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CANADA

SUMMARY OF ESTIMATES OF REVENUE AND EXPENDITURE OF PROVINCIAL GOVERNMENTS 1956

(Fiscal Year Ended March 31, 1957)

Memorandum

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SUMMARY OF ESTIMATES OF REVENUE AND EXPENDITURE OF PROVINCIAL GOVERNMENTS

1956

(Fiscal Year Ended March 31, 1957)

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.

"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 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 provincial figures that are required to produce statistics on this basis.

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

REVENUE

Privileges, Licences, and Permits, item 15, includes licences and permit fees for the purchase, sale or use of alcoholic beverages; motor vehicle licences and permit fees; licences, royalties and permit fees for the use of natural resources, such as fishing and hunting licences, timber royalties, Crown land leases mining royalties, water power or storage leases and also the income taxes on logging and mining corporations which the provinces may levy under the Tax Rental Agreements; and corporation and other business or occupational licences, rentals of government real estate and court and legal fees.

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

Share of Income Tax on Power Utilities, item 17. The provinces receive a share of the income tax collected by the Government of Canada 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, such as refunds of previous years' expenditure and repayments of loans and advances, where such have been included in current account revenue by the provinces.

EXPENDITURE

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

Aid to Unemployed Employables and Unemployables, item 7, includes the net provincial expenditures on the permanent total disability pensions which for the first time all provinces are paying on a 50-50 basis with the Government of Canada in this fiscal year.

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 Alberta's municipal share of the provincial gasoline tax 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 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-expenditure and surplus payments such as refunds of previous years' revenue and loans and advances where such have been included in current account expenditures by the provinces.

BUDGET COMMENTS

The budgets for the 1956-57 fiscal year reflect a general optimism regarding economic conditions, although in some provinces concern was expressed about the agriculture sector due to the decline in farm earnings.

Attention was directed by most provincial treasurers to the discussions held regarding fiscal relations with the Government of Canada, as the present tax rental agreements expire at the end of the current fiscal year. The total tax rental payments which the Government of Canada expects to make this year are \$354 million compared with \$320 million for the previous year, due to the increases in Gross National Product and population.

Ontario announced the reduction of the race tracks tax on pari-mutuels from 7% to 6% effective April 1, 1956. Motor vehicle registration fees were increased for the first time in 18 years, as from January 1, 1956. The average increase for all vehicles was over 40 per cent. It is expected that the increases will add approximately \$10 million extra revenue to Ontario's treasury.

In Manitoba the amusement tax was reduced by raising the exemptions and lowering the scale of rates. The resultant loss of revenue to the provincial treasury is expected to be \$215,000 per year. The gasoline tax was increased from 9 cents to 11 cents per gallon, effective April 1, 1956. This is expected to net the treasury an additional \$2 million to help finance the heaviest road-building programme in Manitoba's history.

In Alberta the unearned increment tax (which was a 10% tax on the increase of value of land paid at the time of transfer) has been repealed with a resulting loss of revenue of approximately \$1.3 million. A revision of the registration fees charged under the Land Titles Act partially offsets this loss of revenue. Estimated revenue of the Mines and Minerals Department, chiefly from oil development, is shown at \$91 million compared with \$68 million estimated for the previous year. Experience over the past few years has enabled the Government to make a more realistic estimate this year.

In British Columbia the amusement tax rate was reduced from 15 to 10 per cent of the admission price, with a resulting loss of provincial revenue of approximately \$800,000.

With regard to the expenditure plans outlined by the provincial treasurers in their budget speeches it is noted that the service calling for the largest increase in expenditure is education. Total estimated expenditures on education for all provinces increased from \$300 million last year to over \$354 million for the current year. This is largely due to increased grants to schools operated by local authorities to help cope with the rising costs due to tremendous increases in student enrolment and the attendant need for more classrooms and more teachers. The following comparisons will serve to illustrate this point. In Quebec the estimated expenditures on education are \$79.5 million compared with the previous year's estimate of \$63.5 million, while in Ontario estimates of education expenditures jumped from \$98 million last year to \$117 million for the current fiscal year. In Nova Scotia a new programme of educational finance went into effect on January 1, 1956, providing for substantial increases in provincial aid to local schools including increases in teachers' salaries.

