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SUMMARY OF ESTIMATES OF REVENUE AND EXPENDITURE OF PROVINCIAL GOVERNMENTS 1954

Memorandum

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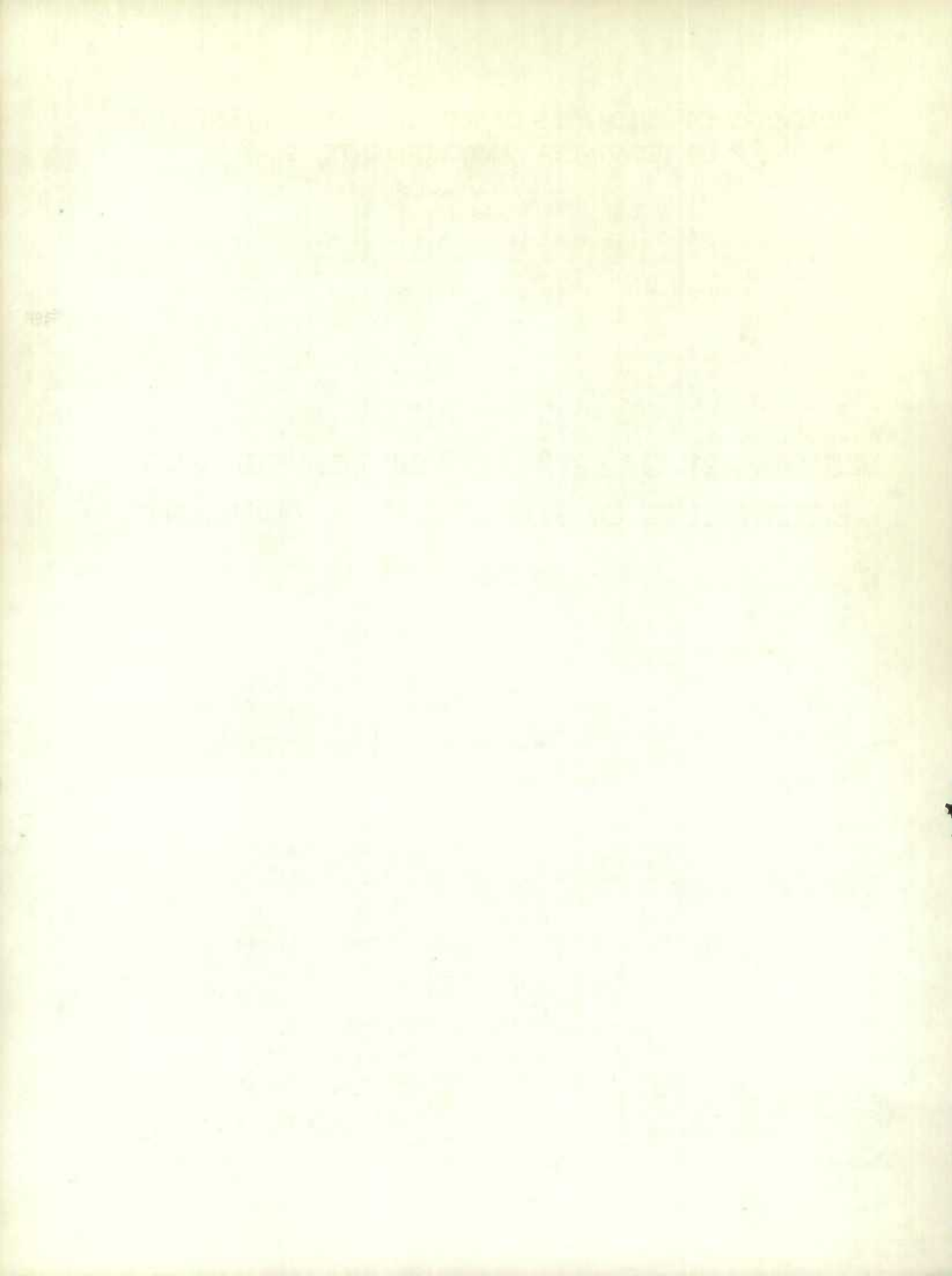
DOMINION BUREAU OF STATISTICS

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SUMMARY OF ESTIMATES OF REVENUE AND EXPENDITURE OF PROVINCIAL GOVERNMENTS, 1954

(Fiscal Year Ending March 31, 1955)

This memorandum provides a summary analysis of revenue and expenditure estimates of provincial governments for the current fiscal year. The information was mostly derived from the Estimates and Budget Speeches delivered to the provincial legislatures this spring.

