Excludes Bank of Canada, see Table 6.

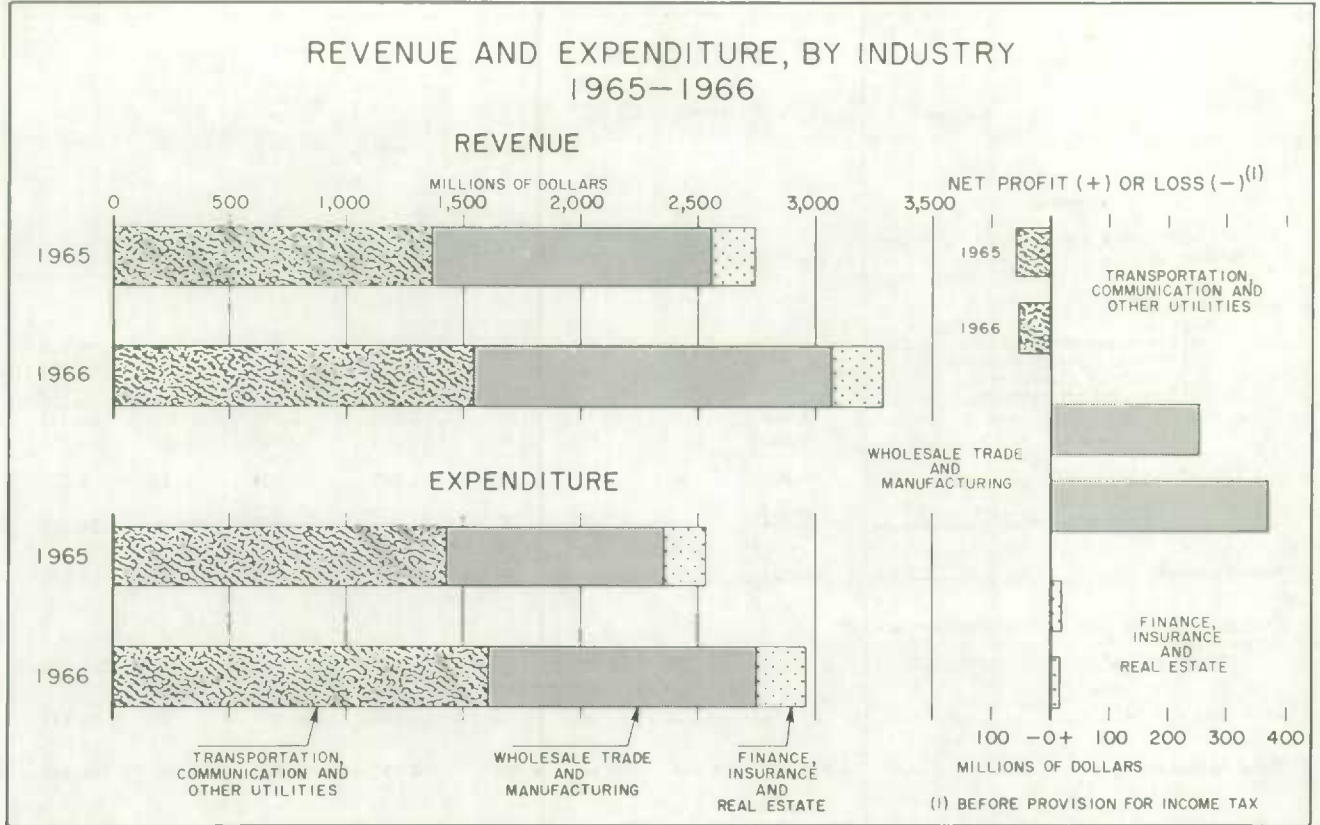
² Includes subsidies paid by the federal government to Canadian National Railway Company: Maritime Freight Rates Act, 12,211; East-West Bridge Subsidy (maintenance of trackage), 2,935; Freight Rates Reduction Act, 11,428; At-and-East Grain Rates subsidy, 736; Interim payments related to recommendations of Royal Commission on Transportation, 29,196; payments re reduced freight rates and 1964 wage awards 17,466; total, 73,972.

³ See Table 5 for contributions from federal government taken into current revenue and surplus accounts.

⁴ Excludes interest capitalized during construction of fixed assets, 163.

