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FINANCIAL STATISTICS OF PROVINCIAL GOVERNMENTS

Revenue and Expenditure

Preliminary (Second Analysis)

1958

(Fiscal Year Ended March 31, 1959)

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FINANCIAL STATISTICS OF PROVINCIAL GOVERNMENTS

Revenue and Expenditure

Preliminary (Second Analysis)

1958

(Fiscal Year Ended March 31, 1959)

This memorandum provides condensed statements of net general revenue and expenditure of provincial governments for the fiscal year ended March 31, 1959. It was prepared from preliminary statements contained in the Budget Speeches delivered in 1959, from interim statements tabled in conjunction therewith and in certain cases from condensed "actual" statements released since the fiscal year end.

Interim statements of ordinary and capital accounts were not available in all cases. Where later information was not available, it was necessary to base the figures on the original provincial estimates.

The same statistical concepts are followed in the preparation of this preliminary analysis as in the actual 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 actual 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

Other Taxes, item 12. The principal components are security transfer taxes in Quebec and Ontario, land transfer tax in Ontario, and hospital insurance premiums in Ontario, Manitoba and Saskatchewan.

Federal-Provincial Tax-sharing Arrangements, items 14 to 17. This is the second year of new five-year fiscal arrangements between the federal government and the provinces. All provinces except Ontario and Quebec are renting the fields of personal and corporation income taxes, other corporation taxes and succession duties to the federal government. Ontario agreed to rent only the personal income tax field. Quebec did not sign an agreement.

All provinces were offered the means by which they could obtain revenue yields from "standard rates of taxation" (viz. 10% of the federal tax on

personal income, increased on an interim basis to 13 per cent for 1958-59, 9% of taxable corporate income and 50% of federal succession duties) equal to the average of the two highest per capital provincial yields. The stabilization clause assures the provinces of as much revenue as they would have received had the former tax rental agreements continued. In these statistics the actual payments by the Government of Canada have been substituted for amounts appearing in the provincial statements.

Privileges, Licences, and Permits, item 18, 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 continue to levy under the terms of the federal-provincial tax-sharing arrangements; and corporation and other business or occupational licences, rentals of government real estate and court and legal fees.

Subsidies, item 19. 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. All 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.

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 5, includes expenditures on public health; medical, dental and allied services; and administration of health services generally.

Social Welfare—Other, item 10, includes expenditures on child welfare, labour, and general social welfare administration.

Contributions to Municipalities, item 16, includes all payments in the form 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 in these statistics 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".

Other Expenditure, item 17, 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.

COMPARISON WITH THE 1958-59 ESTIMATES REPORT

The preliminary total of net general revenue of the ten provincial governments for the fiscal year ended March 31, 1959 amounts to \$2,156 million. This is 5% more than the original Estimates total published a year ago. Total taxes are \$73 million higher in this preliminary report than originally estimated. Indications are that revenue from all the major taxes will be higher. Part of the increase is due to the fact that estimates by the Dominion Bureau of Statistics of revenue from the hospital insurance premiums for Ontario and Manitoba are included for the first time in this preliminary report. Manitoba's hospital insurance plan commenced on July 1, 1958 and Ontario's on January 1, 1959.

Liquor profits are \$14 million higher than in the Estimates report and the other sources of revenue show smaller gains.

The preliminary total of net general expenditure exclusive of debt retirement is \$2,279 million or approximately 2% more than the total originally published in the Estimates Report for the fiscal year ended March 31, 1959. Expenditures on hospital care are considerably higher mainly because of the inclusion of an estimate by the Dominion Bureau of Statistics of expenditures under the hospital insurance plans in Ontario and Manitoba which commenced during the fiscal year under review. The other functions of expenditure show small changes.

The interpretation of the symbols used in the tables throughout this publication is as follows:

— to indicate nil and amounts under \$500.

.. to indicate figures are not available.

