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## PRELIMINARY ANALYSIS OF REVENUE AND EXPENDITURE OF PROVINCIAL GOVERNMENTS 1952 (Fiscal years ended March 31, 1953)

### INTRODUCTION

This memorandum is the Bureau's second publication dealing with finances of provincial governments in 1952. A year ago, a Summary of Estimates of Revenue and Expenditure, based on the published Estimates and Budget Speeches delivered in the Spring of 1952 was released. This Preliminary Analysis incorporates later information derived largely from the Budget Speeches of the Spring of 1953 and interim statements published by the provinces at that time. Final figures in considerably greater detail will be prepared as soon as the Public Accounts are released by the provincial governments.

The same basis is followed in the preparation of both the estimates and preliminary analyses as in the final statistics. 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.

In making use of these statistics it should be clearly understood that they purport to be only a preliminary forecast of what final tabulations will show when the provincial Public Accounts are available. Nevertheless they are considered to be sufficiently comprehensive and complete to indicate the general trend of provincial finance in the most recently terminated fiscal year.

"Net General Revenue" is arrived at by first adjusting the combined revenue of capital account, current or ordinary account and those working capital funds, provincial institutions and special funds for which separate accounts are kept, to a "gross" basis and then deducting interest, premium, discount and exchange, institutional revenue, specified contributions from other governments and capital revenue. These amounts are also deducted from the related expenditure. The adjustments to a "gross" basis consist mainly of adding back revenue items which are deducted from expenditure and expenditure items which are deducted from revenue in the Estimates and Public Accounts. The specified contributions from other governments are grants in aid of specific provincial projects and shared-cost contributions. In these tables they are deducted from expenditure to show the net cost to the provinces of the services in question. However, general or unconditional fiscal subsidies, such as those payable to the provinces by the Government of Canada under the B.N.A. Act, remain in "net general revenue" i.e. are not offset against expenditure.

"Net General Expenditure" combines current and capital accounts as well as working capital funds, provincial institutions and special funds. Interest, premium, discount and exchange, institutional revenue, specified contributions from other governments and capital revenue have been deducted from the related expenditures, to achieve the "net" presentation.

### DESCRIPTION AND COVERAGE OF SPECIFIED ITEMS

Federal Tax Rental Agreements, revenue item 14. This is the year of transition from the 1947 to the 1952 Tax Rental Agreements, the latter being effective from April 1, 1952. Under terms of the new Agreements, all provinces except Quebec are to refrain from levying income taxes on corporations and individuals, and other corporation taxes for a five-year period. With the exception of Ontario, the participants have also leased succession duties to the Government of Canada for the duration of the new Agreements. The provinces no longer levy the 5% tax on corporation income which was collected for them by the Government of Canada during the 1947 Agreements. In lieu of the suspended taxes the provinces receive a tax rental fee, revenue item 14.

Under the 1952 Agreements, the quarterly payments commenced three months sooner than under the 1947 Agreements, with the result that in the fiscal year under review the provinces received the final payments under the old Agreements as well as four quarterly payments under the 1952 Agreements. This extra payment, which is non-recurring, swells the 1952-53 provincial revenues considerably in those provinces reporting revenue on a cash basis. Certain provinces did not plan to take the extra payment into their revenues for 1952-53 but rather expected to place it into a reserve. However, in these statistics the total payments by the Government of Canada are included.

Privileges, Licences, and Permits, revenue item 15, includes 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.

Subsidies, revenue item 16, 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.

.....(continued on page 4)

# NET GENERAL REVENUE

## PRELIMINARY

For Fiscal Year Ended March 31, 1953.

(Thousands of Dollars)

