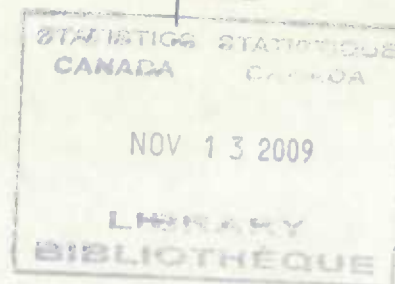


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C. 3



FEDERAL GOVERNMENT FINANCE

Revenue and Expenditure

Direct and Indirect Debt

1964

(Fiscal Year Ended March 31, 1965)

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TABLE OF CONTENTS

	Page
Introduction	5
Explanatory Comment	9
Table	
1. General Revenue	16
2. General Expenditure	17
3. Reconciliation of Gross and Net General Revenue with Revenue per Public Accounts	19
4. Reconciliation of Gross and Net General Expenditure with Expenditure per Public Accounts	19
5. Amounts Paid to Provincial Governments, Territories and Municipal Corpora- tions	20
6. Direct and Indirect Debt Less Sinking Funds	24
7. Assets Offsetting Direct Debt	24
8. Analysis of Indirect Debt by Issuing Authority	25
9. Reconciliation of Total Direct Debt Less Sinking Funds with Total Liabilities per Public Accounts	25
10. Bonded Debt by Place of Payment	26
11. Bonded Debt by Interest Rate	26
12. Bonded Debt by Term of Issue	27
13. Bonded Debt by Year of Maturity	28
14. Redemption Features of Bonded Debt	28
15. Functional-economic Cross-classification of Gross General Expenditure	29

Note

The symbol— indicates nil. It has also been used to indicate amounts under \$500. All figures appearing in footnotes to tables are in thousands of dollars.

Percentage changes mentioned in the text are based on data rounded to the nearest thousand.

FEDERAL GOVERNMENT FINANCE

Revenue and Expenditure

Direct and Indirect Debt

1964

(Fiscal Year Ended March 31, 1965)

INTRODUCTION

This publication presents financial statistics of the Government of Canada for the fiscal year ended March 31, 1965—Classified according to the source of Government revenue and the nature or purpose (function) of expenditure.

The duties and responsibilities of the Federal Government are discharged through many administrative vehicles which can be classified as:

- (a) Departmental Organizations,
- (b) Special Funds and Agencies,
- (c) Institutions,
- (d) Trust Funds,
- (e) Enterprises.

The financial statistics in this publication include the revenues and expenditures of the Government appearing on Page 7-3 of the "Public Accounts of Canada March 31, 1965", together with the revenues and expenditures of special funds, (see list on Page 12), and certain other adjustments made to arrive at "Gross" and "Net" General Revenue and Expenditure. The classification of General Revenue and Expenditure has been developed to provide information on the nature and amount of public expenditures devoted to a particular service together with the revenue available to meet these expenditures. As revenues and expenditures of Provincial and Municipal Governments in Canada are similarly classified, the source of revenues and the function of expenditures of the Federal Government may be compared with those of Provincial and Municipal Governments for a greater degree of consistency than is possible through the use of the Public Accounts produced by each Government, which are largely confined to the reporting of financial transactions incurred by Departments of Government. A consolidation of Federal, Provincial and Municipal revenues and expenditures is published in the DBS annual report "Consolidated Government Finance—Federal, Provincial and Municipal Governments" Catalogue No. 68-202.

General Revenue and Expenditure

As described in Part II of the publication "Historical Review, Financial Statistics of Governments in Canada", in compiling General Revenue and

Expenditure, the transactions of certain funds which are excluded from the main statements of the Public Accounts are included in order to more fully cover the government statistical universe. The main statements of Revenue and Expenditure for the Federal Government that appear in the Public Accounts show expenditures classified by department. The expenditures of most departments however are related to several functions; so, for the purpose of this report these expenditures are shown combined with functionally similar expenditures of other departments: e.g. the Minister of Agriculture is charged with responsibility for the supervision of Race Track Betting. In the Public Accounts any expenditure in this respect is reported "Agriculture", but in this publication such an expenditure is classified as "Protection of Persons and Property".

A reconciliation (Tables 3 and 4) is included in the publication to indicate various adjustments that have been necessary to move from the total revenue and expenditure as shown in the Public Accounts to Gross and Net General Revenue and Expenditure.

Because General Revenue and Expenditure includes all the operations of government which are general in nature regardless of the accounting method employed by government, it follows that the difference between General Revenue and General Expenditure as used in this report does not constitute surplus or deficit, in a budgetary sense, of the Federal Government for the fiscal year under review.

Gross and Net General Revenue

The budget for the 1964-5 fiscal year was presented on March 16, 1964. There were no changes in rates of personal or corporation income tax. Under the excise tax act, the sales tax on building materials and machinery was increased to 8% for the period from April 1, 1964 to December 31, 1964 and to 11% thereafter. The old age security tax on the income of individuals was increased from 3% to 4% effective January 1, 1964 and the maximum collection therefore rose from \$90.00 to \$120.00 per annum per person.

Comparative tables showing net general revenue for the years 1961 to 1965 inclusive are given on page 7 of this publication. As shown therein, net general revenue, amounting to \$7,940 million for the fiscal year ended March 31, 1965 rose by 15.8% over the previous year's total. Tax revenue of \$7,326 million accounted for 92% of total revenue, with the remaining \$614 million being derived from non tax revenue sources.

Total taxes increased by \$1,043 million, or 17% between 1964 and 1965 fiscal years. (See table on page 7). The increase in corporations and personal income tax receipts of 8% and 4% respectively is even more noticeable when it is remembered that there was an increase in the rate of abatement made in favour of the provinces between the two years. Receipts from the general sales tax increased by 24% reflecting the buoyant conditions that were evident throughout the Canadian economy during the fiscal year.

Under the Federal-Provincial Fiscal Arrangements Act—1962 which became operative for a period of five years from April 1, 1962, the Federal Government partially withdrew from the field of direct taxation and all the provinces re-entered this field. In the case of personal income tax, the effective date was January 1, 1962, and under the terms of the Act, the Federal Government was to collect in 1964 only 82% of the full Federal rates of this tax, the 18% balance being "abated" so that a province might impose an income tax of a similar amount under provisions of Provincial Tax Legislation without raising the "basic" income tax levied. This apportionment will be increased by 3 per cent each year in favour of the provinces for the life of the current arrangements and will result in a total abatement of 24% in the final year in which the act is in force, with the exception of Quebec, where due to that province "opting out" of certain shared cost programmes, the abatement will be 47% in the final year. The Federal Government also withdrew from the corporation income tax field to the extent of 9% on taxable profits earned in any province except Quebec where the abatement is 10%. This extra 1% abatement in the province of Quebec is to compensate for the additional tax levied by the province to provide funds for grants to universities (in lieu of federal grants payable to universities in other provinces through the Canadian Universities Foundation).

In addition, the Federal Government has abated a portion of the estate tax otherwise payable in respect to properties situated in a province levying its own estate tax. Only Ontario, Quebec and British Columbia signified their intentions of levying their own taxes in the form of succession duties during the 1964-65 fiscal year. However, the provinces are not restricted to the rates of federal withdrawal from these tax fields which are 50% for Ontario and Quebec and 75% for British Columbia.

Collections on behalf of the provinces under the Federal-Provincial Fiscal Arrangements Act 1962 totalled \$369 million from personal income tax and \$135 million from corporation income tax during

the fiscal year ended March 31, 1965. These collections on behalf of the provinces are not included as either Federal Government general revenues or expenditures.

Gross and Net General Expenditure

Total net general expenditure amounted to \$7,916 million in the year ended March 31, 1965 being \$363 million or 5% higher than that of the previous fiscal year.

Expenditure on defence services and mutual aid at \$1,562 million decreased by \$157 million from that in the year ended March 31, 1964. As a per cent of total net general expenditure it amounted to 19.7% as compared to 22.8% for the previous year.

Social welfare, which accounted for an outlay of \$1,783 million or 22.5% of total net general expenditure, was the largest sphere of net general expenditure and was \$117 million more than in the previous fiscal year. This was primarily due to the increase in old age security pension payments (\$77 million), and the increase of family allowance payments of \$10 million. Other forms of social security, e.g. aid to the unemployed, accounted for the balance of the increase.

Federal government subsidies and tax equalization payments to provincial and territorial governments, under the Federal-Provincial Fiscal Arrangements Act, amounted to \$277 million an increase from that paid in the previous year of \$95 million. Payments that arose from the sharing of income tax on power utilities, and other subsidies changed very little during the year. Total payments to the provinces and territories including grants for specific purposes amounted to \$1,300 million an increase of 16% in the fiscal year ended March 31, 1965. Payments to municipalities for the same year increased by 19% to \$62.3 million. The increase in these payments to municipalities was primarily a result of increases in grants in lieu of taxes and the "forgiveness feature" under the terms of the Municipal Development and Loans Act.