LIQUOR CONTROL REVENUE

Revenue of this nature arises from the following sources: profits on the operation of provincial whole-sale vendors and retail outlets, item 21 of the net general revenue table on page 8; 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 preliminary totals for the fiscal year ended March 31, 1959 in relation to the actual totals for prior years.

Revenue of Provincial Governments from Liquor Control Fiscal Years Ended March 31

Province	1955	1956	1957	1958	1959 ¹
thousands of dollars					
Newfoundland	3,131	3,248	3,828	3,823	3,515
Prince Edward Island	1,202	1,200	1,201	1,289	1,313
Nova Scotia	9,913	10,587	10,945	11,812	12,094
New Brunswick	6,335	7,072	7,370	7,361	7,510
Quebec	35,868	39,539	43,081	45,678	46,500
Ontario	48,065	53,695	58,466	68,510	71,500
Manitoba	8,311	8,835	9,659	10,638	11,525
Saskatchewan	10,416	10,259	11,253	11,764	12,300
Alberta	15,367	16,260	17,881	19,047	19,650
British Columbia	21,263	22,819	25,298	27,099	27,030
Sub-total	159,871	173,514	188,982	207,021	212,937
Yukon Territory	792	861	817	827	..
Northwest Territories	268	388	445	513	..
Total	160,931	174,763	190,244	208,361	..

¹ Preliminary.

Net General Revenue by Source
Fiscal Years Ended March 31

Source	1955	1956	1957	1958	1959 ¹
millions of dollars					
Taxes:					
Corporations	16	20	20	41	32
Income:					
Corporations	49	54	62	214 ²	235
Individuals	25	30	36	41	47
Property	7	7	8	8	8
Sales:					
Amusements and admissions	22	21	20	21	22
Motor fuel and fuel oil	241	269	301	347	359
General	129	150	178	183	181
Other sales taxes	20	22	25	28	30
Succession duties	41	72	65	53	54
Other taxes	17	20	18	19	48
Total taxes	567	665	733	955	1,016
Federal tax rental agreements	328	320	366	—	—
Federal-provincial tax-sharing arrangements	—	—	—	354	398
Privileges, licences and permits	327	422	469	479	460
Government of Canada:					
Subsidies ³	24	23	23	22	60
Share of income tax on power utilities	7	8	7	7	9
Liquor profits	128	139	154	165	169
Other revenue	34	37	41	44	44
Total net general revenue	1,415	1,614	1,793	2,026	2,156

¹ Preliminary figures excluding Yukon and N.W.T.

² Ontario re-entered the corporation tax field.

³ Includes transitional grant to Newfoundland which diminishes each year by \$850,000.

Net General Expenditure by Function
Fiscal Years Ended March 31

Function	1955	1956	1957	1958	1959 ¹
millions of dollars					
Transportation	371	448	561	588	636
Health	235	247	262	302	353
Social welfare	124	134	143	168	182
Education	275	333	363	453	525
Natural resources and primary industries	106	122	133	147	160
Interest and other debt charges	57	55	55	55	57
Contributions to municipalities	37	37	41	54	62
Other expenditures	181	199	216	270	304
Net general expenditure (exclusive of debt retirement)..	1,386	1,575	1,774	2,037	2,275

¹ Preliminary figures excluding Yukon and N.W.T.

Net General Revenue by Province

Fiscal Years Ended March 31

Province	1955	1956	1957	1958	1959 ¹
millions of dollars					
Newfoundland	33	33	37	39	62
Prince Edward Island	8	8	8	9	12
Nova Scotia	51	54	58	65	75
New Brunswick	51	53	57	62	71
Quebec	339	413	446	515	543
Ontario	399	432	482	595	660
Manitoba	57	59	66	74	82
Saskatchewan	99	103	122	136	141
Alberta	175	225	241	246	228
British Columbia	200	231	273	282	282
Sub-total	1,412	1,611	1,790	2,023	2,156
Yukon Territory	2	2	2	2	..
Northwest Territories	1	1	1	1	..
Total	1,415	1,614	1,793	2,026	..