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, 1966**

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.....	- 115,830	415	24,991	1,477	- 88,947	238,389	46,485	195,927	
2	Net profit or loss for the year after provision for income tax ²	- 59,332	- 143	- 3,463	- 9	- 62,947	368,482	11,042	316,577	
3	Net profit or loss on sale or retirement of fixed assets.....	2,046	-	650	-	1,396	154	4,271	5,821	
4	Net transfer from (+) or to (-) reserves.....	- 30	-	-	- 126	- 156	-	- 7,709	- 7,865	
5	Other adjustments (net).....	- 3,394	-	597	-	- 2,797	145	- 746	- 3,398	
6	Contributions from own or other levels of government:									
	(i) Federal ³	56,292	475	1,371	-	58,138	833	2,579	61,550	
7	Remittances of surplus:									
	1. Dividends paid to:									
	(i) Federal government.....	-	-	-	-	-	5,500	-	5,500	
	(ii) Federal government enterprises.....	- 200	-	-	-	- 200	-	-	200	
	2. Other remittances to:									
	(i) Federal government.....	- 201	-	-	-	- 201	- 1,145	- 9,335	- 10,681	
	(ii) Federal government enterprises.....	-	-	-	-	-	-	-	-	
	(vii) Other.....	-	-	-	-	-	- 229,267	-	- 229,267	
	Sub-totals, item 7.....	- 401	-	-	-	- 401	- 235,912	- 9,335	- 245,648	
8	Net additions (+) or deductions (-).....	- 4,819	332	- 2,145	- 135	- 6,767	133,702	102	127,037	
9	Balance at end of year.....	- 120,649	747	22,846	1,342	- 95,714	372,091	46,587	322,964	

¹ Excludes Bank of Canada see Table 7.² Item 8, Expenditure, Table 2.³ See Table 5 for contributions from federal government taken into current revenue and surplus accounts.

TABLE 4. Analysis of Securities Held as Investments¹ including those in Restricted Funds, by Industry, as at Fiscal Year End Nearest to December 31, 1966 (Asset items 9 and 11)²

No.		Transportation, communication and other utilities				Sub-total, transportation, communication and other utilities	Whole-sale trade and manufacturing	Finance, insurance and real estate	Total
		Transportation	Storage	Communication	Electric power				
thousands of dollars									
1	Federal government treasury bills:								
	Asset item 9	10,174	—	—	—	10,174	1,594	299	12,067
2	Federal government direct and guaranteed bonds:								
	Asset item 9	160	—	963	985	2,108	571	8,099	10,778
	Asset item 11	57,423	—	—	—	57,423	—	105,736	163,159
	Sub-totals	57,583	—	963	985	59,531	571	113,835	173,937
3	Provincial and municipal government direct and guaranteed bonds:								
	Asset item 9	—	—	—	—	—	736	—	736
	Asset item 11	15,725	—	—	—	15,725	—	—	15,725
	Sub-totals	15,725	—	—	—	15,725	736	—	16,461
4	Bonds of companies incorporated in Canada and of institutions:								
	Asset item 9	31,653 ³	—	—	—	31,653	—	—	31,653
	Asset item 11	1,940	—	—	—	1,940	—	—	1,940
	Sub-totals	33,593	—	—	—	33,593	—	—	33,593
5	Preferred and common stock, Canadian:								
	(ii) Federal government enterprises: ⁴								
	Asset item 9	5,004	—	—	—	5,004	187	—	5,191
	(vii) Other:								
	Asset item 9	9,563 ⁵	—	—	—	9,563	—	—	9,563
	Sub-totals	14,567	—	—	—	14,567	187	—	14,754
6	Foreign investments:								
	Asset item 9	3,740 ⁶	—	—	—	3,740	27,567	—	31,307
	Asset item 11	38	—	—	—	38	—	—	38
	Sub-totals	3,778	—	—	—	3,778	27,567	—	31,345
7	Total securities:								
	Asset item 9	60,294	—	963	985	62,242	30,655	8,398	101,295
	Asset item 11	75,126	—	—	—	75,126	—	105,736	180,862
	Grand totals	135,420	—	963	985	137,368	30,655	114,134	282,157

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	12,821	2,561	15,382
Accrued interest: (i) Federal government	—	1,523	1,523
(vii) Other	—	291	291
Real estate	—	16,066	16,066
Mortgages	—	53,682	53,682
Other assets	111	84,915 ⁶	85,026
Totals	12,932	159,038	171,970

³ Of this amount, 27,114 represents the value of bonds of non-government affiliates.

⁴ Involves transactions between subsidiary and parent government enterprises.

⁵ Investments in non-government affiliates.

⁶ Of this amount, 84,885 represents obligation of the Government of Canada under Section 21 A of the Export Credits Insurance Act.

TABLE 5. Contributions from Federal Government taken into Current Revenue and Surplus Accounts¹ for Fiscal Year Ended Nearest to December 31, 1966

	Thousands of dollars
Current revenue:	
Canadian Broadcasting Corporation:	
Grant in respect of net operating requirements	111,032
Canadian Government Elevators:	
Services provided without charge by government departments	79
Farm Credit Corporation:	
Payment for carrying out the purposes of the Farm Machinery Syndicates Credit Act	—
Sub-total, current revenue	111,111
Surplus account:	
Contributions towards operating deficits:	
Canadian Arsenals Limited	833
Canadian Broadcasting Corporation	1,371
Canadian Government Elevators	475
Canadian National Railway System:	
Canadian National Railways	24,593
Newfoundland Car Ferry	12,999
Prince Edward Island Car Ferry	4,551
Farm Credit Corporation	2,579
National Harbours Board	1,411
The St. Lawrence Seaway Authority	12,738 ²
Sub-total, surplus account	61,550
Total contributions from federal government taken into current revenue and surplus accounts	172,661

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

² Includes 10,059 contribution toward operating deficits of the Welland Canal for the year.