Several provinces discussed provisions of the Unemployment Assistance Agreements between the provinces and the Government of Canada, under which the provinces are to receive 50 per cent of the gross cost of assistance paid to the unemployed and unemployables in the province based on that portion of the case load which is in excess of 0.45 per cent of the province's population. Only Newfoundland, Manitoba and British Columbia showed an estimate of the amount of revenue they expect to receive from Canada under the terms of these agreements. This revenue has been offset against provincial expenditure on "Aid to Unemployed and Unemployables" in this memorandum.

The provision of adequate highways is the most costly function of provincial governments at the present time. The estimated total expenditure on "Transportation and Communications" (chiefly

highways, roads and bridges) is \$488 million for the current year compared with \$432 million for the previous year. Saskatchewan has a \$50 million market grid road plan towards which the provincial government intends to contribute half the cost over the next ten years, the balance being paid for by local governments.

Although a revised municipal grant system was introduced in British Columbia last year, a further upward revision in grants is proposed this year, with the graded per capita basis starting at \$16 per capita for the first 3,500 persons and ranging to \$6.50 per capita for municipal population over 50,000. This will raise the total cost to \$9.4 million from \$7.3 million estimated for the previous year.

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.

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	1953	1954	1955 ¹	1956 ²	1957 ²
Newfoundland	2,824	3,115	2,986	3,093	3,244
Prince Edward Island	1,219	1,182	1,150	1,145	1,115
Nova Scotia	9,532	9,815	9,621	10,191	10,735
New Brunswick	6,426	6,490	6,170	6,170	6,821
Quebec	35,485	35,856	35,780	35,730	37,680
Ontario	47,691	45,034	46,600	39,570	46,540
Manitoba	8,568	8,722	8,400	8,300	8,745
Saskatchewan	11,060	11,408	10,145	10,120	10,500
Alberta	15,228	15,721	15,525	15,561	15,700
British Columbia	20,883	21,383	21,620	21,375	21,660
Total	158,916	158,726	157,997	151,255	162,740

1. Preliminary.

2. Estimates.

Net General Revenue of Provincial Governments

Fiscal Years Ended March 31

(Millions of Dollars)

Source	1953	1954	1955 ¹	1956 ²	1957 ²
Taxes:					
Corporations	14	17	17	17	18
Income — corporations	65	49	48	49	53
individuals	—	—	25	27	29
Property	7	6	7	7	7
Sales:					
Amusements and admissions	21	23	23	21	18
Motor fuel and fuel oil	201	224	237	242	271
General	101	108	127	128	146
Other	18	21	20	20	21
Succession duties	33	31	36	30	38
Other	27	27	14	12	16
Total taxes	487	506	554	553	617
Federal tax rental agreements	303	309	327	320	354
Privileges, licences and permits	281	331	315	306	380
Government of Canada:					
Subsidies	26	25	24	23	23
Share of income tax on power utilities	4	7	7	5	6
Liquor profits	126	125	123	120	128
Other revenue	31	32	30	31	34
Total net general revenue	1,258	1,335	1,380	1,358	1,542

1. Preliminary..

2. Estimates.

Net General Expenditure of Provincial Governments

Fiscal Years Ended March 31

(Millions of Dollars)

Function	1953	1954	1955 ¹	1956 ²	1957 ²
Transportation and communications	367	353	387	432	489
Health:					
Hospital care	167	182	204	210	230
Other	25	27	31	34	38
Total health	192	209	235	244	268
Social welfare:					
Aid to aged and blind persons	35	37	42	45	50
Aid to unemployed	13	16	19	18	23
Mothers' allowances	22	22	23	22	23
Other	25	29	32	35	42
Total social welfare	95	104	116	120	138
Total health and social welfare	287	313	351	364	406
Education	221	234	259	300	354
Natural resources and primary industries	94	102	109	118	136
Debt charges:					
Debt retirement	113	81	62	62	64
Interest and other charges	57	53	59	57	57
Contributions to municipalities	27	29	42	36	40
Other expenditures	154	173	202	198	211
Total net general expenditure	1,320	1,338	1,471	1,567	1,757
Less debt retirement included above	113	81	62	62	64
Total excluding debt retirement	1,207	1,257	1,409	1,505	1,693

1. Preliminary.

2. Estimates.

Net General Revenue of Provincial Governments
Fiscal Years Ended March 31
(Millions of Dollars)