Details in respect of payments to Federal Government enterprises amounting to 182 million dollars (up 22% from last year) are shown on page 10.

Public debt charges, after deducting interest receipts and excluding debt retirement, totalled \$791 million in 1964-65 which was \$32 million or 4% lower than in the previous fiscal year and made up 10% of net general expenditure. Interest on unmatured debentures and treasury bills payable increased by \$40.6 million due to:

- (a) increases in the average rate of interest payable (table 11);
- (b) an increase in the amount of outstanding bonds and treasury bills payable. As at March 31, 1965, the average term of the outstanding unmatured debenture debt was 8.8 years to maturity.

Interest on other liabilities increased by \$17 million, mainly accounted for by an increased payment of \$7 million and \$9 million to the Public

Service, and to the Canadian Forces Superannuation Accounts respectively. Other public debt charges increased slightly because of certain miscellaneous payments. Interest receipts, which are deducted in the "net" presentation of expenditure, increased from \$173 million in 1963-64 to \$260 million in 1964-65 due to larger receipts from Central Mortgage and Housing Corporation loans, the St. Lawrence Seaway, and other sources.

Debt Transactions

As at March 31, 1965, Canada's unmatured debenture debt of \$16,838 million had increased by \$328 million or 2% over the total at the end of the previous fiscal year. New issues, including renewals and conversions, of \$3,422 million exceeded retirements and cancellation of debentures, which amounted to \$3,094 million. As shown by Table 10 there were no issues or retirements of foreign pay securities by the government during the 1965 fiscal year so there were no changes in the amount of bonds payable in New York.

Excluding treasury bills, securities retired during the fiscal year amounted to \$3,094 million. Of these \$1,850 million matured and were paid off, \$950 million of Canada Savings Bonds and other marketable issues were redeemed prior to maturity, \$250 million were converted to another issue and \$45 million of non-marketable bonds that had been issued to the Unemployment Insurance Commission were redeemed and cancelled.

Total debentures issued during the year amounted to \$3,422 million, all payable in Canada. Sales of Canada Savings Bonds of \$1,011 million for series 19 and \$99 million for series 18 were 8.1% lower than sales for the previous fiscal year, but the yield on series 18 bonds was 5.03% as compared to 5% for series 19. The Unemployment Insurance Commission bought \$88 million of non-marketable bonds during the year, but \$45 million of these were redeemed later as dictated by the cash needs of the Commission. The balance of debentures sold were marketable and amounted to \$2,224 million, with yields varying from 4.11% for short term issues to 5.35% for an issue of over 20 years.

Of the total unmatured debentures outstanding \$16,462 million or 97.8% were payable in Canada and \$376 million or 2.2% were payable in New York. The average rate of interest payable on the unmatured debentures of Canada increased during the year from 4.27% to 4.49%, (this includes the yield on Canada Savings Bonds as well as marketable debentures). The average interest rate payable on the \$2,140 million 3 month, 6 month and 1 year treasury bills outstanding was 3.79% on March 31, 1965 compared to 3.84% on March 31, 1964.

The following tables provide summaries of net general revenue and expenditure for the latest fiscal years, first in millions of dollars and, secondly, as a percentage distribution of totals for each year.

Net General Revenue by Source
Fiscal Years Ended March 31

	1961	1962	1963	1964	1965
	millions of dollars				
Taxes:					
Income:					
Corporations (including old age security tax)	1,380	1,302	1,298	1,375	1,669
Individuals (including old age security tax)	1,940	2,052	2,018	2,168	2,535
Interest, dividends and other income going abroad	88	112	129	124	144
General sales (including old age security tax)	991	1,045	1,108	1,278	1,588
Excise duties and special excise taxes:					
Alcoholic beverages	199	206	220	233	239
Tobacco	343	367	384	391	395
Automobiles	60	25	—	—	—
Other commodities and services	32	25	38	42	45
Customs import duties	499	534	645	581	622
Succession duties and estate taxes	85	85	87	91	89
Other	1	1	1	—	—
Total taxes	5,618	5,754	5,928	6,283	7,326
Sales and services	57	64	63	67	110
Receipts from government enterprises	107	122	107	125	139
Postal services	202	214	222	236	264
All other revenue	119	95	107	144	101
Total net general revenue	6,103	6,249	6,427	6,855	7,940
Total net general revenue per capita¹	\$ 342	343	346	363	413

¹ Based on population as at June 1 within each fiscal year, as estimated by the Census Division.

Net General Expenditure by Function
Fiscal Years Ended March 31

	1961	1962	1963	1964	1965
	millions of dollars				
Defence services and mutual aid	1,536	1,649	1,596	1,719	1,562
Veterans' pensions and other benefits	296	337	338	336	356
General government	266	287	289	299	267
Transportation	348	394	404	418	491
Health	267	366	425	492	536
Social welfare:					
Aid to aged persons (including payments from Old Age Security Fund)	623	656	773	848	932
Family allowances	509	524	535	541	551
Other	196	244	257	277	300
Total social welfare	1,328	1,424	1,565	1,666	1,783
Natural resources and primary industries	366	403	357	421	381
Debt charges (excluding debt retirement)	654	690	755	823	791
Payments to government enterprises	148	171	155	149	182
Payments to provincial and municipal governments ¹	564	567	309	291	392
International co-operation and assistance	82	67	57	75	108
Postal service	207	215	219	242	269
All other expenditure	374	453	699	622	798
Total net general expenditure	6,436	7,023	7,168	7,553	7,916
Total net general expenditure per capita²	360	385	386	400	412

¹ Does not include grants in aid of specific provincial or municipal expenditures. These are classified by function. For example, Trans-Canada Highway grants are included under Transportation.

² Based on population as at June 1 within each fiscal year, as estimated by the Census Division.

Net General Revenue by Source
Fiscal Years Ended March 31

	1961	1962	1963	1964	1965
	percentage distribution				
Taxes:					
Income:					
Corporations	22.6	20.8	20.2	20.1	21.0
Individuals	31.8	32.8	31.4	31.6	31.9
Interest, etc., going abroad	1.5	1.8	2.0	1.8	1.8
General sales	16.2	16.7	17.2	18.6	20.1
Excise duties and special excise taxes	10.4	10.0	10.0	9.7	8.6
Customs import duties	8.2	8.6	10.0	8.5	7.8
Other	1.4	1.4	1.4	1.3	1.1
Total taxes	92.1	92.1	92.2	91.6	92.3
All other revenue	7.9	7.9	7.8	8.4	7.7
Total net general revenue	100.0	100.0	100.0	100.0	100.0

Net General Expenditure by Function

Fiscal Years Ended March 31

	1961	1962	1963	1964	1965
	percentage distribution				
Defence services and mutual aid	23.9	23.5	22.3	22.8	19.7
Veterans' pensions and other benefits	4.6	4.8	4.7	4.4	4.5
General government	4.1	4.1	4.0	3.9	3.4
Transportation	5.4	5.6	5.6	5.5	6.2
Health	4.1	5.2	5.9	6.5	6.8
Social welfare:					
Aid to aged persons	9.7	9.3	10.8	11.2	11.8
Family allowances	7.9	7.5	7.5	7.2	7.0
Other	3.0	3.5	3.6	3.7	3.8
Natural resources and primary industries	5.7	5.7	5.0	5.6	4.8
Debt charges	10.2	9.8	10.5	10.9	10.0
Payments to provincial and municipal governments ¹	8.8	8.1	4.3	3.9	4.9
All other expenditures	12.6	12.9	15.8	14.4	17.1
Total net general expenditure	100.0	100.0	100.0	100.0	100.0

¹ Does not include grants in aid of specific provincial or municipal expenditures. These are classified by function. For example, Trans-Canada Highway grants are included under Transportation.

EXPLANATORY COMMENT TO TABLES

Tables 1 and 2 - General Revenue and Expenditure

These tables provide analyses of government revenues and expenditures in terms of standard source and function categories. These categories are similar to those used in our provincial and municipal publications.

Sales and services - Institutional. - Revenue item 14 consists largely of revenue of federal experimental farms, penitentiaries, and hospitals. This revenue is offset against the related expenditure in the "net" revenue and expenditure presentation to reflect the "cost of government" of these services.

Receipts from government enterprises. - Revenue item 21, reflects profits of government enterprises and dividends on capital stock of government enter-

prises held by Canada which were credited to the Consolidated Revenue Fund during the year.

Payments to government enterprises. - Expenditure item 55 consists mainly of contributions toward deficits incurred by the enterprise in the previous fiscal period. The statistics shown here only reflect transactions between the Federal Government and its enterprises as reported in the Public Accounts. Statistics on revenue and expenditure, assets and liabilities and net worth of all Federal Government enterprises, are presented in the DBS report "Federal Government Enterprise Finance." (Catalogue 61-203) the 1964 edition of which is available from the Queen's Printer.

The following tables give breakdowns of revenue item 21 and expenditure item 55.