¹ Preliminary.

Net General Expenditure by Province

Fiscal Years Ended March 31

Province	1955	1956	1957	1958	1959 ¹
millions of dollars					
Newfoundland	39	42	44	48	62
Prince Edward Island	9	10	10	11	14
Nova Scotia	53	58	71	74	85
New Brunswick	51	54	59	64	71
Quebec	350	400	434	493	529
Ontario	421	489	552	657	788
Manitoba	48	52	63	76	101
Saskatchewan	96	101	110	124	137
Alberta	138	159	170	199	223
British Columbia	179	208	256	287	269
Sub-total	1,384	1,573	1,771	2,033	2,279
Yukon Territory	1	1	2	2	..
Northwest Territories	1	1	1	2	..
Total (exclusive of debt retirement)	1,386	1,575	1,774	2,037	..

¹ Preliminary.

Chas. Bank

Net General Revenue
Preliminary
Fiscal Year Ended March 31, 1959

No.	Source	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
thousands of dollars												
1	Taxes:											
1	Corporations	285 ¹	75 ¹	650 ¹	600 ¹	24,000	²	1,200 ¹	645 ¹	1,960 ¹	2,500 ¹	31,915
	Income:											
2	Corporations ³	—	—	—	—	79,720	155,000	—	—	—	—	234,720
3	Individuals ⁴	—	—	—	—	47,000	—	—	—	—	—	47,000
4	Property	—	—	102	230	—	1,750	—	25 ⁶	—	5,840	7,947
	Sales:											
5	Alcoholic beverages	—	300	⁵	—	2,000	—	—	—	—	—	2,300
6	Amusements and admissions	120	80	430	365	6,750	9,620	670	100	1,010	2,890	22,035
7	Motor fuel and fuel oil	4,695	2,100	14,388	11,600	87,340	149,700	14,600	20,235	25,410	28,360	358,428
8	Tobacco	—	255	⁵	1,565	20,310	—	—	—	—	—	22,130
9	General	8,035	—	1,500	7,725	61,925	—	—	20,810	—	80,900	180,895
10	Other commodities and services	—	—	265	—	5,870	—	—	—	—	—	6,135
11	Succession duties ³	—	—	²	—	20,000	34,000	³	⁵	⁵	—	54,015
12	Other	230	—	83	80	1,600	30,640	5,032	10,570	35	60	48,330
13	Total taxes	13,365	2,810	17,420	22,165	356,515	380,710	21,505	52,390	28,420	120,550	1,015,850
	Federal-provincial tax-sharing arrangements:											
14	Tax rental agreements	4,737	785	11,824	13,613	—	93,322	20,688	14,399	38,350	51,321	249,039
15	Tax equalization	12,155	3,074	15,545	8,651	55,004	—	12,889	19,862	7,991	8,237	143,408
16	Revenue stabilization	—	418	—	—	—	—	—	—	—	5,258	5,676
17	Total tax-sharing arrangements⁷	16,892	4,277	27,369	22,264	55,004	93,322	33,577	34,261	46,341	64,816	398,123
18	Privileges, licences and permits	5,220	820	7,125	8,210	84,155	122,500	13,955	32,950	124,250	60,600	459,785
	Government of Canada:											
19	Subsidies	23,669 ⁸	3,157 ⁹	9,557 ⁹	9,179 ⁹	3,241	3,641	2,032	2,080	2,275	1,281	60,112
20	Share of income tax on power utilities	286	49	460	202	2,281	1,590	47	96	2,216	1,456	8,683
21	Total Government of Canada	23,955	3,206	10,017	9,381	5,522	5,231	2,079	2,176	4,491	2,737	68,795
22	Liquor profits	2,100	970	11,725	7,460	32,950	47,700	8,775	12,140	18,600	26,650	169,070
23	Other revenue	868	237	1,384	920	8,874	10,687	1,809	6,983	5,548	6,847	44,157
24	Total net general revenue	62,400	12,320	75,040	70,400	543,020	660,150	81,700	140,900	227,650	282,200	2,155,780

¹ Tax on premium income of insurance companies. Other corporation taxes have been suspended under terms of 1957 tax rental agreements in all provinces except Quebec and Ontario.

