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CANADA

PRELIMINARY ANALYSIS OF REVENUE AND EXPENDITURE OF PROVINCIAL GOVERNMENTS 1955

(Fiscal Year Ended March 31, 1956)

Memorandum



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EXPERIMENTAL ANALYSIS OF REVENUE AND
EXPENDITURES OF THE GOVERNMENT
1935



FINANCIAL STATISTICS OF PROVINCIAL GOVERNMENTS

1955

(Fiscal Year Ended March 31, 1956)

REVENUE AND EXPENDITURE (Second Analysis)

PRELIMINARY

This memorandum provides condensed statements of net general revenue and expenditure of provincial governments for the most recently ended fiscal year. It was prepared largely from preliminary statements contained in the Budget Speeches delivered in the Spring of 1956 and from interim statements tabled in conjunction therewith.

When the budgets for the ensuing year are presented by the provincial treasurers, references are usually made to the finances of the fiscal year just ending. Some provinces published interim statements for 1955-56 in the same detail as the following year's Estimates. Others provided departmental totals for ordinary and capital accounts on a nine (or ten) month actual plus three (or two) month forecast basis. Interim statements of both ordinary and capital accounts were not available in all cases and not all Budget Speeches indicated whether the capital expenditures forecast in the Spring of 1955 were actually made during the fiscal year under review. Where later information was not available, the figures have been primarily based on the official Estimates.

The same basis is followed in the preparation of this preliminary analysis as in the final statistics prepared when the Public Accounts are released by the provincial governments. 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 breakdown of revenue by principal sources and expenditure by major functions, depends upon the extent and detail of the available sources of information. Hence in making use of these statistics it should be borne in mind that they are only a preliminary forecast of what actual tabulations will show.

"Net General Revenue" and "Net General Expenditure" are arrived at by first analyzing the gross revenues and expenditures of capital account, current or ordinary account, and special funds for which separate accounts are kept. Then the following types of revenue are deducted from revenue and offset against the related expenditure: (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-Revenue and Expenditure" 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 present 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 used in the final statistics, 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 expend-

itures on the new permanent total disability pensions which the provinces are paying on a 50-50 basis with the Government of Canada.

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

Contributions to Municipalities, item 15, includes all payments in the form of 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 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-expense 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.

COMPARISONS WITH ESTIMATES

These preliminary figures indicate that net general revenue will be approximately \$200 million higher than originally estimated by the provincial governments. Taxes are expected to yield \$639 million, or \$86 million more than the original estimate. Preliminary totals for motor fuel and fuel oil taxes and general sales taxes are \$263 million and \$148 million respectively, compared with the original estimates of \$242 million and \$128 million. Succession duties in Quebec are expected to yield a record \$38 million due to the settlement of several large estates; the original estimate was \$12 million.

The largest increase in the preliminary revenue totals is in Privileges, Licences and Permits which are expected to yield \$400 million compared with the original estimate of \$305 million. Nearly half of this increase is accounted for by great activity in the oil industry in Alberta resulting in much more provincial revenue from petroleum and natural gas rentals, royalties and leases than originally estimated.

On the expenditure side, the largest functional increase is in Education for which expenditures of \$323 million are expected compared with the original estimate of \$300 million.

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 whole-sale 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 tables shows the preliminary totals for the fiscal year ended March 31, 1956 in relation to the actual totals for prior years.

Revenue of Provincial Governments from Liquor Control

Fiscal Years Ended March 31

(Thousands of Dollars)

Province	1952	1953	1954	1955	1956 ¹
Newfoundland.....	2,476	2,824	3,115	3,131	3,100
Prince Edward Island	1,035	1,219	1,182	1,202	1,165
Nova Scotia.....	8,562	9,532	9,815	9,913	10,670
New Brunswick.....	5,441	6,426	6,490	6,335	6,825
Quebec.....	32,357	35,485	35,856	35,868	38,365
Ontario.....	44,960	47,691	45,034	48,065	49,490
Manitoba	8,224	8,568	8,722	8,311	8,645
Saskatchewan.....	9,640	11,060	11,408	10,416	10,390
Alberta.....	13,304	15,228	15,721	15,367	15,700
British Columbia	20,157	20,883	21,383	21,263	22,310
Yukon Territory	595	710	742	792	..
Total	146,751	159,626	159,468	160,663	166,660

1. Preliminary.

Net General Revenue by Source

Fiscal Years Ended March 31

(Millions of Dollars)