Receipts from Government Enterprises

	Thousands of dollars
Bank of Canada:	
Government share of profits	128,238
Central Mortgage and Housing Corporation:	
Net profit under Sec. 30, Central Mortgage and Housing Corporation Act	3,638
Net profits under the Housing Act	1,440
Net profit, Central Mortgage and Housing Corporation	5,078
Crown Assets Disposal Corporation:	
Surplus	629
Elorado Mining and Refining Limited:	
Dividends	1,500
Polymer Corporation Limited:	
Dividends	4,000
Total receipts from government enterprises, revenue item 21	139,445

Payments to Government Enterprises

	Thousands of dollars
Canadian Arsenals Limited:	
Operating deficit, fiscal year ended March 31, 1965	4,477
Canadian Broadcasting Corporation:	
Grant in respect of net operating requirements	85,806
Canadian Government Elevators:	
Revenue included in departmental revenue	1,222
Expenditure included in departmental expenditure	1,495
Net loss on Canadian Government Elevators	273
Canadian National Railway System:	
Canadian National Railways deficit, calendar year 1964	38,873
Newfoundland ferry and terminals deficit, calendar year 1964	11,087
P.E.I. car ferry and terminals deficit, calendar year 1964	3,979
Yarmouth, Bar Harbour ferry deficit, calendar year 1964	96
Total payments to Canadian National Railway System	54,035
Farm Credit Corporation:	
Operating loss for fiscal year ending Mar. 31, 1965	580
National Harbours Board:	
Advances to meet construction costs, etc., calendar year 1964 ¹	1,372
Expenditures relating to Expo Montreal	6,205
Operating deficit	—
Total payments to National Harbours Board	7,577
St. Lawrence Seaway Authority:	
Operating deficit	28,932
Payments re property sales	33
Total payments to St. Lawrence Seaway Authority	28,965
Total payments to government enterprises, expenditure item 55	181,713

¹ This item is treated as "proprietary equity" in the report 'Federal Government Enterprise Finance'.

General government—Executive and administrative.—Expenditure item 3 includes expenditures on government buildings serving a number of functions. It includes general items of payroll costs viz., the governments contribution towards public service superannuation; the governments contribution, as an employer, to the Unemployment Insurance Fund; and payments of claims for compensation. Certain major expenditures of the government are of such a general nature that they are put in this Category; such items of expense as the Auditor General, the expenses of the Department of National Revenue, Comptroller

of the Treasury, and the Translation Bureau are so included.

Where a building has one specific use, expenditures thereon are classified by function where possible. For example, Public Works expenditures on experimental farm buildings are classified under "natural resources and primary industries". Likewise salaries and wages are classified under the function of government within which the services of the employees fall. The following is a breakdown of item 3.

General Government Expenditure, Executive and Administrative

	Thousands of dollars
Maintenance, operation, construction and acquisition of public buildings, including post offices, serving a number of functions	46,747
Contribution towards superannuation	68,119
Government contribution, as an employer, to the Unemployment Insurance Fund	878
Government Employees' Compensation Act—Payment of claims	2,490
Government Contribution to Public Service Death Benefit Account.....	1,838
Government's share, as an employer, of medical-surgical insurance premiums	9,318
Government's contribution to the Hospital Insurance (outside Canada) Plan	1,000
Other	104,676
Expenditure item 3	235,066

Social welfare—National employment and unemployment insurance services.—Expenditure item 29 includes the administration of the Unemployment Insurance Act in the year 1964-5 where there was a two-fold purpose—the payment of unemployment insurance benefits to insured workers involuntarily unemployed, and the operation of the National Employment Service to assist employees and employers in the solution of their employment problems. In addition to the administrative expenditures, the governments' contribution to the Unemployment

Insurance Fund (being 1/5 of the aggregate employer and employee contributions to the fund) is included under this caption. The revenue and expenditure of the Unemployment Insurance Fund, itself, were excluded from these statistics (except for the government contribution referred to above), since it is considered to be a trust fund administered by the Government of Canada.

The operations of the unemployment insurance fund were as follows;

Unemployment Insurance Fund

Statement of receipts and disbursements for the year ended March 31, 1965	Thousands of dollars
Receipts:	
Contributions:	
Employers and employees	310,751
Government of Canada (20 per cent).....	62,150
Fines and penalties	121
Income from investments (net).....	1,793
Total	374,815
Disbursements:	
Benefit payments	335,030
Interest on loans	163
Total	335,193
Excess of receipts over disbursements	39,622

Education - Universities, colleges and other schools. - Expenditure item 37 includes expenditure under the vocational and technical training programs and grants to universities under the Canadian Universities Foundation.

Education - Other. - Expenditure item 38, consists of payments under the Youth Allowances programme, and other small amounts.

Other expenditure. - Expenditure item 70 includes expenditures under the Government Annuities Act and on the Dominion Observatories, the National Research Council and Meteorological Division of the Department of Transport.

Total net general revenue and expenditures. - The figures for "Net" General Revenue and Expenditure are designed to show the amount of revenue that the government is forced to raise by means of taxes, sales of goods and services, and other revenue derived from dealings with the public. The expenditure side shows the "net" result of the expenditure of the government as regards its dealings with the public.

These are arrived at by deducting from "total gross general revenue" (a) interest revenue item 17, (b) foreign exchange revenue (excluding profits of the Exchange Fund Account which remain in the net revenue presentation) item 19, (c) shared cost contributions from provincial governments item 20

and (d) institutional revenue, item 14 and part of item 15. These items are also deducted from the related items of expenditure to arrive at total net general expenditures.

Tables 3 and 4 - Reconciliation of Gross and Net General Revenue and Expenditure with Revenue and Expenditures per Public Accounts for Fiscal Year Ended March 31, 1965

As mentioned earlier, it is necessary to make certain adjustments to financial statements appearing in the Public Accounts of all levels of government in order to achieve the desired degree of inter-governmental comparability. Tables 3 and 4 present a reconciliation between the total revenue and expenditure shown in federal Public Accounts and the total of gross and net general revenue and expenditure appearing in this report.

Certain transactions are often shown separately from departmental revenue and expenditures in the Public Accounts and funds are sometimes set aside one year for a specific purpose but not spent until a subsequent fiscal year. A number of such "administrative or special funds" have been incorporated in these statistics of the Government of Canada. The amounts added to revenue and expenditure in this connection are shown in item 2 of tables 3 and 4. The following is a list of these funds together with their total revenue and expenditure for 1964-65.

Revenue and Expenditure of Special Funds

	1964 - 65	
	Revenue	Expenditure
	thousands of dollars	
Atlantic Development Fund	3,642	3,642
Atomic Energy of Canada Limited	56,097	55,772
Canadian World Exhibition Corporation	18,568	8,735
Centennial of Confederation Fund	4,000	976
Colombo Plan Fund	48,500	50,706
Fishermen's Indemnity Plan	373	373
Fraser River Bridge - Maintenance Account	120	168
Land Assurance Fund	4	-
National Battlefields Commission	317	327
National Capital Commission	21,869	27,071
National Capital Fund	4,500	10,500
National Centennial Administration	4,277	4,277
National Gallery Purchase Account	243	190
National Library Purchase Account	100	85
National Research Council - Special Fund	4,446	4,409
Old Age Security Fund	960,301	885,294
Prairie Farm Emergency Fund	10,605	10,605
Railway Grade Crossing Fund	5,100	15,884
Replacement of Materiel Account	61	506
Reserve for Conditional Benefits - Veterans' Land Act	3,147	5,165
Totals	1,146,270	1,084,685

Table 5—Amounts paid to Provincial Governments, Territories and Municipal Corporations

Fiscal Arrangements, item 1.—Under the Federal-Provincial Fiscal Arrangements Act the Federal Government is obligated to pay the provinces, where applicable, a tax equalization payment, a provincial stabilization payment, and a succession duty payment. Additional grants are also made to Newfoundland and the three Atlantic provinces, but these grants are classified as "Subsidies" in this statement.

Share of income tax on power utilities, item 2.—The provinces receive a share of the income tax collected by the Government of Canada from corporations whose main business is the generation or distribution of electricity, gas or steam to the public.

Subsidies, item 3.—Includes those subsidies paid annually since confederation under terms of the British North America Act, and various additional annual subsidies based on fiscal need which have been introduced over the years. It also includes the Atlantic Provinces adjustment grants of \$35 million introduced in 1958-59, to be paid annually until 1966-67, and the transitional and additional grants paid to Newfoundland under the terms of union.

Items 1 to 3 are unconditional grants, i.e. provinces may use the revenues so obtained for any purpose. These Federal expenditures are classified on Table 2 in items 56 to 58.

On the other hand, grants in aid and shared cost contributions are directly related to, and contingent upon, expenditures to be made by the receiving government. In these statistics such grants are classified according to the nature of the expenditure of the receiving government (provincial or municipal) to which the grant was related. For example, Trans-Canada Highway grants, item 5 on this table, are included in item 13 on table 2.

