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CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

FINANCE STATISTICS BRANCH



THE PUBLIC DEBT OF CANADA

DOMINION AND PROVINCIAL GOVERNMENTS, 1938

AND

MUNICIPALITIES, 1937



OTTAWA
1939

Price 25 cents

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45-1-82

PREFACE

The Bureau presents herewith its annual bulletin on the aggregate public debt of Canada. The statistics shown for the Dominion Government cover its fiscal year ended March 31st, 1938, while those of the provincial governments are for their respective fiscal years ending in 1938 as given in Table 5, page 13. The municipal debt as shown in Table 6, page 16 is for the calendar year 1937 being the latest for which information is available.

Owing to diverse methods of presenting balance sheets in the Public Accounts of the several provinces as well as of those in the reports of Canadian municipalities, the obtaining of a concise uniform statement of public debt in Canada requires extended consultation with Provincial Treasury and Municipal Affairs Officials, and the Bureau gratefully acknowledges their cordial co-operation.

This publication has been prepared under the supervision of Colonel J. R. Munro, Chief of the Finance Statistics Branch.

R. H. Coats

Dominion Statistician.

Ottawa, November 15th, 1939.

Published by Authority of the Hon. W. D. Euler, M.P.,
Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS
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OTTAWA - CANADA

Dominion Statistician;
Chief, Finance Statistics Branch:

R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Colonel J. R. Munro.

PUBLIC DEBT OF CANADA

The Aggregate Public Debt of Canada. - Table 1 gives in summary form the total aggregate net direct debt of the Dominion, Provincial and Municipal governments amounting to \$ 5,827,965,816, with guaranteed indirect debt of the Dominion and Provincial governments totalling \$1,539,595,648. There are no statistics available as to indirect debt of municipalities in Canada. The grand aggregate of direct and indirect debt of the Dominion and Provincial governments for 1938 with direct debt of municipalities for 1937 (latest available) amounted to \$7,367,561,464.

With regard to the items summarized in Table 1, explanatory notes and details are as follows:

- Dominion Net Direct Debt, notes on page 3 and details in Table 2.
- Dominion Funded Debt classified, notes on page 3 and details in Table 3.
- Dominion Guaranteed or Indirect Debt, notes on page 4 and details in Table 4.
- Provincial Net Direct Liabilities, notes on page 4 and details in Table 5.
- Provincial Indirect Liabilities, notes on page 15 and details in Table 5..
- Direct Liabilities of Municipalities less Sinking Funds, etc., notes on page 4 and details in Table 6.

Net Direct Debt of Dominion Government. - This is the first item shown in the Summary Table 1. It is arrived at by taking the gross liabilities less sinking funds offsetting the funded debt payable in London and then deducting "Active Assets" as follows: Cash; Bank of Canada class "B" shares; Advances to Provinces for Unemployment Relief, Housing Loans and Alberta Subsidy overpayment; Other Advances to Canadian Broadcasting Corporation, Canadian Farm Loan Board including Canadian Fisheries Loan Act, Canadian National (West Indies) Steamships Ltd., Dominion Housing Act, 1935, Foreign Governments; Railway Accounts; Soldier and General Land Settlement Loans; Miscellaneous Current Accounts including advances to Royal Canadian Mint, Canadian Government Railway Accounts, etc. A detailed analysis of net debt will be found in Table 2, which is a reproduction of the Balance Sheet of the Dominion Government as at March 31, 1938.

Funded Debt of the Dominion Government. - The analysis of this debt as at March 31st, 1938 will be found in Table 3, showing the proportion payable in Canada, in Canada and New York, in London and in New York. Sinking funds applicable to the debt payable in London are deducted from the gross funded debt and the net amount constitutes net funded debt as shown under liabilities in Table 2.