Source	1952	1953	1954	1955 ¹	1956 ¹
Taxes:					
Corporations.....	25	14 ²	17	17	17
Income:					
Corporations.....	163	65 ²	49	48	53
Individuals	—	—	—	25	28
Property	8	7	7	7	7
Sales:					
Amusements and admissions	20	21	23	23	21
Motor fuel and fuel oil	182	201	224	237	263
General	91	101	108	127	148
Other sales taxes	15	18	21	20	22
Succession duties	34	33	31	36	61
Other taxes.....	28	27	27	14 ³	19
Total taxes.....	566	487	507	554	639
Federal tax agreements	96	303 ²	309	327	320
Privileges, licences and permits	228	281	331	315	400
Government of Canada:					
Subsidies ⁴	27	26	25	24	23
Share of income tax on power utilities	4	4	7	7	8
Liquor profits.....	116	126	125	123	131
Other revenue.....	40	31	32	30	33
Total net general revenue	1,077	1,258	1,336	1,380	1,554

1. Preliminary.

2. Ontario entered tax rental agreements.

3. Hospital insurance premium in British Columbia abolished.

4. Includes transitional grant to Newfoundland which diminished each year by \$850,000.

Net General Expenditure by Function

Fiscal Years Ended March 31

(Millions of Dollars)

Function	1952	1953	1954	1955 ¹	1956 ¹
Transportation.....	299	367	353	387	449
Health.....	174	192	209	235	245
Social Welfare	92	95	104	116	129
Education.....	196	221	234	259	323
Natural resources	85	94	102	109	125
Interest and other debt charges	57	57	53	59	56
Contributions to municipalities.....	23	27	30	42	36
Other expenditures	148	154	173	202	205
Net general expenditure (exclusive of debt retirement).....	1,074	1,207	1,258	1,409	1,568

1. Preliminary.

Net General Revenue by Province

Fiscal Years Ended March 31

(Millions of Dollars)

	1952	1953	1954	1955 ¹	1956 ¹
Newfoundland	25	32	32	33	34
Prince Edward Island.....	6	7	8	8	8
Nova Scotia	39	47	49	51	54
New Brunswick.....	41	47	49	49	52
Quebec	277	285	300	331	393
Ontario.....	304	365	371	388	412
Manitoba.....	46	55	56	57	59
Saskatchewan	75	91	98	96	100
Alberta.....	106	144	186	172	213
British Columbia.....	157	185	186	195	229
Yukon Territory.....	1	..	1
Total.....	1,077	1,258	1,336	1,380	1,554

1. Preliminary.

Net General Expenditure by Province

Fiscal Years Ended March 31

(Millions of Dollars)

	1952	1953	1954	1955 ¹	1956 ¹
Newfoundland	30	29	33	40	43
Prince Edward Island.....	8	7	7	9	10
Nova Scotia	49	46	51	53	59
New Brunswick.....	40	45	48	50	54
Quebec	261	313	311	346	381
Ontario.....	336	372	384	431	495
Manitoba.....	43	42	47	51	52
Saskatchewan	72	80	86	94	101
Alberta.....	82	104	118	142	162
British Columbia.....	152	169	172	193	211
Yukon Territory.....	1	..	1
Total, (exclusive of debt retirement).....	1,074	1,207	1,258	1,409	1,568

1. Preliminary.

**Net General Revenue
Preliminary**

For Fiscal Year Ended March 31, 1956
(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	—	—	—	—	17,530	—	—	—	—	—	17,530
Income:												
2	Corporations ¹	—	—	—	—	52,990	—	—	—	—	—	52,990
3	Individuals ¹	—	—	—	—	28,000	—	—	—	—	—	28,000
4	Property	—	—	100	230	—	1,630	—	45	—	5,190	7,195
Sales:												
5	Alcoholic beverages	—	265	—	—	1,675	—	—	—	—	—	1,940
6	Amusements and admissions	180	105	585	425	5,110	8,600	1,100	70	1,420	2,980	20,575
7	Motor fuel and fuel oil	3,400	1,320	12,585	10,045	68,000	99,080	9,455	14,885	20,900	23,200	262,870
8	Tobacco	—	150	—	1,250	13,500	—	—	—	—	—	14,900
9	General	6,720	—	—	6,600	49,500	—	—	16,590	—	68,265	147,675
10	Other commodities and services ²	—	—	200	—	4,710	—	—	—	—	—	4,910
11	Succession duties	—	—	5 ³	—	38,000	23,000	5 ³	15 ³	5 ³	—	61,030
12	Other	270	—	75	80	1,785	7,110	20	8,395 ⁴	1,345	65	19,145
13	Total taxes	10,570	1,840	13,550	18,630	280,800	139,420	10,580	40,000	23,670	99,700	638,760
14	Federal tax rental agreements	12,484	3,681	19,745	16,630	—	138,345	25,656	25,986	31,593	45,393	319,513
15	Privileges, licences and permits	3,170	650	6,630	7,380	76,250	86,710	12,890	18,080	135,000	53,240	400,000
Other governments:												
Government of Canada:												
16	Subsidies	4,669 ⁵	657	2,057	1,679	3,300	3,641	1,820	2,072	2,190	1,281	23,366
17	Share of income tax on power utilities	208	52	250	208	1,009	1,574	114	47	1,958	2,422	7,842
18	Sub-total Government of Canada	4,877	709	2,307	1,887	4,309	5,215	1,934	2,119	4,148	3,703	31,208
19	Municipalities	—	—	245	—	—	—	—	—	—	—	245
20	Total other governments	4,877	709	2,552	1,887	4,309	5,215	1,934	2,119	4,148	3,703	31,453
21	Liquor profits	2,100	860	10,285	6,785	24,000	34,000	6,340	10,250	14,570	22,160	131,350
22	Other revenue	399	190	1,288	638	7,761	8,310	1,510	3,615	4,019	5,454	33,184
23	Total net general revenue	33,600	7,930	54,050	51,950	393,120	412,000	58,910	100,050	213,000	229,650	1,554,260