Table 9—Reconciliation of Total Direct Debt Less Sinking Funds with Total Liabilities per Public Accounts

As in the case of revenue and expenditure, certain "special funds" are consolidated with the statement of assets and liabilities contained in the public accounts (Item 3). The gross statements of the assets and liabilities of "working capital funds" are added and interfund eliminations are made. The liabilities so added (exclusive of the interfund portion) are shown in item 2.

Two types of deductions are made from the Public Accounts balance sheet totals in these statistics. First, the sinking fund assets are eliminated from assets and offset against bonded debt and trust fund assets are eliminated from assets and offset against other liabilities on table 6. See items 6 and 7 on table 9. Secondly, certain items included on the liability side of the Public Accounts balance sheet are eliminated from liabilities and offset against deficit on table 7. These are mainly amounts

which are not considered as direct liabilities to the public, being rather government funds to be credited to revenue in a later period (deferred revenue) or to be spent in a later period for a specific purpose (reserves and unexpended balances). In addition, the principal value of certain annual payments to some of the provincial governments is eliminated from the liabilities and offset against the deficit.

Table 15—Functional-economic Cross-classification of General Expenditure

This table shows gross general expenditure by function, as appearing in Table 2 of this report, reclassified according to economic categories.

For a number of years, the Government Finance Division has analysed federal expenditures by "function" and also separately by "economic" categories. The functional analysis has enabled one to study the cost to government of services being provided by, or assisted by, government, e.g. health, education, roads, etc. The "economic" or "National Accounts" analysis reflects total government expenditures in terms of economic objects by showing expenditures on goods and services, transfer payments, etc.

This table breaks down each functional category in terms of economic categories. For example the functional item "lands, settlement and agriculture" line 42 is broken down into salaries and wages paid to Federal Government employees; other costs of administering federal agricultural service, e.g. office supplies and repairs and maintenance; transfer payments, e.g. payments to farmers in years of crop failures, subsidies e.g. assistance re storage costs on grain; transfers to other levels of government, e.g. payments under the agricultural lime assistance programme (which is paid to the provinces); other "non-productive" items e.g. purchase of land.

The following is a brief description of the various economic categories:

1. Salaries and wages.—The compilation of salaries and wages by function was prepared by the Government Employment and Payroll Section. It includes those expenditures on salaries and wages charged to budgetary expenditures, plus any paid out of the special funds listed on page 12 of this report, less those paid to postal employees. The post office is treated as a government enterprise in the National Accounts presentation and hence all post office expenditures are offset against postal revenue in that series. Overtime and retroactive pay increases are included in the year in which payments were made; since the functional breakdown on these was not available, they are included in other expenditure.

2. Other expenditures on goods and services.—These consist of current expenditures such as purchase of office supplies, travelling expenses, etc., also capital expenditure such as construction of government buildings and other works by contractors. Items 1 and 2 together form the bulk of one of the main components of gross national expenditures viz., government expenditures on goods and services.

3. Transfer payments.—Transfers payments to persons include all unilateral government contributions to persons and non-profit organizations which add to the recipients' income. These payments do not measure currently produced goods and services, but only the redistribution of income already produced, and form a significant part of personal income. Two of the major transfer payments at the federal government level are the old age security payments, column c line 24, and family allowance payments column c line 27. Also included in this category are transfers to private non-commercial organizations and institutions such as universities, hospitals, health associations, etc., and interest on the public debt.

4. Transfers to business.—These consist mainly of (1) production and consumption subsidies to business, which may be defined as a payment made by the government to a business enterprise which has the direct effect of reducing the market price of goods and services;—either by reducing the cost of production or by providing compensation to the wholesaler or retailer that enables him to reduce the price to the consumer. (2) Capital assistance to business which may be broadly defined as a payment made by the government to assist a business enterprise to expand its production facilities through an addition to or modernization of its existing modes of production.

5. Transfers to other levels of Government.—These are shown in great detail in Table 5 of this

report. They may be divided into two main categories—conditional and unconditional grants. The former are related to a specific programme of expenditure and must be used by the recipient government for that purpose only. The latter may be used by the receiving government in whatever manner it deems appropriate.

6. Other items.—These are expenditures which do not enter into the National Accounts tables. Included herein are purchases of land and used fixed assets; such expenditures do not represent production but merely transfer of ownership of existing assets. Also included here are items to be offset against revenue in the National Accounts presentation, such as deficits of government business enterprises, and the cost of writing down the value of assets.

The totals of the economic category shown in columns (a) to (e) of table 15 of this report will not agree with those appearing in tables 43 to 46 of the annual "National Accounts—Income and Expenditure", DBS Catalogue No. 13-201. There are a number of reasons for these differences. For example, in the National Accounts, expenditures are adjusted from a fiscal year to a calendar year basis by examining the January to March transactions of successive years. Furthermore, "government" in the National Accounts is somewhat broader in coverage than "government" in the functional analysis series.

STATISTICAL TABLES

TABLE 1. General Revenue for Fiscal Year Ended March 31, 1965

No.	Source	Gross ¹	Net ¹
thousands of dollars			
	Taxes:		
	Income:		
1	Corporations ²	1,669,065	1,669,065
2	Individuals ²	2,535,182	2,535,182
3	Interest, dividends, and other income going abroad	143,718	143,718
4	General sales ²	1,587,761	1,587,761
	Excise duties and special excise taxes:		
5	Alcoholic beverages	239,179	239,179
6	Tobacco	394,627	394,627
7	Other commodities and services	45,437	45,437
8	Customs import duties	622,102	622,102
9	Estate taxes	88,626	88,626
10	Other	140	140
11	Total taxes	7,325,837	7,325,837
	Privileges, licenses and permits:		
12	Natural resources	5,601	5,601
13	Other	22,382	22,382
	Sales and services:		
14	Institutional	5,323	—
15	Other	110,887	109,967
16	Fines and penalties	1,984	1,984
17	Interest	260,042	—
	Foreign exchange:		
18	Exchange fund profits	19,639	19,639
19	Other	90	—
20	Shared-cost contributions from provincial governments	111	—
21	Receipts from government enterprises ³	139,445	139,445
22	Bullion and coinage	15,032	15,032
23	Postal service	263,758	263,758
24	Other revenue	14,551	14,539
25	Sub-total items 11 to 24	8,184,682	7,918,184
	Non-revenue and surplus receipts:		
26	Refunds of previous years' expenditure	21,198	21,162
27	Other	738	738
28	Total general revenue (gross and net)	8,206,618	7,940,084

¹ See Introduction, page 12, for an explanation of method used to arrive at net presentation from gross.

² Includes old age security taxes.

³ See Introduction, page 10, for breakdown.

TABLE 2. General Expenditure for Fiscal Year Ended March 31, 1965

No.	Function	Gross ¹	Net ¹
thousands of dollars			
1	Defence services and mutual aid	1,562,418	1,562,405
2	Veterans' pensions and other benefits	356,246	356,246
General government:			
3	Executive and administrative	235,066	235,066
4	Legislative	16,261	16,261
5	Research, planning and statistics	15,896	15,896
6	Total general government	267,223	267,223
Protection of persons and property:			
7	Law enforcement	11,719	11,719
8	Corrections	38,600	38,162
9	Police protection	76,847	76,847
10	Other	10,942	10,942
11	Total protection of persons and property	138,108	137,670
Transportation:			
12	Air	70,129	70,129
13	Road	130,804	130,701
14	Rail	118,072	118,072
15	Water	167,568	167,568
16	Other	4,142	4,142
17	Total transportation	490,715	490,612
18	Communications (telephone, telegraph and wireless)	40,066	40,066
Health:			
19	General	6,554	6,554
20	Public health	44,850	44,850
21	Medical, dental and allied services	13,501	13,501
22	Hospital care	475,465	470,826
23	Total health	540,370	535,731
Social welfare:			
24	Aid to aged persons ²	932,269	932,269
25	Aid to blind persons	5,694	5,694
26	Aid to unemployed employables and unemployables	137,072	137,072
27	Family allowances	550,764	550,764
28	Labour	6,120	6,120
29	National employment and unemployment insurance services	116,443	116,443
30	Other	35,094	35,094
31	Total social welfare	1,783,456	1,783,456
Recreational and cultural services:			
32	Archives, art galleries, museums and libraries	5,956	5,956
33	Parks	18,213	18,213
34	Other	20,565	20,565
35	Total recreational and cultural services	44,734	44,734

See footnotes at end of table.