² Not separable from item 2.

³ Suspended under terms of the 1957 tax rental agreements in all provinces except Quebec and Ontario.

⁴ Suspended under terms of the 1957 tax rental agreements in all provinces except Quebec.

⁵ Not separable from item 9.

⁶ Collection of arrears.

⁷ Actual payments by the federal Department of Finance including adjustments for the previous year.

⁸ Consists of Atlantic Provinces Adjustment Grant 7,500, transitional grant 1,050, additional subsidy for the years 1957-58 and 1958-59 13,550 and annual statutory subsidies 1,569.

⁹ Includes Atlantic Provinces Adjustment Grant: P.E.I. 2,500; N.S. 7,500; N.B. 7,500.

Net General Expenditure (Current and Capital)
Preliminary
Fiscal Year Ended March 31, 1959

No.	Function	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
thousands of dollars												
	Transportation and communications:											
1	Highways, roads and bridges	12,860	6,040	26,790	25,850	136,300	237,950	34,920	31,705	56,960	59,675	629,050
2	Other	100	100	2,410	610	460	20	50	315	340	2,855	7,260
3	Total transportation and communications	12,960	6,140	29,200	26,460	136,760	237,970	34,970	32,020	57,300	62,530	636,310
	Health and social welfare:											
	Health:											
4	Hospital care	8,790 ¹	1,070	10,235 ¹	6,270	61,070	103,300 ¹	14,710 ¹	32,530 ¹	29,630 ¹	43,440 ¹	311,045
5	Other	2,130	400	1,400	1,190	6,690	11,650	2,010	5,830	4,280	6,510	42,090
6	Sub-total health	10,920	1,470	11,635	7,460	67,760	114,950	16,720	38,360	33,910	49,950	353,135
	Social welfare:											
7	Aid to aged and blind persons	1,940	355	2,000	2,200	16,500	12,600	2,040	3,850	6,800	12,640	60,925
8	Aid to unemployed and unemployables	6,480	185	850	550	6,000	10,480	750	1,960	2,990	4,960	35,205
9	Mothers' allowances	²	120	1,960	1,350	16,200	11,030	1,200	2,030	1,860	285	36,035
10	Other	1,430	100	885	540	26,600	8,340	1,730	3,170	2,860	4,030	49,685
11	Sub-total social welfare	9,850	760	5,695	4,640	65,300	42,450	5,720	11,010	14,510	21,915	181,850
12	Total health and social welfare	20,770	2,230	17,330	12,100	133,060	157,400	22,440	49,370	48,420	71,865	534,985
13	Education	14,210	1,850	18,150	10,750	120,340	189,850	22,000	27,520	64,800	55,320	524,790
14	Natural resources and primary industries	2,440	680	3,400	4,200	55,160	39,200	6,550	10,040	16,250	21,960	159,880
15	Debt charges (exclusive of debt retirement)	2,330	1,145	7,515	6,530	12,300	35,850	- 870 ³	240	- 12,725 ³	4,980	57,295
16	Contributions to municipalities	880	335	995	4,750	250	25,600	2,660	-	15,210	11,100	61,780
17	Other expenditures	8,400	1,480	8,020	6,250	70,970	102,200	12,820	18,040	33,605 ⁴	41,735 ⁵	303,520
18	Total net general expenditure (exclusive of debt retirement)	61,990	13,860	84,610	71,040	528,840⁶	788,070	100,570	137,230	222,860	269,490⁶	2,278,560

¹ Includes hospital insurance plan expenditures.

² Replaced by "Social Assistance" which is included in item 8.

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

⁴ Includes oil and gas royalty dividends estimated at 11,000.

⁵ Includes home-owner subsidies estimated at 7,490.

⁶ Does not include expenditures by the toll road authorities.

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