The following summary analysis of this table shows the total amounts payable at specified rates of interest:

Classification	Rate of Interest	Amount of Funded Debt
	\$	\$
Loans, Debentures, Stocks, etc.	1 to 2	375,000,000
	Over 2 to 3	556,515,052
	Over 3 to 4	1,027,334,253
	Over 4 to 5	1,205,692,900
	Over 5 to 6	15,827
Matured Debt		3,677,552
Treasury Bills	Under 1	150,000,000
		3,318,235,584
Less Sinking Funds applicable to debt payable in London		65,657,700
Funded Debt less Sinking Funds		3,252,577,884

In any discussion of payments of principal and interest it is necessary to use Table 3 because of the varying rates of interest and exchange. It will be readily understood that fluctuations in the rate of exchange are constantly taking place and in consequence payment of debt and interest thereon, payable elsewhere than in Canada, must be governed by the rate of exchange current on the day that such debt falls due. For instance there was a premium of seven-tenths of a cent on all payments due in New York on March 31st, 1938 and of thirteen cents on the pound sterling for those due in London, while on March 31st, 1939 there was a premium of two-fifths of a cent at New York and a discount of sixteen and two-thirds cents at London.

Guaranteed Debt of the Dominion Government. - Table 4 gives the details of this debt showing where principal amounting to \$1,263,867,015 and interest charges thereon are payable.

A study of this table shows that on this total guaranteed debt the rates of interest varied from 2 to 6½ per cent as follows:

Rate of Interest	Amount Guaranteed	Rate of Interest	Amount Guaranteed	Rate of Interest	Amount Guaranteed
$\%$	\$	$\%$	\$	$\%$	\$
2	111,682,664	3½	45,276,539	4½	50,700,000
2½	15,500,000	4	190,613,175	5	251,852,768
3	174,851,997	4½	185,000,000	6½	24,238,000

Rate not stated \$214,151,872 (consisting largely of Chartered Banks Deposits with the Bank of Canada).

It will be seen that much the larger part of this debt carried the higher rates of interest and it is hoped that in the event of refunding lower rates of interest will prevail.

It is also to be noted that some \$216,000,000 of railway securities is guaranteed as to interest payments only. In other words the government is not liable for the payment of the principal sum.

Debts of Provincial Governments. - The public debt of provincial governments covering their fiscal year ending in the year 1938 is analyzed in Table 5, in which will be found details of the total net direct liabilities as given in the summary Table 1.

The total gross bonded debt (\$1,533,524,253) less Sinking Funds (\$136,634,682) offsetting same leaves a net bonded or debenture debt of \$1,396,889,571. To this must be added the treasury bills outstanding (\$229,361,796) which gives a total net funded debt of \$1,626,251,367. Other Direct Liabilities made up of loans, savings deposits, accounts payable, bank overdrafts, etc. (\$146,841,756) added to the total net funded debt gives a total of direct liabilities (less sinking funds above mentioned) of \$1,773,093,123. It is necessary to deduct available or realizable assets (\$512,836,502) from the total of direct liabilities (less sinking funds) to arrive at the total of net direct liabilities \$1,260,256,621.

There are also loans and advances which are partially secured or subject to realization and no doubt large portions of these will in time be available to meet the debt of the provinces.

Each province with the exception of Prince Edward Island is responsible for indirect or contingent liabilities which arise largely out of guarantees of debt incurred for railway, municipal and other projects. The totals for each province are shown in Table 5.

Descriptive notes on both direct and indirect provincial liabilities will be found immediately following Table 5.

Gross Bonded Debt and Total Direct Liabilities of All Municipalities. - There are over 4,300 municipalities in Canada, the great majority of which have certain rights of borrowing money as well as of taxing the people to pay back principal and interest of any loans incurred. The gross bonded indebtedness of all municipalities amounted to \$1,337,207,183 in 1937. The cities and towns having a population of 10,000 and over alone would approximately account for over 80 per cent of this total bonded indebtedness.

Table 6 analyzes the municipal debt of Canada by provinces as completely as recorded information is available. The total municipal liabilities less sinking funds are shown for all municipalities in six provinces. Partial returns are footnoted for the other three provinces.

With such data as is recorded for direct liabilities the total municipal debt less sinking funds in Canada is given as \$1,466,041,625.