TABLE 2. General Expenditure for Fiscal Year Ended March 31, 1965 - Concluded

No.	Function	Gross ¹	Net ¹
		thousands of dollars	
	Education:		
36	Indian and Eskimo schools	43,959	43,959
37	Universities, colleges and other schools	130,740	130,740
38	Other	41,014	41,014
39	Total education	215,713	215,713
	Natural resources and primary industries:		
40	Fish and game	27,750	27,750
41	Forests	21,572	21,572
42	Lands: settlement and agriculture.....	238,959	237,750
43	Minerals and mines	58,595	58,595
44	Water resources	13,979	13,979
45	Other	20,977	20,977
46	Total natural resources and primary industries	381,832	380,623
47	Trade and industrial development	56,250	56,250
48	National capital area planning and development	23,957	23,957
49	Loss on foreign exchange	74	- 16
	Debt charges (excluding debt retirement):		
50	Commission on bond or debenture sales and other management charges	16,316	16,316
51	Amortization of bond discount	21,077	21,077
52	Interest	1,012,248	752,206
53	Other	1,856	1,856
54	Total debt charges (excluding debt retirement)	1,051,497	791,455
55	Payments to government enterprises³	181,713	181,713
	Payments to provincial and municipal governments:		
	Provincial:		
56	Federal-provincial fiscal arrangements	277,473	277,473
57	Share of income tax on power utilities	9,679	9,679
58	Subsidies	66,579	66,579
	Municipal:		
59	Grants in lieu of taxes	36,447	36,447
60	Special grants	1,800	1,800
61	Total payments to provincial and municipal governments⁴	391,978	391,978
	Other expenditure:		
62	Citizenship and immigration	20,483	20,483
63	External affairs	28,338	28,338
64	International co-operation and assistance	107,758	107,758
65	Postal service	268,975	268,975
66	Royal Canadian Mint	2,661	2,661
67	Housing research and slum clearance	9,642	9,642
68	Civil defence	10,315	10,315
69	Winter works projects	59,122	59,122
70	Other	145,906	145,906
71	Total other expenditure	653,200	653,200
72	Sub-totals	8,179,550	7,913,016
	Non-expense and surplus payments:		
73	Refunds of previous years' revenue	2,368	2,368
74	Other	1,080	1,080
75	Total general expenditure (gross and net)	8,182,998	7,916,464

¹ See Introduction, page 12, for an explanation of method used to arrive at net presentation from gross.

² Includes pensions paid from Old Age Security Fund.

³ See Introduction, page 10, for breakdown.

⁴ These are unconditional payments. Grants for specific purposes are classified by function. See Table 5 for details of grants-in-aid and shared-cost contributions included in general expenditure.

TABLE 3. Reconciliation of Gross and Net General Revenue with Revenue per Public Accounts for Fiscal Year Ended March 31, 1965

No.	Item	Thousands of dollars
1	Revenue per Public Accounts	7,180,310
	To arrive at "gross general revenue"	
	Add:	
2	Revenue of administrative or special funds	1,146,270
3	Revenue deducted from expenditure in public accounts	13,677
4	Expenditure deducted from revenue in public accounts	34,450
5	Total additions	1,194,397
	Deduct:	
6	Refunds of current year's expenditure included in revenue in public accounts	2,747
7	Working capital fund profits	1,913
8	Amount to adjust government enterprises to a "net" basis	1,222
9	Employees' contributions under sundry pension plans	295
10	Interfund amounts	161,912
11	Total deductions	168,089
12	Total gross general revenue	8,206,618
	To arrive at "net general revenue"	
	Deduct:	
13	Interest revenue	260,042
14	Foreign exchange revenue	90
15	Shared-cost contributions from provincial governments	111
16	Institutional revenue	6,291
17	Sub-total items 13 to 16	266,534
18	Total net general revenue	7,940,084

TABLE 4. Reconciliation of Gross and Net General Expenditure with Expenditure per Public Accounts for Fiscal Year Ended March 31, 1965

No.	Item	Thousands of dollars
1	Expenditure per Public Accounts	7,218,275
	To arrive at "gross general expenditure"	
	Add:	
2	Expenditure of administrative or special funds	1,084,685
3	Revenue deducted from expenditure in public accounts	13,677
4	Expenditure deducted from revenue in public accounts	34,450
5	Total additions	1,132,812
	Deduct:	
6	Refunds of current year's expenditure included in revenue in public accounts	2,747
7	Working capital fund profits	1,913
8	Amount to adjust government enterprises to a "net" basis	1,222
9	Employees' contributions under sundry pension plans	295
10	Interfund amounts	161,912
11	Total deductions	168,089
12	Total gross general expenditure	8,182,998
	To arrive at "net general expenditure"	
	Deduct:	
13	Interest revenue	260,042
14	Foreign exchange revenue	90
15	Shared-cost contributions from provincial governments	111
16	Institutional revenue	6,291
17	Sub-total items 13 to 16	266,534
18	Total net general expenditure	7,916,464

**TABLE 5. Amounts Paid to Provincial Governments, Territories and Municipal Corporations
for Fiscal Year Ended March 31, 1965**

No.	Function	Nfld.	P.E.I.	N.S.	N.B.
		thousands of dollars			
	Provincial governments and territories:				
1	Federal-provincial fiscal arrangements	19,248	5,625	29,965	25,380
2	Share of income tax on power utilities	243	60	738	56
3	Subsidies	20,156 ²	4,157 ³	12,632 ³	12,245 ³
4	Sub-total items 1 to 3	39,647	9,842	43,335	37,681
	Grants-in-aid and shared-cost contributions:				
	Transportation:				
	Road:				
5	Trans-Canada highway	22,765	1,108	4,714	8,046
6	Roads leading to resources	750	515	461	750
7	Railway grade crossing fund	151	—	—	309
8	Other	—	—	—	1,762
9	Water	—	—	—	—
10	Other	—	—	—	—
11	Total transportation	23,666	1,623	5,175	10,867
	Health:				
12	Hospital insurance and diagnostic services	9,624	2,102	15,902	13,751
13	Hospital construction	545	38	916	914
	General health grants:				
14	General public health	336	177	722	524
15	Tuberculosis control	159	28	137	122
16	Mental health	179	73	372	294
17	Professional training	101	13	44	60
18	Cancer control	13	15	64	109
19	Public health research	5	9	144	25
20	Medical rehabilitation and crippled children	110	13	102	92
21	Child and maternal health	55	7	83	45
22	Other	2	1	23	2
23	Total health	11,129	2,476	18,509	15,938
	Social welfare:				
24	Old age assistance	2,221	509	2,303	2,303
25	Blind persons' allowances	300	51	510	457
26	Disabled persons' allowances	750	360	1,447	988
27	Unemployment assistance	4,704	281	1,863	1,414
28	Other	34	8	72	68
29	Total social welfare	8,009	1,209	6,195	5,230
	Recreational and cultural services:				
30	Campground and picnic area developments	—	—	—	24
31	Fitness and amateur sport	37	56	38	53
32	Centennial Commission	—	—	—	953
33	Other	—	—	—	—
34	Total recreational and cultural services	37	56	38	1,030
	Education:				
	Technical and vocational training:				
35	Capital assistance to trade schools, etc.	311	148	969	1,858
36	Vocational high school training	—	47	150	260
37	Technician training	11	—	19	130
38	Trade and other occupational training	357	101	443	1,370
39	Apprenticeship training	37	—	40	46
40	Assistance to students	—	—	—	10
41	Training of unemployed workers	98	118	629	208
42	Training of disabled persons	9	6	101	39
43	Other	2	—	45	63
44	Citizenship and language instruction for immigrants	—	1	1	—
45	Other	—	—	1	—
46	Total education	825	421	2,398	3,984

See footnotes at end of table.

**TABLE 5. Amounts Paid to Provincial Governments, Territories and Municipal Corporations
for Fiscal Year Ended March 31, 1965**

Que.	Ont.	Man.	Sask.	Alta.	B.C.	Sub-total	Yukon	N.W.T.	Total	No.
thousands of dollars										
114,898	16,273	25,483	25,653	9,603	356	272,484	2,317 ¹	2,672 ¹	277,473	1
4,265	1,064	50	13	2,906	284	9,679	—	—	9,679	2
3,964	4,624	2,117	2,124	2,887	1,673	66,579	—	—	66,579	3
123,127	21,961	27,650	27,790	15,396	2,313	348,742	2,317	2,672	353,731	4
32,049	3,690	208	39	96	3,370	76,085	—	—	76,085	5
1,011	750	750	411	370	294	6,062	—	—	6,062	6
225	1,835	—	—	148	44	2,712	—	—	2,712	7
—	62	—	—	—	—	1,824	—	—	1,824	8
—	—	—	—	—	—	—	—	—	—	9
—	—	—	—	—	—	—	—	—	—	10
33,285	6,337	958	450	614	3,708	86,683	—	—	86,683	11
128,159	151,478	20,948	23,526	31,448	36,057	432,995	308	580	433,883	12
5,962	6,978	1,048	911	2,523	1,633	21,468	—	44	21,512	13
2,741	4,145	919	646	1,135	1,375	12,720	—	61	12,781	14
1,331	836	171	144	210	238	3,376	14	3	3,393	15
2,978	2,584	440	388	657	670	8,635	32	—	8,667	16
223	451	78	87	135	136	1,928	—	5	1,933	17
560	936	—	160	237	353	2,547	—	3	2,550	18
468	506	109	31	162	183	1,642	—	6	1,648	19
758	640	130	77	76	262	2,270	—	2	2,272	20
515	396	61	70	82	95	1,409	—	—	1,409	21
194	232	44	18	26	32	574	—	—	574	22
144,599	169,182	23,948	26,058	36,691	41,034	489,564	354	704	490,622	23
16,589	10,465	2,329	2,294	2,901	2,991	44,905	14	72	44,991	24
1,893	1,179	259	256	312	372	5,589	3	33	5,625	25
9,091	7,378	680	785	830	1,038	23,347	1	18	23,366	26
41,016	21,051	5,399	4,586	9,211	17,858	107,383	72	98	107,553	27
—	359	249	171	121	85	1,167	—	—	1,167	28
68,589	40,432	8,916	8,092	13,375	22,344	182,391	90	221	182,702	29
—	—	—	—	35	—	59	13	8	80	30
—	57	64	30	41	40	416	15	19	450	31
—	6	—	—	—	17	976	—	—	976	32
—	—	—	—	—	—	—	222	19	241	33
—	63	64	30	76	57	1,451	250	46	1,747	34
22,975	16,140	473	949	4,360	4,544	52,727	21	10	52,758	35
1,794	538	161	166	214	238	3,568	7	—	3,575	36
7,450	1,142	134	283	560	505	10,234	—	4	10,238	37
5,866	1,374	288	692	2,278	1,522	14,291	73	35	14,399	38
—	200	34	77	203	58	695	—	—	695	39
100	100	8	30	10	30	288	—	3	291	40
1,862	7,954	666	299	621	1,044	13,499	83	18	13,600	41
90	249	73	57	4	27	655	—	—	655	42
628	35	21	4	178	38	1,014	9	—	1,023	43
—	190	6	7	1	8	214	—	—	214	44
9,541 ⁴	43	—	1	2	—	9,588	63	—	9,651	45
50,306	27,965	1,864	2,565	8,431	8,014	196,773	256	70	197,099	46