Because of variations in accounting and reporting practices among the provinces, certain adjustments to the provincial figures are necessary to achieve interprovincial comparability. The accuracy of such adjustments and also of the presentation of revenue and expenditure in terms of standard statistical categories depends upon the extent and detail of the available sources of information.

Transactions on account of loans and advances are, for purposes of these statistics, omitted from revenue and expenditure except for any such amounts which have been treated as ordinary account transactions by the provinces. These latter are shown separately in the final report as "non-revenue and

surplus receipts" and "non-expense and surplus payments". No attempt has been made to segregate such transactions in this report since they are relatively insignificant in the over-all totals.

"Net General Revenue" and "Net General Expenditure" are arrived at by first analyzing the combined revenues (and expenditures) of capital account, current or ordinary account and those working capital funds, provincial institutions and special funds for which separate accounts are kept. Then the following types of revenue are deducted from revenue and offset against the related expenditures: (a) interest, premium, discount and exchange; (b) institutional revenue; (c) grants-in-aid and shared-cost contributions from other governments, and (d) capital revenue.

The final report "Financial Statistics of Provincial Governments" explains more fully the various adjustments to the provincial figures that are required to produce this statistical series.

DESCRIPTION AND COVERAGE OF "SOURCE" AND "FUNCTION" HEADINGS

REVENUE

Privileges, Licences, and Permits, revenue item 15, includes all licences and permit fees for the purchase, sale or use of alcoholic beverages; motor vehicle licences and permit fees including operators' licences; licences, royalties and permit fees for the use of natural resources, such as fishing, hunting and trapping licences, timber royalties, Crown land leases or rentals, mining royalties, and water power or storage leases; and corporation and other business or occupational licences, rentals of government real estate and court and legal fees, etc.

Subsidies, item 16. This item includes only general and unconditional grants. Grants in aid of specific projects, such as the federal health grants, are offset against the related expenditure to arrive at the "net" presentation used in these tables.

Share of Income Tax on Power Utilities, revenue item 17. The provinces receive a share of the income tax collected by the Federal Government from corporations whose main business is the distribution to, or generation for distribution to, the public of electric energy, gas or steam. These payments are not contingent upon a province signing a tax rental agreement.

Other Revenue, item 22, combines revenue from the following sources: sales and services, fines and penalties, and miscellaneous items not otherwise provided for in the classification, as well as non-revenue and surplus receipts previously referred to.

EXPENDITURE

Health—Other, expenditure item 3, includes expenditures on public health; medical, dental and allied services; and administration of health services generally.

Aid to Unemployed Employables and Unemployables, expenditure item 7, includes provision for payments of the new permanent total disability pensions which most provinces will be paying on a shared-cost basis with the Government of Canada.

Social Welfare—Other, expenditure item 8, includes expenditures on child welfare, labour and general social welfare administration.

Contributions to Municipalities, expenditure item 15, includes all payments in the form of subsidies having no relation to any particular municipal expenditure, such as New Brunswick's "subsidies to municipalities", and shared-revenue contributions whether or not such contributions are related to

specific municipal expenditures, such as British Columbia's municipal share of provincial motor vehicle licence revenue. All other payments to municipal governments have been classified according to the nature of the municipal expenditure to which the provincial payment is related. For example Ontario's municipal highway subsidies are included under "Transportation and Communications" in these statistics.

Other Expenditure, item 16, includes expenditures on the following functions: general government, protection of persons and property, recreational and cultural services, trade and industrial development, local government planning and development, and miscellaneous items not otherwise specifically provided for in the classification as well as non-expense and surplus payments previously referred to.

BUDGET COMMENTS

A detailed account of the new developments announced in the various provincial government budget statements, covering the fiscal year ending March 31, 1955, would not appear to be necessary in a summary of this nature. However, a brief comment covering a few of the highlights may be of interest.