Province	1953	1954	1955 ¹	1956 ²	1957 ²
Newfoundland	31.7	31.6	32.6	32.5	35.5
Prince Edward Island.....	7.3	7.7	8.0	7.7	8.3
Nova Scotia	46.6	49.4	50.6	52.5	57.8
New Brunswick	46.6	49.2	49.3	49.2	53.9
Quebec	284.7	299.4	330.8	335.1	377.9
Ontario	364.5	370.9	388.3	371.4	422.4
Manitoba.....	55.5	55.8	56.7	56.2	62.5
Saskatchewan	91.1	98.4	96.5	93.7	104.8
Alberta	144.5	185.9	172.1	161.5	192.0
British Columbia	185.4	186.3	195.5	197.7	227.0
Total.....	1,257.9	1,334.6	1,380.4	1,357.5	1,542.1

1. Preliminary.
2. Estimates.

Net General Expenditure of Provincial Governments
(Exclusive of Debt Retirement)
Fiscal Years Ended March 31
(Millions of Dollars)

Province	1953	1954	1955 ¹	1956 ²	1957 ²
Newfoundland	28.9	32.8	40.3	42.5	44.5
Prince Edward Island.....	7.1	7.2	8.5	8.9	9.7
Nova Scotia	46.4	51.3	53.2	62.5	71.7
New Brunswick	44.9	47.8	50.3	51.4	55.3
Quebec	313.1	311.0	346.2	323.9	365.6
Ontario	372.0	384.2	430.6	501.8	555.7
Manitoba.....	42.0	46.7	50.9	50.8	61.3
Saskatchewan	80.2	85.8	94.3	96.1	106.1
Alberta	103.6	118.1	141.8	163.1	173.2
British Columbia	168.9	171.8	193.0	204.0	249.9
Total.....	1,207.1	1,256.7	1,409.1	1,505.0	1,693.0

1. Preliminary.
2. Estimates.

Net General Revenue Estimates
Fiscal Year Ending March 31, 1957
(Thousands of Dollars)

No.	Revenue by Source	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
	Taxes:											
1	Corporations ¹	—	—	—	—	17,600	—	—	—	—	—	17,600
	Income:											
2	Corporations ¹	—	—	—	—	53,490	—	—	—	—	—	53,490
3	Individuals ¹	—	—	—	—	28,500	—	—	—	—	—	28,500
4	Property	—	—	100	228	—	1,640	—	—	—	5,110	7,078
	Sales:											
5	Alcoholic beverages	—	255	—	—	1,500	—	—	—	—	—	1,755
6	Amusements and admissions	185	100	660	370	4,675	7,620	885	65	1,450	2,470	18,480
7	Motor fuel and fuel oil	3,775	1,325	13,715	10,045	69,110	101,050	11,490	14,725	22,770	22,905	270,910
8	Tobacco	—	140	—	1,250	13,500	—	—	—	—	—	14,890
9	General	7,000	—	—	6,600	50,000	—	—	16,000	—	66,250	145,850
10	Other commodities and services ²	—	—	200	—	4,650	—	—	—	—	—	4,850
11	Succession duties	—	—	2 ³	—	17,000	21,000	5 ³	—	5 ³	—	38,012
12	Other	270	—	75	69	1,485	5,210	20	8,395 ⁴	46	65	15,635
13	Total taxes	11,230	1,820	14,752	18,562	261,510	136,520	12,400	39,185	24,271	96,800	617,050
14	Federal tax rental agreement ⁵	14,050	4,150	21,800	18,350	—	153,700	28,400	28,400	35,000	50,350	354,200
15	Privileges, licences and permits	3,476	640	6,988	7,688	81,044	87,214	12,077	20,988	109,759	50,414	380,288
	Other governments:											
	Government of Canada:											
16	Subsidies	3,819 ⁶	657	2,057	1,679	3,300	3,641	1,820	2,072	2,225	1,281	22,551
17	Share of income tax on power utilities	230	40	275	208 ⁷	1,010 ⁷	1,000	—	47 ⁷	1,700	1,000	5,510
18	Sub-total Government of Canada	4,049	697	2,332	1,887	4,310	4,641	1,820	2,119	3,925	2,281	28,061
19	Municipalities	—	—	245 ⁸	—	—	—	—	—	—	—	245
20	Total other governments	4,049	697	2,577	1,887	4,310	4,641	1,820	2,119	3,925	2,281	28,306
21	Liquor profits	2,200	825	10,360	6,785	23,500	32,000	6,415	10,375	14,510	21,445	128,415
22	Other revenue	472	208	1,329	669	7,554	8,327	1,345	3,739	4,531	5,726	33,900
23	Total net general revenue	35,477	8,340	57,806	53,941	377,918	422,402	62,457	104,806	191,996	227,016	1,542,159