NO.	REVENUE BY SOURCE	N.F.L.D.	P. E. I.	N. S.	N. B.	QUE.	ONT.	MAN.	SASK.	ALTA.	B. C.	TOTAL
<b>Taxes</b>												
1.	Corporations (a)	-	-	-	-	13,460	(b)	-	-	-	-	13,460
	Income	-	-	-	-	52,090	(b)	-	-	-	-	52,090
2.	Corporations (a)	-	-	-	-	-	-	-	-	-	-	-
3.	Individuals (a)	-	4(b)	-	-	-	-	10(b)	-	1(b)	-	15
4.	Property	-	-	95	132	-	1,400	-	2,155	-	4,650	8,432
	Sales	-	-	-	-	-	-	-	-	-	-	-
5.	Alcoholic Beverages	-	274	-	-	1,650	-	-	-	-	-	1,924
6.	Amusements and Admissions	-	125	610	396	3,960	10,165	1,100	58	1,181	3,198	20,793
7.	Motor Fuel and Fuel Oil	1,680	1,090	8,433	6,834	51,290	76,750	7,400	11,775	15,379	16,600	197,231
8.	Tobacco	-	155	-	941	10,300	-	-	-	-	-	11,396
9.	General	4,950	-	-	7,742	38,900	-	-	15,900	-	34,600	102,092
10.	Other Commodities and Services (c)	-	-	171	-	4,425	-	-	-	-	-	4,596
11.	Succession Duties (d)	-	1(b)	10(b)	1(b)	12,985	18,500	2(b)	-	25(b)	-	31,524
12.	Other	125	-	70	37	990	3,930	46	6,160(e)	1,052	14,741(e)	27,151
13.	<b>Total Taxes</b>	<b>6,755</b>	<b>1,649</b>	<b>9,389</b>	<b>16,083</b>	<b>190,050</b>	<b>110,745</b>	<b>8,558</b>	<b>36,048</b>	<b>17,638</b>	<b>73,789</b>	<b>470,704</b>
14.	Federal Tax Rental Agreements	12,790	3,259	18,128	14,967	-	123,327	26,035(f)	26,121	32,322	46,199(g)	303,148
15.	Privileges, Licences and Permits	2,093	562	5,529	6,628	58,895	64,514	9,295	11,350	73,149	20,803	252,818
	Other Governments	-	-	-	-	-	-	-	-	-	-	-
	Government of Canada	-	-	-	-	-	-	-	-	-	-	-
16.	Subsidies	7,219(h)	657	2,057	1,679	3,301	3,641	1,755	2,041	2,127	1,281	25,758
17.	Share of Income Tax on Power Utilities	98	23	175	187	910	474	383	31	991	1,099	4,371
18.	Sub-Total Government of Canada	7,317	680	2,232	1,866	4,211	4,115	2,138	2,072	3,118	2,380	30,129
19.	Municipalities (i)	-	-	245	-	-	-	43	-	20	-	308
20.	<b>Total Other Governments</b>	<b>7,317</b>	<b>680</b>	<b>2,477</b>	<b>1,866</b>	<b>4,211</b>	<b>4,115</b>	<b>2,181</b>	<b>2,072</b>	<b>3,138</b>	<b>2,380</b>	<b>30,437</b>
21.	Liquor Profits	1,745	865	8,770	6,368	21,500	30,580	6,350	9,950	13,360	21,805	121,293
22.	Other Revenue	225	118	935	489	7,079	6,285	1,318	3,419	2,860	19,761	42,489
23.	<b>TOTAL NET GENERAL REVENUE</b>	<b>30,925</b>	<b>7,133</b>	<b>45,228</b>	<b>46,401</b>	<b>281,735</b>	<b>339,566</b>	<b>53,737</b>	<b>88,960</b>	<b>142,467</b>	<b>184,737</b>	<b>1,220,889</b>

(a) Suspended under terms of the 1952 Federal Tax Rental Agreements signed by all provinces except Quebec. See narrative. (b) Arrears. (c) Nova Scotia - Long Distance Telephone Tax; Quebec - Hospital Tax on Meals. (d) Levy of succession duties is suspended under terms of 1952 Tax Rental Agreements by all provinces except Quebec and Ontario. (e) Includes hospital insurance tax. (f) Includes \$5,750,000 set aside by the province in a Deferred Revenue Reserve Account. (g) Includes \$6,104,000 not brought into revenue by province but carried as "Deferred Credits to Revenue". (h) Includes transitional grant \$5,650,000. (i) Consists of: Nova Scotia - Highway Tax; Manitoba - Municipal Commissioner's Levy; Alberta - Educational Act.

# NET GENERAL EXPENDITURE

(CURRENT AND CAPITAL)(a)

## PRELIMINARY

For Fiscal Year Ended March 31, 1953.