**TABLE 5. Amounts Paid to Provincial Governments, Territories and Municipal Corporations
for Fiscal Year Ended March 31, 1965 - Concluded**

No.	Function	Nfld.	P.E.I.	N.S.	N.B.
thousands of dollars					
Provincial governments and territories - Concluded:					
Grants-in-aid and shared-cost contributions - Concluded:					
Natural resources:					
Fish and game:					
47	Registered traplines	-	-	-	-
48	Construction of vessels	247	3	299	75
Forests:					
49	Forest inventories, reforestation, forest fire protection and forest access road construction	267	40	150	221
50	Bud worm control	-	-	-	479
51	Forest stand improvement	-	-	81	-
Lands:					
Settlement and agriculture:					
52	Agricultural lime assistance	11	66	102	100
53	4-H clubs	2	2	5	4
54	Transport of fodder, equipment and cattle	-	-	-	-
55	Farm labour agreements	-	4	8	8
56	Agricultural rehabilitation and development	240	83	218	238
57	Crop insurance	-	12	-	-
58	Other	12	1	1	18
59	Other	-	-	-	-
60	Total natural resources	779	211	864	1,143
Other:					
61	Civil defence	48	17	218	135
62	Winter works projects in municipalities	164	226	76	289
63	Grants to research councils	-	-	-	-
64	Other	-	-	-	-
65	Total other	212	243	294	424
66	Total grants-in-aid and shared-cost contributions	44,657	6,239	33,473	38,616
67	Total amounts paid to provincial governments and territories	84,304	16,081	76,808	76,297
Municipal corporations:					
68	Grants in lieu of taxes on federal property	76	121	2,617	1,580
Grants-in-aid and shared-cost contributions:					
Transportation:					
69	Air	-	-	-	6
70	Road	441	-	361	-
71	Water	-	-	-	-
72	Health	41	8	42	43
73	Schools operated by local authorities	-	-	133	50
74	Slum clearance	-	-	338	268
75	Other	-	3	-	74
76	Special grants	-	-	-	1,800 ⁷
77	Total amounts paid to municipal corporations	558	132	3,491	3,821
78	Grand total amounts paid to provincial governments, territories and municipal corporations	84,862	16,213	80,299	80,118

¹ Federal tax abstention grant.

² Consists of Atlantic Provinces adjustment grant 10,500, additional subsidy 8,000, and annual statutory subsidies 1,656.

³ Includes Atlantic Provinces adjustment grants: P.E.I. 3,500; N.S. 10,500; N.B. 10,500.

⁴ Youth Allowances Payments 9,541 re Federal-Provincial Fiscal Revision Act.

⁵ Conservation and control of water resources.

**TABLE 5. Amounts Paid to Provincial Governments, Territories and Municipal Corporations
for Fiscal Year Ended March 31, 1965 - Concluded**

Que.	Ont.	Man.	Sask.	Alta.	B.C.	Sub-total	Yukon	N.W.T.	Total	No.
thousands of dollars										
—	80	47	40	—	—	167	—	—	167	47
176	—	—	—	—	—	800	—	—	800	48
1,909	1,665	454	371	1,010	1,823	7,910	—	—	7,910	49
—	—	—	—	—	—	479	—	—	479	50
—	—	—	—	—	—	81	—	—	81	51
1,205	43	—	—	—	57	1,584	—	—	1,584	52
24	53	13	12	12	8	135	—	—	135	53
171	254	19	56	—	3	503	—	—	503	54
26	12	10	1	23	8	100	—	—	100	55
3,051	200	358	2,292	504	185	7,759	—	—	7,759	56
—	—	258	117	—	—	487	—	—	487	57
21	95	—	4	23	—	175	—	—	175	58
—	1,524 ⁵	8,207 ⁵	—	—	6 ⁵	9,737	—	—	9,737	59
6,583	3,926	9,856	2,893	1,572	2,090	29,917	—	—	29,917	60
1,469	1,556	223	167	517	577	4,927	—	—	4,927	61
25,170	6,511	1,744	1,653	2,479	4,391	42,703	1	19	42,723	62
—	—	—	—	—	—	—	—	—	—	63
—	—	—	—	—	—	—	26	266	292	64
26,639	8,067	1,967	1,820	2,996	4,968	47,630	27	285	47,942	65
330,001	255,972	47,573	41,908	63,755	82,215	944,409	977	1,326	946,712	66
453,128	277,933	75,223	69,698	79,151	84,528	1,293,151	3,294	3,998	1,300,443	67
7,580	16,083	2,259	1,005	2,179	2,705	36,205	102	140	36,447	68
46	—	58	9	17	44	180	—	—	180	69
993	4,449	244	—	370	42	6,900	—	—	6,900	70
—	—	—	—	—	68 ⁶	68	—	—	68	71
55	6,086	429	206	110	266	7,286	—	—	7,286	72
—	457	308	364	110	812	2,234	—	—	2,234	73
778	2,367	530	—	—	509	4,790	—	—	4,790	74
—	1,450	114	166	542	197	2,546	—	8	2,554	75
—	47 ⁷	—	—	—	—	1,847	—	—	1,847	76
9,452	30,939	3,942	1,750	3,328	4,643	62,056	102	148	62,306	77
462,580	308,872	79,165	71,448	82,479	89,171	1,355,207	3,396	4,146	1,362,749	78

⁶ Consists of contributions in respect of protection of the river bank on the Fraser River 68.

⁷ Financial assistance to the town of Oromocto.

⁸ Grant to city of Ottawa re interest on debentures issued to finance certain sewer and waterworks projects undertaken in advance of normal construction (Classified in Table 2 as "National capital area planning and development").

TABLE 6. Direct and Indirect Debt Less Sinking Funds as at March 31, 1965

No.	Item	Thousands of dollars
Direct		
1	Debenture debt	16,838,214
2	Deduct sinking funds	5,441
3	Item 1 less item 2	16,832,773
4	Short-term treasury bills	2,140,000
5	Accounts and other payables	1,213,171
6	Annuity, insurance and pension accounts	5,676,796
7	Other liabilities	481,694
8	Total direct debt less sinking funds¹	26,344,434
Indirect		
9	Guaranteed bonds or debentures	1,368,298
10	Deduct sinking funds	—
11	Item 9 less item 10	1,368,298
12	Guaranteed bank loans	282,018
Other guarantees:		
13	Loans by lenders under Part IV of the National Housing Act, 1954	15,863
14	Insured loans by approved lenders under the National Housing Act, 1954	4,934,000
15	Insurance guarantees and long-term financing under the Export Credits Insurance Act	468,644
16	Total indirect debt less sinking funds²	7,068,823
17	Total direct and indirect debt less sinking funds	33,413,257
18	Direct debt (item 8) per capita³	\$ 1,346
19	Indirect debt (item 16) per capita³	\$ 361

¹ See Table 9 for reconciliation with total liabilities per Public Accounts.

² Excludes deposits maintained by chartered banks in the Bank of Canada \$897,218,288.

³ Based on population at June 1, 1965, estimated by the Census Division to be 19,571,000.