TABLE 1. - SUMMARY OF THE AGGREGATE PUBLIC DEBT OF CANADA

(Dominion, Provincial and Municipal Governments)

Circa 1938.

NET DIRECT DEBT

Net Direct Debt of Dominion Government, Mar. 31, 1938	\$	3,101,667,570	\$
Net Direct Liabilities Provincial Governments, 1938 (Sinking Funds and Available Capital, Current and Trust Account Assets deducted)		1,260,256,621	
Direct Liabilities all Canadian Municipalities, 1937 (Less Sinking Funds and Investments)		1,465,486,818	
TOTAL NET DIRECT DEBT			5,827,411,009

GUARANTEED OR INDIRECT DEBT

Dominion Government (amount held by the public)

March 31, 1938:

Guaranteed Securities -

Guaranteed as to Principal and Interest -

Railway	803,740,048
Other	30,660,595

Guaranteed as to Interest only -

Railway	216,207,142
Other Guarantees	1/ 213,259,230
	1,263,867,015

Provincial Governments - fiscal years 1938

275,728,633

TOTAL GUARANTEED OR INDIRECT DEBT

of Dominion and Provincial Governments

1,539,595,646

GRAND AGGREGATE PUBLIC NET DIRECT DEBT AND

GUARANTEED OR INDIRECT DEBT OF CANADA

7,367,006,657

1/ Including Bank Advances \$8,162,834; British Columbia and Manitoba Treasury Bills \$5,505,297; Deposits of Chartered Banks in Bank of Canada \$194,859,595; Bank Loans under Saskatchewan Seed Loan Guarantees Act, 1936, \$2,555,113; and the Home Improvement Loans Guarantee Act \$2,176,391. There was also an unstated amount guaranteed for the Winnipeg Grain and Produce Clearing Association Limited, day to day margins of the Canadian Wheat Board (closed out daily). Bank Loans guaranteed under the Seed Grain Loans Guarantee Act, 1937 have been authorized up to \$8,950,000 and an indeterminate amount has been guaranteed under the Dominion Housing Act, 1935.

TABLE 2. - BALANCE SHEET OF THE DOMINION OF CANADA, AS AT MARCH 31, 1938.
(From the Public Accounts)

	\$
Active Assets -	
Cash	8,297,389
Bank of Canada, class "B" shares	5,100,000
Advances or Loans:	
To Provinces:	
Unemployment Relief	129,801,198
Housing Loans	3,308,000
Alberta Subsidy Overpayment	468,750
Other:	
Canadian Broadcasting Corporation	500,000
Canadian Farm Loan Board (including Canadian Fisherman's Loan Act)	31,598,256
Canadian National (West Indies) Steamships, Ltd.	450,000
Dominion Housing Act, 1935	2,754,513
Foreign Governments	30,854,262
National Harbours Board	85,091,521
New Westminster Harbour Commission	274,537
Railway Accounts Active	28,784,896
Soldier and General Land Settlement, Loans, etc.	42,232,502
Unamortized Discount and Commission on Loans	41,208,588
Miscellaneous Current Accounts (including Advances to Royal Canadian Mint, Canadian Government Railway Accounts, etc.)	27,845,632
Total Active Assets	438,570,044
Balance of Liabilities over Active Assets being Net Debt, March 31, 1938 (exclusive of interest accrued), carried forward	3,101,667,570
	3,540,237,614
Non-Active Assets -	
Public Works, Canals	240,349,604
Public Works, Railways	429,690,834
Public Works, Miscellaneous	286,506,741
Military Property and Stores	12,049,714
Territorial Accounts	9,895,948
Canadian Pacific Railway (old)	62,791,435
Canadian National Railways Securities Trust Stock	269,325,706
Canadian National Railway Stock	18,000,000
Loans - Non-active -	
Canadian National Steamships	13,858,030
Province of Saskatchewan - Relief Acts	17,682,158
National Harbours Board	63,437,430
Soldier and General Land Settlement Loans	16,653,270
Miscellaneous Investments and Other Accounts (non-active)	4,014,178
Balance Consolidated Fund as at March 31, 1937	1,250,050,909
Excess of Expenditure over Revenue, fiscal year ended March 31, 1938	14,443,347
Charges authorized by Canadian National Railways Capital Revision Act, 1937	392,918,266
	3,101,667,570
Liabilities -	
Bank Circulation Redemption Fund	5,967,227
Post Office Account - Money Orders, Postal Notes, etc.	3,664,726
Post Office Savings Bank Deposits	22,587,233
Government Annuities	107,644,200
Insurance and Superannuation Funds	93,688,356
Trust Funds	20,951,204
Contingent and Special Funds	11,968,381
Province Debt Accounts	9,623,817
Interest Due and Outstanding	1,679,928
Outstanding Cheques	9,884,659
Funded Debt, Less Sinking Funds	3,252,577,884
	3,540,237,615