Changes in the tax structure

Effective June 1, 1954 the rate of the **gasoline tax** in the province of Newfoundland increased from fourteen to fifteen cents per gallon. The rate of the regular gasoline tax was increased in the province of New Brunswick, effective April 1, 1954, from ten to twelve cents per gallon; this levy is in addition to the three cent winter roads tax on gasoline sales which will be continued.

Effective March 10, 1954, the rate of the **general sales tax**, levied under the Social Services and Education Tax Act, in the province of New Brunswick, was lowered to 3% from 4%. As a result of the decision to abolish the premium contributions under the hospital insurance plan, in the province of British Columbia, the general sales tax was increased from 3% to 5% on April 1, 1954.

The **amusement tax rate**, in British Columbia, was reduced from 17.5% to 15% at the same time.

In the province of Quebec, the new **tax on the income of individuals** is estimated to yield \$22,000,000.

Highway Expenditure Programmes

Estimated expenditures of provincial governments in Canada on transportation and communications in the fiscal year ending March 31, 1955 amount to over \$370,000,000, continuing the extensive programme introduced in recent years. Reference to the table on page 7 showing net general expenditure by function, will show the magnitude of such expenditures in the last four years.

Other Budget Highlights

Expenditures on Health and Social Welfare, and Education are expected to exceed somewhat the

totals estimated for the previous year, thus maintaining their high relative importance.

Plans calling for expenditures on rural electrification were introduced in Prince Edward Island and New Brunswick. In the former case the provincial government, in co-operation with the power companies, expect to spend \$250,000 per year for the next five years; in New Brunswick an annual grant of \$25,000 was provided.

A few other features of this year's provincial government Budgets should also be mentioned.

A Commission of Enquiry has been appointed to prepare Newfoundland's case for presentation to the Royal Commission that will review the financial impact of Confederation, as provided for in the Terms of Union. Contributions by the government of the province of Prince Edward Island to cities and incorporated towns were increased from \$2.50 to \$3.00 per capita and to villages from \$1.00 to \$1.25. In the province of Ontario, grants to municipalities, under the new plan of unconditional per capita grants will amount to an estimated \$11,700,000. While these grants may be used for any purpose, they are related as closely as possible to local government responsibility for health, welfare, justice and similar services. Province of Ontario grants for construction of institutions for charitable cases will be raised from \$1,000 to \$2,000 per bed. Total aid to municipalities in Ontario, including local school boards and associated agencies, is estimated at \$134,000,000. Manitoba's share of income tax on corporations operating and/or distributing electricity, gas or steam, levied and collected by the Government of Canada, terminated in 1953-54 with a resultant loss in revenue of about \$400,000. This arises from the fact that the Winnipeg Electric Co., taken over by the province and now operated as a Crown corporation, no longer pays corporation income tax to the Government of Canada. The Province of Alberta has provided over \$3,000,000 for the further development of the St. Mary's and Milk River Irrigation project.

LIQUOR CONTROL REVENUE

Revenues of this nature arise from the following sources: profits on the operation of provincial wholesale vendors and retail outlets, item 21; privileges, licences and permit fees, included in item 15; taxes on the sale of liquor, item 5; and miscellaneous

revenue such as fines, penalties and confiscations arising from infractions of the liquor acts and regulations, included in item 22. The following table shows the amount estimated for the current year in relation to the latest totals available for prior years.

Total Liquor Control Revenue

Fiscal years ended March 31

(Thousands of dollars)

Province	1952	1953 ¹	1954 ²	1955 ²
Newfoundland	2,476	2,824	2,700	2,986
Prince Edward Island	1,035	1,219	1,035	1,035
Nova Scotia	8,562	9,561	9,086	9,733
New Brunswick	5,441	6,426	5,780	5,933
Quebec	32,357	35,485	33,356	35,685
Ontario	44,960	47,691	37,430	37,578
Manitoba	8,224	8,568	8,520	8,492
Saskatchewan	9,640	11,060	10,050	10,115
Alberta	13,304	15,228	14,000	15,220
British Columbia	20,157	20,896	22,620	21,620
Total	146,156	158,958	144,577	148,397

1. Subject to revision.

2. Per Estimates.

The following tables, showing net general revenue and expenditure for the years 1951-2 to 1954-5 inclusive, based on the latest information

available, provide an indication of the increases in revenue by source and expenditure by function.