(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	5,101	2,759	14,717	15,007	108,707	127,975	11,394	17,432	37,625	30,176	370,895
	Health and Social Welfare											
2.	Health											
3.	Hospital Care	4,794	784	4,719	4,770	34,608	49,535	4,302	22,824(b)	12,581	38,492(b)	177,402
3.	Other	1,135	190	712	576	4,603	7,356	983	3,080	1,879	4,313	24,827
4.	Sub-Total Health	5,929	974	5,431	5,346	39,211	56,891	5,285	25,904	14,460	42,805	202,236
	Social Welfare											
5.	Aid to Aged and Blind Persons	1,336	167	1,060	1,377	9,262	7,742	1,397	3,013	3,809	7,407	36,570
6.	Aid to Unemployed and Unemployables	1,994	50	-	-	-	4,850	400	837	729	4,670	17,530
7.	Mothers' Allowances	1,225	64	1,428	1,225	6,590	6,450	869	1,450	862	424	30,587
8.	Other	732	43	606	183	7,987	3,154	916	2,104	675	3,271	19,671
9.	Sub-Total Social Welfare	5,287	324	3,094	2,785	23,839	22,196	3,582	7,404	6,075	15,772	90,358
10.	Total Health and Social Welfare	11,216	1,298	8,525	8,131	63,050	79,087	8,867	33,308	20,535	58,577	292,594
11.	Education	6,002	1,157	11,321	8,195	50,238	76,347	8,666	12,393	17,146	26,508	217,973
12.	Natural Resources and Primary Industries	1,746	348	2,505	3,518	32,995	20,509	3,833	6,601	10,333	14,591	96,979
	Debt Charges											
13.	Debt Retirement (from Current Account)	111	543	5,130	4,725	9,835	15,459	10,699	3,075	2,582	28,912	81,071
14.	Interest and other charges	-425(c) -	648	5,161	5,539	11,947	24,397	837	4,089	-884(c) -	7,842	59,151
15.	Contributions to Municipalities	172	77	915	2,211	-	3,393	2	-	6,196	13,825	26,791
16.	Other Expenditures	4,837	796	4,072	2,383	43,869	59,114	5,869	10,797	11,459	25,053	168,249
17.	TOTAL NET GENERAL EXPENDITURE	28,760	7,626	52,346	49,709	320,641	406,281	50,167	87,695	104,992	205,486	1,313,703
18.	Deduct Debt Retirement included above	-111	-543	-5,130	-4,725	-9,835	-15,459	-10,699	-3,075	-2,582	-28,912	-81,071
19.	TOTAL NET GENERAL EXPENDITURE EXCLUSIVE OF DEBT RETIREMENT	28,649	7,083	47,216	44,984	310,806	390,822	39,468	84,620	102,410	176,574	1,232,632

(a) See introduction, Page 1. (b) Includes hospital insurance plan expenses. (c) Excess of interest revenue over interest expense and other debt charges.

*Off Cash exp. deducted  
by Bank*

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Share of Income Tax on Power Utilities, revenue 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. The latter include refunds of previous years' expenditure and repayments of loans and advances - if credited to ordinary account. Transactions on account of loans and advances are, for purposes of these statistics, omitted from revenue and expenditure except for any 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.

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

Aid to Aged and Blind Persons, expenditure item 5. On January 1, 1952 the Government of Canada assumed full responsibility for pension payments to all persons aged 70 years and over, and agreed to contribute 50 per cent on not more than \$40 per month towards provincial pensions to needy persons aged 65-69 years. The Government of Canada also contributes 75 per cent on not more than \$40 per month towards provincial pensions to the blind. Item 5 includes the net cost to the province of these pensions and also the net cost of provincial homes for aged, and grants to other homes for the aged, institutes for the blind, etc.

Social Welfare - Other, expenditure item 8, includes expenditures on child welfare, labour and general social welfare administrative costs.

Contributions to Municipalities, expenditure item 15, consists of all payments of general subsidies having no relation to any particular municipal expenditure and shared-revenue contributions whether or not such contributions are related to specific municipal expenditures. All other payments to municipal governments have been classified according to the nature of the municipal expenditure for which provincial assistance is intended.

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. The latter item includes refunds of previous years' revenue and any loans and advances charged to ordinary account.

An examination of provincial revenue and expenditure for the past five years reveals a steady climb in both. The following tables summarize this growth (in millions of dollars).

Revenue	1948 <sup>(a)</sup>	1949 <sup>(a) (c)</sup>	1950 <sup>(a)</sup>	1951 <sup>(b)</sup>	1952 <sup>(b)</sup>
Taxes - Income - Corporation	88	106	127	160	52
Sales - Motor Fuel and Fuel Oil	125	139	157	181	197
Sales - General	48	62	76	90	102
All other taxes	102	111	118	124	120
Total Taxes	363	418	478	555	471
Federal Tax Rental Agreements	84	80	93	96	303
Privileges, Licences and Permits	145	178	207	219	253
Liquor Profits	103	107	111	112	121
All other revenue	50	58	62	66	73
Total Net General Revenue	745	841	951	1,048	1,221
Expenditure					
Transportation and Communications	255	254	250	298	371
Health	102	143	158	177	202
Social Welfare	62	80	87	87	90
Education	142	160	183	191	218
All other expenditure	237	239	263	330	352
Total Net General Expenditure (excluding debt retirement)	798	876	941	1,083	1,233

(a) Final

(b) Preliminary

(c) Includes Newfoundland for the first time.

The following symbols have been used:

- to indicate nil or zero

.. to indicate figures are not available.



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