NOTE: The Dominion of Canada is also responsible (for outstanding amounts held by the public) (a) principal and interest on loans negotiated by railways under various Acts of Parliament amounting to \$803,740,048; (b) on railway securities for interest only \$216,207,142; (c) on other securities for principal and interest \$30,660,595; (d) other guarantees \$213,259,230. (See table 4 for details).

TABLE 3. - FUNDED DEBT OF THE DOMINION GOVERNMENT AS AT MARCH 31, 1938.

Classified to Show Where Payable, Date of Maturity, Rate of Interest,
Amount Outstanding, and Total Annual Interest Payable.

Where Payable	Date of Maturity	Rate of Interest	Amount Outstanding	Annual Interest Payable Thereon	Description
		%	\$	\$	
Canada	1938 - April 1	.744	25,000,000	185,000	Treasury Bills
	April 14	.726	25,000,000	181,500	" "
	April 30	.700	25,000,000	175,000	" "
	May 16	.648	25,000,000	162,000	" "
	June 1	.584	25,000,000	146,000	" "
	June 15	.524	25,000,000	131,000	" "
	July 1	4	33,293,471	1,331,739	Debentures - School Lands
	Oct. 15	2	90,000,000	1,800,000	Loan of 1935
	1939 - June 1	1	20,000,000	200,000	Conversion Loan, 1937
	June 1	1	20,000,000	200,000	Refunding Loan, 1937
	Oct. 15	4	47,269,500	1,890,780	" " 1933
	Oct. 15	2½	7,933,000	198,325	" " 1934
	Nov. 15	2	20,000,000	400,000	Loan of 1935
	1940 - Mar. 1	3	115,013,637	3,450,409	" " 1935
	June 1	1½	80,000,000	1,200,000	" " 1935
	Sept. 1	4½	75,000,000	3,375,000	Refunding Loan, 1925
	1941 - Mar. 15	1	45,000,000	450,000	4½ year Notes, 1936 - 41
	Nov. 15	5	141,563,000	7,083,150	National Service Loan, 1931-41
	1942 - June 1	2	60,000,000	1,200,000	Conversion Loan, 1937
	Oct. 15	3	40,409,000	1,212,270	Refunding Loan, 1934
	1943 - June 1	2½	20,000,000	500,000	Loan of 1935
	Oct. 15	5	147,000,100	7,350,005	Refunding Loan, 1923
	1944 - Oct. 15	4½	50,000,000	2,250,000	" " 1924
	Nov. 15	2½	20,000,000	500,000	" " 1937
	1/ 1945 - Oct. 15	4	88,337,500	3,533,500	" " 1933
	1946 - Feb. 1	4½	45,000,000	2,025,000	" " 1926
	2/ 1949 - June 1	3½	33,500,000	1,088,750	Conversion Loan, 1937
	3/ Oct. 15	3½	138,322,000	4,841,270	Refunding Loan, 1934
	4/ 1951 - Nov. 15	3½	50,000,000	1,950,000	" " 1937
	5/ 1952 - Oct. 15	4	55,191,000	2,247,640	Loan of 1932
	6/ 1955 - June 1	3	40,000,000	1,200,000	Loan of 1935 dated June 1
	6/ June 1	3	55,000,000	1,650,000	" " 1935 " Nov. 15
	7/ 1955 - Nov. 1	4½	43,125,700	1,940,656	Conversion Loan, 1931
	8/ 1957 - Nov. 1	4½	37,523,200	1,688,544	" " 1931
	9/ 1958 - Nov. 1	4½	275,687,600	12,450,942	" " 1931
	10/ 1959 - Nov. 1	4½	289,693,300	13,036,198	" " 1931
	11/ 1956 - June 1	3½	54,703,000	1,777,848	Loan of 1936
	12/ Sept. 15	3	55,000,000	1,650,000	Perpetual Loan of 1936
	Demand	6	4,000	240	Dominion Stock "Issue A"
		3½	9,600	336	" " "Issue B"
		6	11,827	710	Compensation to Seigneurs
	Matured	5	2,000		Debenture Stock, 1919
		5	200		" " 1921
			5,380		Dom. Can. Savings Certificates
			11,420		War Savings Certificates