TABLE 7. Assets Offsetting Direct Debt as at March 31, 1965

No.	Item	Thousands of dollars
1	Cash	875,980
2	Advances to the exchange fund account	2,621,000
Loans to and investments in:		
3	Own government enterprises	4,876,386
4	International organizations	709,753
5	Other investments	276,626
Other receivables:		
6	Provincial governments	109,250
7	Municipal governments	9,023
8	Foreign governments	1,286,857
9	Other	380,622
10	Other assets including prepaid and deferred charges	524,026
11	Deficit less surplus, reserves, unexpended balances and deferred revenue	14,674,911
12	Total represented by direct debt	26,344,434

TABLE 8. Analysis of Indirect Debt by Issuing Authority as at March 31, 1965

No.	Item	Thousands of dollars
	By issuing authority:	
	Bonds or debentures of:	
1	Own government enterprises	1,368,298
2	Other	—
	Bank loans of:	
3	Own government enterprises	169,770
4	Other	112,248
5	Other guarantees	5,418,507
6	Total indirect debt less sinking funds per Table 6 item 16	7,068,823

TABLE 9. Reconciliation of Total Direct Debt Less Sinking Funds with Total Liabilities per Public Accounts as at March 31, 1965

No.	Item	Thousands of dollars
1	Total liabilities per Public Accounts	26,573,426
	Additions:	
2	Working capital fund liabilities	37,825
3	Special fund liabilities	8,633
4	Payables offset against assets	—
5	Total additions	46,458
	Deductions:	
6	Sinking funds and other investments held for retirement of unmatured bonded debt ¹	5,441
7	Trust fund assets ¹	53,060
	Other: ²	
	Deferred revenue and reserves:	
8	Deferred credits	113,208
9	Suspense accounts	1,951
	Unexpended balances of special funds:	
10	Replacement of materiel account	566
11	Colombo plan fund	82,245
12	National capital fund	426
13	National centennial fund	6,024
14	Railway grade crossing fund	6,865
15	Defence research board — Extramural research grants	74
16	National research council — Special fund	2,314
17	Fraser River bridge — Maintenance account	373
18	Miscellaneous	225
19	Common school funds — Ontario and Quebec	2,678
20	Total deductions	275,450
21	Total direct debt less sinking funds per Table 6 item 8	26,344,434

¹ Deducted from assets per Public Accounts and offset against liabilities in these statistics.

² Deducted from liabilities per Public Accounts and offset against deficit in these statistics, in item 11 on Table 7.

TABLE 10. Bonded Debt by Place of Payment

Where payable	As at March 31, 1964	Changes during fiscal year ended March 31, 1965		As at March 31, 1965
		New issues	Retirements	
thousands of dollars				
Canada	16,133,692	3,422,400	3,094,283	16,461,809
New York	376,405	—	—	376,405
London (England)	—	—	—	—
Total bonded debt	16,510,097	3,422,400	3,094,283	16,838,214
Population (000's)	19,235 ¹	—	—	19,571 ²
Bonded debt per capita (\$)	858	—	—	860

¹ As at June 1, 1964, per estimate made by Census Division.

² As at June 1, 1965, per estimate made by Census Division.

TABLE 11. Bonded Debt by Interest Rate

Rate of interest %	As at March 31, 1964	Changes during fiscal year ended March 31, 1965		As at March 31, 1965
		New issues	Retirements	
thousands of dollars				
2¾	414,716	—	—	414,716
3	300,202	—	—	300,202
3¼	1,489,664	—	844,272	645,392
3½	945,000	900,000	415,000	1,430,000
3¾	1,558,092	75,000	557,979	1,075,113
3⅞	—	—	—	—
4	600,000	—	600,000	—
4¼	2,122,203	—	—	2,122,203
4½	2,242,679	93,000	43,000	2,292,679
4¾	—	44,500	1,500	43,000
5	736,270	1,075,000	—	1,811,270
5¼	—	125,000	—	125,000
5½	1,126,559	—	—	1,126,559
3¼ - 4 ¹	55,881	—	7,467	48,414
3¼ - 4¾ ²	434,622	—	46,855	387,767
3½ - 4¼ ³	128,944	—	19,721	109,223
4 - 5 ⁴	1,418,593	—	92,070	1,326,523
4¼ - 5 ⁵	404,543	—	60,982	343,561
4½ - 5½ ^{6,7}	2,532,129	1,109,900	405,437	3,236,592
Total bonded debt	16,510,097	3,422,400	3,094,283	16,838,214
Average interest rate (%)	4.27	—	—	4.49

¹ Canada Savings Bonds issued in 1956. Interest is payable at the rate of 4% per annum to maturity in 1969.

² Canada Savings Bonds issued in 1957. Interest is payable at the rate of 4¼% per annum to maturity in 1970.

³ Canada Savings Bonds issued in 1958. Interest is payable at the rate of 4½% per annum to maturity in 1973.

⁴ Canada Savings Bonds issued in 1959 and 1960. For the 1959 series, interest is payable at the rate of 5% per annum to maturity in 1968. For the 1960 series, interest is payable at the rate of 4½% per annum to November 1, 1963, thereafter at 4¾% per annum to November 1, 1964 and thereafter at 5% per annum to maturity in 1970.

⁵ Canada Savings Bonds issued in 1961. Interest is payable at the rate of 4½% per annum to November 1, 1968, and thereafter at 5% per annum to maturity in 1971.

⁶ Canada Savings Bonds issued in 1962. Interest is payable at the rate of 4½% per annum to November 1, 1965, thereafter at 5% per annum to November 1, 1968, and thereafter at 5½% per annum to maturity in 1976.

⁷ Canada Savings Bonds issued in 1963. Interest is payable at the rate of 4½% per annum to November 1, 1965, thereafter at 5% per annum to November, 1971 and thereafter at 5½% per annum to maturity in 1975.

TABLE 12. Bonded Debt by Term of Issue

Term in years ¹	As at March 31, 1964	Changes during fiscal year ended March 31, 1965		As at March 31, 1965
		New issues	Retirements	
		thousands of dollars		
1	650,000	900,000	650,000	900,000
1½	90,000	—	—	90,000
2	515,000	50,000	350,000	215,000
2½	50,000	—	—	50,000
3	1,150,000	75,000	850,000	375,000
4	305,000	125,000	—	430,000
5	741,000	325,000	—	1,066,000
5½	100,000	—	—	100,000
6	100,000	—	—	100,000
6½	100,000	350,000	—	450,000
7	1,079,891	—	550,000	529,891
9	1,046,256	275,000	53,961	1,267,295
10	856,880	1,011,172	99,091	1,768,961
11	—	—	—	—
12	1,415,092	98,728	273,963	1,239,857
12½	55,881	—	7,467	48,414
13	434,622	—	46,855	387,767
14	2,701,855	—	148,725	2,553,130
15	128,944	—	19,721	109,223
16	746,559	—	—	746,559
18	428,581	—	—	428,581
20	150,000	—	—	150,000
21	245,202	—	—	245,202
22	247,047	—	—	247,047
24	50,000	—	—	50,000
25	2,870,242	—	—	2,870,242
26	—	125,000	—	125,000
41½	197,045	—	—	197,045
Perpetual ²	55,000	—	—	55,000
On demand ^{2,3}	—	87,500	44,500	43,000
Total bonded debt	16,510,097	3,422,400	3,094,283	16,838,214
Average term of issue (years)	13.09	—	—	13.29

¹ If the term includes more or less than an exact half-year, it is rounded to the nearest year. If the term includes an exact half-year, or if the full term is less than six months, it is unadjusted.

² Excluded when calculating average term of issue.

³ Redeemable by the Unemployment Insurance Fund on demand subject to 30 days' notice.

TABLE 13. Bonded Debt by Year of Maturity

Year of maturity fiscal year ending March 31	As at March 31, 1964	Changes during fiscal year ended March 31, 1965		As at March 31, 1965
		New issues	Retirements	
thousands of dollars				
1965	1,850,000	—	1,850,000	—
1966	1,583,136	900,000	557,979	1,925,157
1967	528,027	50,000	4,640	573,387
1968	786,545	75,000	4,632	856,913
1969	1,590,837	125,000	53,961	1,661,876
1970	315,881	325,000	7,467	633,414
1971	1,086,959	—	84,964	1,001,995
1972	404,543	350,000	60,982	693,561
1973	1,267,203	—	—	1,267,203
1974	128,944	275,000	19,721	384,223
1975	65,087	1,011,172	—	1,076,259
1976	1,448,886	98,728	256,712	1,290,902
1977	2,117,897	—	148,725	1,969,172
1978	207,911	—	—	207,911
1980	343,247	—	—	343,247
1981	120,000	—	—	120,000
1984	1,992,679	—	—	1,992,679
1988	270,270	—	—	270,270
1989	150,000	—	—	150,000
1991	—	125,000	—	125,000
1998	197,045	—	—	197,045
Perpetual	55,000	—	—	55,000
On demand	—	87,500	44,500	43,000
Total bonded debt	16,510,097	3,422,400	3,094,283	16,838,214

TABLE 14. Redemption Features of Bonded Debt

Fiscal year ending March 31	As at March 31, 1965			
	Non-callable issues by year of maturity		Callable issues	
	Savings bonds ¹	Other	By year of maturity	By earliest call year
thousands of dollars				
1966	45,266	1,704,891	—	351,337
1967	28,185	475,000	245,202	55,000
1968	26,913	830,000	—	308,581
1969	912,295	441,000	308,581	—
1970	48,414	585,000	—	—
1971	801,995	200,000	—	—
1972	343,561	350,000	—	—
1973	—	1,267,203	—	—
1974	109,223	275,000	—	—
1975	1,011,172	—	65,087	454,958
1976	939,493	310,361	41,048	—
1977	1,285,927	436,198	247,047	—
1978	—	—	207,911	270,270
1980	—	343,247	—	—
1981	—	120,000	—	—
1984	—	1,992,679	—	—
1988	—	—	270,270	—
1989	—	150,000	—	—
1991	—	125,000	—	—
1997	—	—	—	197,045
1998	—	—	197,045	—
Perpetual	—	—	55,000	—
On demand	—	43,000 ²	—	—
Sub-totals	5,552,444	9,648,579	1,637,191	
Total bonded debt		16,838,214		

¹ Canada Savings Bonds are non-marketable and non-callable. They are redeemable with accrued interest on the holder's demand at any time prior to the date of maturity.