Net General Revenue of Provincial Governments

Fiscal Years Ended Nearest December 31

(Millions of Dollars)

Source	1951	1952 ¹	1953 ²	1954 ²
Taxes:				
Corporations	25	14	14	15
Income — corporations	163	52	53	51
individuals	—	—	—	22
Property	8	8	7	8
Sales:				
Alcoholic beverages	2	2	2	2
Amusements	20	21	20	22
Motor fuel and fuel oil	182	197	207	226
Tobacco	10	11	11	14
General	91	102	102	128
Other commodities and services	4	5	4	5
Succession duties	34	32	28	30
Other	27	27	27	11
Total taxes	566	471	475	534
Federal tax rental agreements	96	303	298	328
Privileges, licences and permits	228	253	242	262
Government of Canada:				
Subsidies	26	26	25	24
Share of income tax on power utilities	4	4	3	5
Municipalities	1	—	—	—
Liquor profits	116	121	115	117
Other revenue	40	43	40	41
Total net general revenue	1,077	1,221	1,198	1,311

1. Preliminary.

2. Estimated.

Net General Expenditure of Provincial Governments

Fiscal Years Ended Nearest December 31

(Millions of dollars)

Function	1951	1952 ¹	1953 ²	1954 ²
Transportation and communications	300	371	374	370
Health:				
Hospital care	152	178	178	193
Other	22	25	28	30
Total health	174	203	206	223
Social welfare:				
Aid to aged and blind persons	41	37	39	43
Aid to unemployed	14	13	15	17
Mothers' allowances	19	20	23	23
Other	18	20	23	29
Total social welfare	92	90	100	112
Total health and social welfare	266	293	306	335
Education	196	218	228	247
Natural resources and primary industries	85	97	100	108
Debt charges:				
Debt retirement (from current account)	86	81	58	61
Interest and other charges	57	59	57	59
Contributions to municipalities	23	27	29	42
Other expenditures	147	168	183	192
Total net general expenditure	1,160	1,314	1,335	1,414
Less debt retirement included above	86	81	58	61
Total excluding debt retirement	1,074	1,233	1,277	1,353

1. Preliminary.

2. Estimated.

The tables that follow show the steady increase of both net general revenue and net general expenditure by provinces.

Net General Revenue of Provincial Governments

Fiscal Years Ended Nearest December 31

(Millions of dollars)

Province	1949	1950	1951	1952 ¹	1953 ²	1954 ²
Newfoundland	17.4	21.0	25.2	30.9	31.0	33.7
Prince Edward Island	5.1	5.6	6.0	7.1	7.0	7.5
Nova Scotia	34.2	35.7	38.8	45.2	45.9	50.4
New Brunswick	29.5	32.3	40.7	46.4	45.3	47.7
Quebec	207.0	238.9	277.4	281.8	289.3	323.3
Ontario	235.4	265.7	303.8	339.6	333.5	355.7
Manitoba	38.0	41.6	46.1	53.7	53.1	55.7
Saskatchewan	61.3	66.6	74.8	89.0	85.1	93.9
Alberta	88.4	105.3	105.8	142.5	125.5	145.7
British Columbia	124.3	138.7	157.1	184.7	182.1	197.6
Yukon .....	..	1.0	1.2	..	..	..
Total	840.6	952.4	1,076.9	1,220.9	1,197.8	1,311.2

1. Preliminary.
2. Estimated.

Net General Expenditure of Provincial Governments

(Exclusive of Debt Retirement)

Fiscal Years Ended Nearest December 31

(Millions of Dollars)

Province	1949	1950	1951	1952 ¹	1953 ²	1954 ²
Newfoundland	26.1	27.4	29.9	28.6	33.2	40.0
Prince Edward Island	6.3	7.1	7.9	7.1	7.8	8.3
Nova Scotia	50.8	51.7	49.1	47.2	52.1	57.7
New Brunswick	37.5	40.7	40.0	45.0	46.2	48.7
Quebec	192.9	224.4	261.2	310.8	277.8	299.2
Ontario	261.1	278.9	335.8	390.8	435.3	418.2
Manitoba	34.9	35.4	42.7	39.5	47.2	49.1
Saskatchewan	57.7	61.9	71.8	84.6	84.2	95.9
Alberta	58.1	73.1	82.0	102.4	119.1	142.7
British Columbia	150.9	140.7	152.3	176.6	174.1	193.0
Yukon .....	..	1.0	1.2	..	..	..
Total	876.3	942.3	1,073.9	1,232.6	1,277.0	1,352.8