See footnotes on page 9.

TABLE 3. - FUNDED DEBT OF THE DOMINION GOVERNMENT AS AT MARCH 31, 1938.
Classified to Show Where Payable, Date of Maturity, Rate of Interest,
Amount Outstanding, and Total Annual Interest Payable - Con.

Where Payable	Date of Maturity	Rate of Interest	Amount Outstanding	Annual Interest Payable Thereon	Description
Canada	Matured	%	\$	\$	
			76,896		War Savings and Thrift Stamps
		5	400		Prov. Can. Loan Debentures
		6	600		" N.B. " "
			39,166		Provincial Notes, N. S.
			550		Unpaid Warrants, P. E. I.
		5	6,900		Dom. Can. War Loan, 1915 - 25
		5	22,400		" " " " 1916 - 31
		5½	44,350		Victory Loan, 1917 - 22
		5½	13,800		" " 1917 - 27
		5½	1,033,050		" " 1917 - 37
		5½	51,250		" " 1918 - 23
		5½	287,650		" " 1918 - 33
		5½	28,550		" " 1919 - 24
		5½	409,450		" " 1919 - 34
		5½	5,850		Renewal Loan, 1922 - 27
		5½	26,800		" " 1922 - 32
		5	1,100		Refunding Loan, 1923 - 28
		5	330,100		Nat. Service Loan, 1931 - 35
		4	3,000		Loan of 1932 - 35
		.816	250,000		Treasury Bills, due Feb. 15, 1938
Total Payable in Canada			2,458,341,297	86,654,812	
Canada and New York	Matured	5	890,500		Dom. Can. War Loan, 1917 - 37
London	1938 - July 1	3	8,071,230	242,137	Loan of 1888 £1,658,471-18-11
	July 1	3	18,250,000	547,500	" " 1892 £3,750,000-0-0
	July 1	3	10,950,000	328,500	" " 1894 £2,250,000-0-0
	July 1	3½	15,056,007	526,960	C.P.R. Land Grant Loan £3,093,700
	1947 - Oct. 1	2½	4,888,185	122,205	Loan of 1897, £1,004,421-14-2
	13/ 1950 - July 1	3½	137,058,841	4,797,059	" " 1930, £28,162,775-11-0
	14/ 1955 - May 1	3½	48,666,667	1,581,667	" " 1934, £10,000,000-0-0
	15/ 1958 - Sept. 1	4	73,000,000	2,920,000	" " 1933, £15,000,000-0-0
	16/ 1960 - Oct. 1	4	93,926,667	3,757,067	" " 1940, £19,300,000-0-0
	Matured	3½	254		Loan of 1884 (1909 - 34)
			17,236		Unpaid Debentures
	17/ Less Sinking Funds		409,885,087		
			65,657,700		
Total Payable in London			344,227,387	14,823,095	

See footnotes on page 9.

TABLE 3. - FUNDED DEBT OF THE DOMINION GOVERNMENT AS AT MARCH 31, 1938.