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

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

3. Collection of 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. Includes transitional grant \$3,100,000.

Net NBS - Bank

33

35

96

-619

-18402

766

-1117

-2707

-17589

436

** Bank figures from P.A.'s
* NBS includes repayment of advances*

Net General Expenditure (Current and Capital)

Preliminary

For Fiscal Year Ended March 31, 1956

(Thousands of Dollars)

No.	Function	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1	Transportation and communication.....	11,870	4,160	19,840	18,820	113,000	154,200	14,660	18,580	53,370	40,690	449,190
	Health and social welfare:											
	Health:											
2	Hospital care	6,460	1,110	5,480	5,460	35,300	59,260	6,380	27,790 ¹	21,890	42,650 ¹	211,780
3	Other	1,210	360	920	940	5,600	10,200	1,530	4,300	2,630	5,640	33,330
4	Sub-total health	7,670	1,470	6,400	6,400	40,900	69,460	7,910	32,090	24,520	48,290	245,110
	Social welfare:											
5	Aid to aged and blind persons	1,210	220	1,435	1,600	10,400	9,580	1,340	2,810	6,400	9,030	44,025
6	Aid to unemployed and unemployables	3,380 ²	130	145	240	2,700	5,730	1,210	1,620	1,880	6,640	23,675
7	Mothers' allowances	720	90	1,590	1,290	7,900	6,940	1,180	1,510	1,020	360	22,600
8	Other	1,140	55	760	300	22,600	5,830	1,020	2,380	1,120	3,780	38,985
9	Sub-total social welfare	6,450	495	3,930	3,430	43,600	28,080	4,750	8,320	10,420	19,810	129,285
10	Total health and social welfare	14,120	1,965	10,330	9,830	84,500	97,540	12,660	40,410	34,940	68,100	374,395
11	Education	8,580	1,350	12,710	9,410	72,500	104,700	12,320	16,530	36,570	48,550	323,220
12	Natural resources and primary industries	2,020	590	3,170	3,820	43,900	28,720	5,170	8,330	13,230	15,460	124,410
	Debt charges:											
13	Debt retirement (from current account)	770	530	4,480	4,690	12,200	14,130	5,130	6,670	2,780	12,170	63,550
14	Interest and other charges	950	750	5,750	5,790	13,000	28,780	600 ³	1,570	5,450 ³	5,750	56,290
15	Contributions to municipalities	230	115	950	2,800	—	15,270	100	—	9,700	7,260	36,425
16	Other expenditures	5,590	1,220 ⁴	6,090	3,590	53,900	65,560	8,090	15,990 ⁵	19,410	24,940	204,380
17	Total net general expenditure	44,130	10,680	63,320	58,750	393,000	508,900	57,530	108,080	164,550	222,920	1,631,860
18	Deduct debt retirement included above	770	530	4,480	4,690	12,200	14,130	5,130	6,670	2,780	12,170	63,550
19	Total net general expenditure(exclusive of debt retirement)	43,360	10,150	58,840	54,060	380,800	494,770	52,400	101,410	161,770	210,750	1,568,310

1. Includes hospital insurance plan expenditures.

2. Includes "dependents' allowances" and "social assistance".

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

4. Includes rural electrification \$300,000 formerly classified as "natural resources and primary industries".

5. Includes \$3,800,000 "Buildings Generally" for which no break down by function is available.

Sif Earnings

90

115

825

1400

2944

PA.

1350

724

—

2550

PA.

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