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

2. N.S.—Long distance telephone tax; Que.—hospital tax on meals.

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

4. Includes hospital insurance tax.

5. Payments expected to be made by the Government of Canada have been substituted for amounts appearing in the provincial estimates.

6. Includes transitional grant \$2,250,000.

7. Not shown separately in the provincial estimates hence the actual amount received in the previous year has been shown.

8. Highways tax.

Net General Expenditure Estimates
(Current and Capital)
Fiscal Year Ending March 31, 1957
(Thousands of Dollars)

No.	Expenditure by Function	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1	Transportation and communications	9,504	3,387	24,973	17,726	87,682	181,056	21,171	22,647	54,941	65,349	488,436
	Health and social welfare:											
	Health:											
2	Hospital care	6,711	1,122	7,873	5,901	36,292	64,143	7,062	27,575 ¹	24,610	48,245 ¹	229,534
3	Other	1,809	390	1,221	1,145	8,626	9,816	1,646	4,671	2,928	5,465	37,717
4	Sub-total health	8,520	1,512	9,094	7,046	44,918	73,959	8,708	32,246	27,538	53,710	267,251
	Social welfare:											
5	Aid to aged and blind persons	1,229	226	1,335	1,638	10,651	11,312	1,532	3,282	6,837	12,312	50,354
6	Aid to unemployed and unemployables	2,935	127	273	312	2,951	5,961	1,257	1,552	2,230	5,774	23,372
7	Mothers' allowances	2	93	1,636	1,340	8,000	7,032	1,165	1,559	1,253	350	22,428
8	Other	1,391	64	972	383	23,508 ³	6,674	1,132	2,681	1,620	3,613	42,038
9	Sub-total social welfare	5,555	510	4,216	3,673	45,110	30,979	5,086	9,074	11,940	22,049	138,192
10	Total health and social welfare	14,075	2,022	13,310	10,719	90,028	104,938	13,794	41,320	39,478	75,759	405,443
11	Education	10,143	1,535	15,678	9,901	79,514	117,486	13,352	18,028	41,466	47,241	354,344
12	Natural resources and primary industries	3,151	548	3,519	4,076	45,219	31,050	5,577	8,396	13,419	20,732	135,687
	Debt charges:											
13	Debt retirement (from current account)	1,251	652	4,956	4,845	12,101	14,800	5,139	6,510	2,860	10,873	63,987
14	Interest and other charges	1,144	856	6,161	6,010	13,165	30,750	798 ⁴	1,570	-6,804 ⁴	5,368	57,422
15	Contributions to municipalities ⁵	280	119	925	3,010	—	16,240	142	—	10,272	9,400	40,388
16	Other expenditure	6,167	1,221 ⁶	7,104	3,812	50,044	74,216	8,111	14,164 ⁷	20,411	26,047	211,297
17	Total net general expenditure	45,715	10,340	76,626	60,099	377,753	570,536	66,488	112,635	176,043	260,769	1,757,004
18	Deduct debt retirement included above	1,251	652	4,956	4,845	12,101	14,800	5,139	6,510	2,860	10,873	63,987
19	Total net general expenditure exclusive of debt retirement	44,464	9,688	71,670	55,254	365,652	555,736	61,349	106,125	173,183	249,896	1,693,017

1. Includes hospital insurance plan expenditures.

2. Replaced by "social assistance" which has been included under "aid to unemployed and unemployables."

3. Includes \$2,383,000 re Youth Protection Schools, formerly classified as "other expenditure".

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

5. These represent payments for general purposes. Specific payments are included opposite the related expenditure. See introduction.

6. Includes \$250,000 "rural electrification" formerly included in "natural resources and primary industries".

7. Includes \$3,368,000 "buildings generally" for which no breakdown by function of expenditure is available in the provincial Estimates.

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