1. Preliminary.
2. Estimated.

Net General Revenue Estimates
For Fiscal Year Ending March 31, 1955
(Thousands of dollars)

No.	Source	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
	Taxes:											
1	Corporations ¹	—	—	—	—	15,100	—	—	—	—	—	15,100
	Income:											
2	Corporations ¹	—	—	—	—	50,380	—	—	—	—	—	50,380
3	Individuals ¹	—	—	—	—	22,000	—	—	—	—	—	22,000
4	Property.....	—	—	97	230	—	1,600	—	—	—	6,030	7,957
	Sales:											
5	Alcoholic beverages.....	—	225	—	—	1,600	—	—	—	—	—	1,825
6	Amusements and admissions.....	500	100	680	350	4,900	9,325	1,200	60	1,450	3,115	21,680
7	Motor fuel and fuel oil.....	2,390	1,015	10,190	8,770	57,600	85,340	8,650	13,700	19,450	19,145	226,250
8	Tobacco.....	—	125	—	1,150	12,900	—	—	—	—	—	14,175
9	General.....	6,700	—	—	5,250	41,600	—	—	16,000	—	58,750	128,300
10	Other commodities and services.....	—	—	185 ²	—	4,860 ³	—	—	—	—	—	5,045
11	Succession duties.....	—	1 ⁴	5 ⁴	—	13,000	16,500	3 ⁴	—	15 ⁴	—	29,524
12	Other.....	170	—	91	45	915	3,000	12	6,090 ⁵	890	60	11,273
13	Total taxes.....	9,760	1,466	11,248	15,795	224,855	115,765	9,865	35,850	21,805	87,100	533,509
14	Federal tax rental agreements ⁶	12,547	3,913	20,475	17,047	—	142,747	26,201	26,646	31,816	46,052	327,444
15	Privileges licences and permits.....	2,671	537	5,877	6,528	64,209	62,569	9,956	15,494	71,872	22,771	262,484
	Other governments:											
	Government of Canada:											
16	Subsidies.....	5,519 ⁷	657	2,057	1,679	3,300	3,641	1,845	2,041	2,150	1,281	24,170
17	Share of income tax on power utilities.....	100	30 ⁸	150	160	2,120 ⁸	470	—	43 ⁸	1,000	1,100	5,173
18	Sub-total government of Canada.....	5,619	687	2,207	1,839	5,420	4,111	1,845	2,084	3,150	2,381	29,343
19	Municipalities.....	—	—	245	—	—	—	28	—	—	—	273
20	Total other governments.....	5,619	687	2,452	1,839	5,420	4,111	1,873	2,084	3,150	2,381	29,616
21	Liquor profits.....	2,350	770	9,360	5,890	22,000	24,580	6,415	10,000	14,030	21,330	116,725
22	Other revenue.....	741	90	1,015	589	6,827	5,977	1,344	3,807	2,996	18,000	41,386
23	Total net general revenue.....	33,688	7,463	50,427	47,688	323,311	355,749	55,654	93,881	145,669	197,634	1,311,164

1. Suspended under terms of the 1952 tax rental agreements effected in all provinces except Quebec.

2. Long distance telephone tax.

3. Hospital tax on meals.

4. Arrears. Provincial levy of succession duties is suspended under terms of the 1952 tax rental agreements except in Ontario and Quebec.

5. Includes hospital insurance tax.

6. Adjusted to agree with payments expected to be made by the Government of Canada in lieu of amounts appearing in the provincial estimates.

7. Includes transitional grant \$3,950,000.

8. Item 17 not shown separately in the provincial estimates hence the actual amount received in the previous year has been shown.