² Special non-marketable bonds sold to the Unemployment Insurance Commission.

**TABLE 15. Functional-economic Cross-classification of Gross General Expenditure
for Fiscal Year Ended March 31, 1965**

No.	Functional analysis	Total as per Table 2	Economic analysis					
			Goods and services		Transfer payments (including interest)	Trans- fers to busi- ness	Trans- fers to other levels of govern- ment	Other items
			Salaries and wages (a)	Other (b)				
thousands of dollars								
1	Defence services and mutual aid	1,562,418	765,116 ¹	783,525	162	—	—	13,615
2	Veterans' pensions and other benefits	356,246	53,112	27,670	269,052	—	—	6,412
General government:								
3	Executive and administrative	235,066	139,256	84,635	18	—	—	11,157
4	Legislative	16,261	4,761	11,500	—	—	—	—
5	Research, planning and statistics....	15,896	10,627	4,435	—	—	—	834
6	Total general government	267,223	154,644	100,570	18	—	—	11,991
Protection of persons and property:								
7	Law enforcement	11,719	8,444	3,255	20	—	—	—
8	Corrections	38,600	14,505	24,095	—	—	—	—
9	Police protection	76,847	43,425	33,399	1	—	—	22
10	Other.....	10,942	7,419	3,492	31	—	—	—
11	Total protection of persons and property	138,108	73,793	64,241	52	—	—	22
Transportation:								
12	Air	70,129	27,649	41,859	275	165	180	1
13	Road	130,804	6,136	23,213	2	—	93,580	7,873
14	Rail	118,072	1,193	1,431	—	115,431	—	17
15	Water	167,568	28,312	97,995	12	40,381	68	800
16	Other	4,142	2,915	1,227	—	—	—	—
17	Total transportation	490,715	66,205	165,725	289	155,977	93,828	8,691
18	Communications (telephone, telegraph and wireless).....	40,066	14,368	25,680	—	—	—	18
Health:								
19	General	6,554	2,250	172	—	—	4,115	17
20	Public health	44,850	5,253	3,213	233	—	36,151	—
21	Medical, dental and allied services..	13,501	—	11,207	—	—	2,294	—
22	Hospital care	475,465	11,799	4,050	4,221	—	455,395	—
23	Total health	540,370	19,302	18,642	4,454	—	497,955	17
Social welfare:								
24	Aid to aged persons.....	932,269	195	1,789	885,294	—	44,991	—
25	Aid to blind persons	5,694	—	—	69	—	5,625	—
26	Aid to unemployed employables and unemployables	137,072	—	6,153	—	—	130,919	—
27	Family allowances	550,764	2,813	1,009	545,775	—	1,167	—
28	Labour	6,120	2,527	2,573	143	877	—	—
29	National employment and unemploy- ment insurance services	116,443	44,516	9,777	—	—	—	62,150 ³
30	Other	35,094	5,986	22,928	6,180	—	—	—
31	Total social welfare	1,783,456	56,037	44,229	1,437,461	877	182,702	62,150
Recreational and cultural services:								
32	Archives, art galleries, museums and libraries	5,956	2,143	3,047	766	—	—	—
33	Parks	18,213	10,440	7,032	70	—	80	591
34	Other	20,565	5,356	5,897	2,242	—	1,675	5,395
35	Total recreational and cultural services.....	44,734	17,939	15,976	3,078	—	1,755	5,986
Education:								
36	Indian and Eskimo schools	43,959	9,187	17,393	15,145	—	2,234	—
37	Universities, colleges and other schools	130,740	315	242	28,241	—	97,297	4,645
38	Other	41,014	—	165	31,047	—	9,802	—
39	Total education	215,713	9,502	17,800	74,433	—	109,333	4,645

See footnotes at end of table.

**TABLE 15. Functional-economic Cross-classification of Gross General Expenditure
for Fiscal Year Ended March 31, 1965 - Concluded**

No.	Functional analysis	Total as per Table 2	Economic analysis						
			Goods and services		Transfer payments (including interest)	Trans- fers to busi- ness	Trans- fers to other levels of govern- ment	Other items	
			Salaries and wages (a)	Other (b)					(c)
			thousands of dollars						
	Natural resources and primary industries:								
40	Fish and game	27,750	13,170	12,228	605	780	967	—	
41	Forests	21,572	6,625	6,394	83	—	8,470	—	
42	Lands: settlement and agriculture	238,959	49,286	45,039	11,740	121,268	10,743	883	
43	Minerals and mines	58,595	9,444	10,108	163	38,730	—	150	
44	Water resources	13,979	1,437	2,811	—	—	9,731	—	
45	Other	20,977	11,879	8,897	169	—	6	26	
46	Total natural resources and primary industries	381,832	91,841	85,477	12,760	160,778	29,917	1,059	
47	Trade and industrial development	56,250	10,147	43,682	71	2,174	—	176	
48	National capital area planning and development	23,957	3,040	7,109	—	—	—	13,808	
49	Loss on foreign exchange	74	—	74	—	—	—	—	
	Debt charges (excluding debt retirement):								
50	Commission on bond or debenture sales and other management charges	16,316	—	1,027	—	—	—	15,289	
51	Amortization of bond discount	21,077	—	—	—	—	—	21,077	
52	Interest	1,012,248	—	153	1,012,095	—	—	—	
53	Other	1,856	—	1,856	—	—	—	—	
54	Total debt charges (excluding debt retirement)	1,051,497	—	3,036	1,012,095	—	—	36,366	
55	Payments to government enterprises	181,713	—	—	—	—	—	181,713 ¹	
	Payments to provincial and municipal governments (unconditional):								
	Provincial:								
56	Federal-provincial fiscal arrangements	277,473	—	—	—	—	277,473	—	
57	Share of income tax on power utilities	9,679	—	—	—	—	9,679	—	
58	Subsidies	66,579	—	—	—	—	66,579	—	
	Municipal:								
59	Grants in lieu of taxes	36,447	—	—	—	—	36,447	—	
60	Special grants	1,800	—	—	—	—	1,800	—	
61	Total payments to provincial and municipal governments	391,978	—	—	—	—	391,978	—	
	Other expenditure:								
62	Citizenship and immigration	20,483	9,742	8,181	2,560	—	—	—	
63	External affairs	28,338	11,209	15,964	—	—	—	1,165	
64	International co-operation and assistance	107,758	904	106,605	199	—	—	50	
65	Postal service	268,975	5	25,273	—	—	—	243,702 ²	
66	Royal Canadian Mint	2,661	1,412	1,249	—	—	—	—	
67	Housing research and slum clearance	9,642	—	4,560	—	—	5,082	—	
68	Civil defence	10,315	1,460	3,928	—	—	4,927	—	
69	Winter works projects	59,122	—	119	—	16,280	42,723	—	
70	Other	145,906	82,434 ³	39,322	21,454	—	2,546	150	
71	Total other expenditure	653,200	107,161	205,201	24,213	16,280	55,278	245,067	
72	Sub-totals	8,179,550	1,442,207	1,608,637	2,838,138	336,086	1,362,746	591,736	
	Non-expense and surplus payments:								
73	Refunds of previous years' revenue....	2,368	—	2	—	—	—	2,366	
74	Other	1,080	—	299	146	—	—	635	
75	Total gross general expenditure	8,182,998	1,442,207	1,608,938	2,838,284	336,086	1,362,746	594,737	

¹ Includes 561,988 in respect of pay and allowances, defence forces.

² Included in "Hospital care" below.

³ Contribution to the Unemployment Insurance Fund.

⁴ Offset against revenue in the National Accounts.

⁵ The Post Office is treated as a government enterprise for National Accounts purposes, hence that Department's expenditure, including salaries and wages of 152,040 is offset against revenue in the economic analysis.

⁶ Includes overtime earnings 16,851, and retroactive payments 11,014, which cannot be classified functionally.

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