TABLE 6. Comparative Current Revenue and Expenditure of the Bank of Canada for Fiscal Years Ended Nearest to December 31, 1965 and 1966

No. ¹		1965	1966	Change
		thousands of dollars		
	Revenue			
2	Financial income:			
	(i) Federal government			
	(ii) Federal government enterprises	155,527	164,490	8,963
	(iii) Other			
6	Total current revenue	155,527	164,490	8,963
	Expenditure			
1	Cost of goods and services sold from current operations:			
	1. Wages and salaries	5,284	5,808	524
	3. Other purchases of goods and services	7,086	8,040	954
	Sub-totals, item 1	12,370	13,848	1,478
3	Interest on debt to			
	(vii) Other—Interest paid on unclaimed balances	51	57	6
5	Total current expenditure	12,421	13,905	1,484
6	Net profit (+) or loss (-) before provision for income tax	143,106	150,585	7,479
9	Total current expenditure plus net profit or minus loss	155,527	164,490	8,963

¹ Item numbers correspond with those in Table 2.

TABLE 7. Comparative Net Surplus Account Transactions of the Bank of Canada for the Fiscal Years Ended Nearest to December 31, 1965 and 1966

No. ¹		1965	1966	Change
		thousands of dollars		
1	Balance at beginning of year	—	—	—
2	Net profit or loss for the year	143,106	150,585	7,479
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	143,106	150,585	7,479
8	Net additions (+) or deductions (-)	—	—	—
9	Balance at end of year	—	—	—

¹ Item numbers correspond with those in Table 3.

FEDERAL GOVERNMENT ENTERPRISE FINANCE

TABLE 8. Comparative Assets and Liabilities of the Bank of Canada as at Fiscal Years Ended Nearest to December 31, 1965 and 1966

No. 1	1965	1966	Change
thousands of dollars			
Assets			
1			
Cash on hand and on deposit:			
Foreign exchange - Pounds sterling and U.S.A. dollars	28,021	54,906	26,885
Other currencies	243	244	1
Sub-totals, item 1	28,264	55,150	26,886
5			
Accrued revenue			
1. Interest—accrued interest on investments from			
(i) Federal government			
(ii) Federal government enterprises	40,135	43,223	3,088
(vii) Other			
7			
Fixed assets:			
Bank premises - land, buildings and equipment—at cost less depreciation	16,297	16,542	245
8			
Loans and advances receivable from			
(ii) Federal government enterprises: Debentures issued by Industrial Development Bank	200,678	239,777	39,099
9			
Securities held as investments:			
1. Federal government treasury bills	608,101	409,110	-198,991
2. Federal government direct and guaranteed bonds	2,808,522	3,010,181	201,659
7. Preferred and common stock, Canadian:			
(ii) Federal government enterprises: Industrial Development Bank, total share capital at cost	39,000	42,000	3,000
8. Foreign investments: Other securities, U.S.A. Government	13,989	171,739	157,750
Sub-totals, item 9	3,469,612	3,633,030	163,418
13			
Other assets:			
Cheques on other banks	158,100	153,208	-4,892
Net balance of Government of Canada collections and payments in process of settlement	41,533	64,664	23,131
Other	1,149	1,202	53
Sub-totals, item 13	200,782	219,074	18,292
14			
Total assets	3,955,768	4,206,796	251,028
Liabilities			
2			
Temporary loans, advances and notes payable:			
2. Other loans and advances:			
(i) Federal government:			
Deposits, Government of Canada	116,230	34,060	-82,170
Liabilities payable in pounds sterling, U.S.A. dollars and other foreign currencies	24,027	31,464	7,437
Sub-totals	140,257	65,524	-74,733
(vii) Other:			
Deposits of chartered banks and others	1,034,240	1,111,258	77,018
Liabilities payable in pounds sterling, U.S.A. dollars and other foreign currencies	6,740	5,460	-1,280
Others	34,539	29,728	-4,811
Sub-totals	1,075,519	1,146,446	70,927
Sub-totals, item 2.2	1,215,776	1,211,970	-3,806
3. Notes: Notes in circulation	2,535,650	2,733,634	197,984
Sub-totals, item 2	3,751,426	3,945,604	194,178
10			
Other liabilities:			
Bank of Canada cheques outstanding	172,388	229,491	57,103
Other liabilities	1,954	1,701	-253
Sub-totals, item 10	174,342	231,192	56,850
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-totals, item 11	30,000	30,000	—
Total liabilities	3,955,768	4,206,796	251,028

¹ Item numbers correspond with those in Table 1.

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