Net General Expenditure Current and Capital Estimates

For Fiscal Year Ending March 31, 1955
(Thousands of dollars)

No.	Function	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1	Transportation and communications	9,032	2,984	18,894	14,294	77,492	124,826	14,511	18,677	53,997	35,484	370,191
	Health and welfare:											
	Health:											
2	Hospital care	5,833	962	6,650	5,261	31,260	51,138	5,721	23,505 ¹	19,041	43,399 ¹	192,770
3	Other	1,327	255	803	1,191	5,783	8,451	1,411	4,218	2,294	4,446	30,179
4	Sub-total health	7,160	1,217	7,453	6,452	37,043	59,589	7,132	27,723	21,335	47,845	222,949
	Social welfare:											
5	Aid to aged and blind persons	1,214	226	1,423	1,612	10,456	8,783	1,430	2,588	6,094	9,917	43,743
6	Aid to unemployed and unemployables	2,004	55	—	—	—	5,575	480	1,028	1,967	5,900	17,009
7	Mothers allowances	1,276	78	1,623	1,325	8,200	6,673	986	1,280	1,008	400	22,849
8	Other	1,028	59	721	228	13,730	5,211	1,433	2,401	677	3,212	28,700
9	Sub-total social welfare	5,522	418	3,767	3,165	32,386	26,242	4,329	7,297	9,746	19,429	112,301
10	Total health and social welfare	12,682	1,635	11,220	9,617	69,429	85,831	11,461	35,020	31,081	67,274	335,250
11	Education	8,199	1,367	12,140	9,096	55,125	83,864	11,374	15,448	23,810	26,239	246,662
12	Natural resources and primary industries	4,660	655	3,065	3,968	32,915	23,083	4,657	8,881	12,000	14,336	108,220
	Debt charges:											
13	Debt retirement (from current account)	891	542	4,137	4,695	9,900	13,336	4,969	7,121	2,714	12,541	60,846
14	Interest and other charges	159	681	5,973	5,909	12,185	29,455	430 ²	1,966	2,915 ²	6,135	59,118
15	Contributions to municipalities	250	112	1,015	2,681	—	14,563	102	—	8,796	14,280	41,799
16	Other expenditure ³	5,002	871	5,407	3,120	52,057 ³	56,610	7,465	15,887 ³	15,938	29,230 ³	191,587
17	Total net general expenditure	40,875	8,847	61,851	53,380	309,103	431,568	54,109	103,000	145,421	205,519	1,413,673
18	Deduct debt retirement included above	- 891	- 542	- 4,137	- 4,695	- 9,900	- 13,336	- 4,969	- 7,121	- 2,714	- 12,541	- 60,846
19	Total net general expenditure exclu- sive of debt retirement	39,984	8,305	57,714	48,685	299,203	418,232	49,140	95,879	142,707	192,978	1,352,827

1. Includes hospital insurance plan expenditures.

2. Excess of interest premium, discount and exchange revenue over interest expenditure and other debt charges.

3. Includes expenditures for the purchase of, alteration to, or construction of public buildings and works for which no breakdown by function of expenditure is available in the provincial Estimates: Que.- \$2,000,000; Sask.- \$5,321,000; B.C.- \$8,612,000.



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Publication Number	Title	Price
8502-509	Summary of Estimates of Revenue and Expenditure of Provincial Governments – commencing with 1951	25¢
8502-512	Preliminary Analysis of Revenue and Expenditure of Provincial Governments – commencing with 1949	25¢
8502-508	Financial Statistics of Provincial Governments – Direct and Indirect Debt – commencing with 1950	25¢
8502-514	Financial Statistics of Provincial Governments – Revenue and Expenditure – commencing with 1950	25¢
	(8502-508 and 8502-514, before 1950, were contained in one report entitled "Financial Statistics of Provincial Governments".)	
8502-504	Principal Taxes and Rates – Federal, Provincial and Selected Municipal Governments – commencing with 1952	25¢
8502-518	The Control and Sale of Alcoholic Beverages in Canada – commencing with 1948	50¢
8503-501	Financial Statistics of Municipal Governments – Summary of Revenue, Expenditure and Tax Collections (Interim) – commencing with 1949	25¢
8503-502	Financial Statistics of Municipal Governments – commencing with 1944	25¢

The following symbols have been used in the tables in this report:

- to indicate nil and amounts under \$500.
- .. to indicate figures are not available.