Classified to Show Where Payable, Date of Maturity, Rate of Interest, Amount Outstanding, and Total Annual Interest Payable - Con.

Where Payable	Date of Maturity	Rate of Interest	Amount Outstanding	Annual Interest Payable Thereon	Description
		%	\$	\$	
New York	1935 - Jan. 1	2	40,000,000	800,000	Three year Notes
	18/ 1944 - Jan. 15	2½	30,000,000	675,000	Loan of 1937
	19/ 1945 - Aug. 15	2½	76,000,000	1,900,000	" " 1935
	20/ 1952 - May 1	5	100,000,000	5,000,000	" " 1922
	21/ 1960 - Oct. 1	4	100,000,000	4,000,000	" " 1930
	22/ 1961 - Jan. 15	3½	48,000,000	1,560,000	" " 1936
	23/ 1967 - Jan. 15	3	55,000,000	1,650,000	" " 1937
	Matured	5½	2,700		Loan of 1919 - 29
		4½	116,000		" " 1926 - 36
Total Payable in New York			449,118,700	15,585,000	
GRAND TOTAL (less Sinking Funds)			3,252,577,884	117,062,907	

- 1/ Subject to redemption as a whole on Oct. 15, 1943, or on any subsequent interest date on 60 days' notice.
- 2/ " " " in whole or in part on June 1, 1946, or on any subsequent interest date on 60 days' notice.
- 3/ " " " as a whole on Oct. 15, 1944, or on any subsequent interest date on 60 days' notice.
- 4/ " " " in whole or in part on Nov. 15, 1948, or on any subsequent interest date on 60 days' notice.
- 5/ " " " as a whole on Oct. 15, 1947, or on any subsequent interest date on 60 days' notice.
- 6/ " " " " " " " June 1, 1950, " " " " " " " 60 days' notice.
- 7/ " " " " " " " Nov. 1, 1946, " " " " " " " " " "
- 8/ " " " " " " " Nov. 1, 1947, " " " " " " " " " "
- 9/ " " " " " " " Nov. 1, 1948, " " " " " " " " " "
- 10/ " " " " " " " Nov. 1, 1949, " " " " " " " " " "
- 11/ " " " " " " " June 1, 1956, " " " " " " " " " "
- 12/ " " " in whole or in part on or after Sept. 15, 1966, on 60 days' notice.
- 13/ " " " on 6 months' notice.
- 14/ " " " in whole or in part on or after May 1, 1950, on 3 months' notice.
- 15/ " " " " " " " " " " " Sept. 1, 1953, " " " " "
- 16/ " " " " " " " " " " " Oct. 1, 1940, " " " " "
- 17/ These sinking funds represent the following items, 3½ per cent loan 1930 - 50 \$41,358,828; 4 per cent loan of 1940 - 60 \$21,764,887; 4 per cent loan of 1953 - 58 \$1,691,550; and 3½ per cent loan of 1950 - 55 \$842,435.
- 18/ Subject to redemption as a whole on or after Jan. 15, 1943, on 30 days' notice.
- 19/ " " " in whole or in part on Aug. 15, 1943, or on any subsequent interest date on 30 days' notice.
- 20/ " " " as a whole on or after May 1, 1942, on 60 days' notice.
- 21/ " " " " " " " Oct. 1, 1950 or on any subsequent interest date on 60 days' notice.
- 22/ " " " in whole or in part on Jan. 15, 1956, or on any subsequent interest date on 30 days' notice.
- 23/ " " " " " " " " " any interest date on 60 days' notice as follows:
 To and including January 15, 1942, at 105 per cent. Thereafter to and including Jan. 15, 1947, at 104 per cent.
 Thereafter to and including Jan. 15, 1952, at 103 per cent. " " " " Jan. 15, 1957, at 102 per cent.
 " " " " Jan. 15, 1962, at 101 per cent. " at 100 per cent.

TABLE 4. - THE GUARANTEED DEBT OF THE DOMINION GOVERNMENT SHOWING
COUNTRY IN WHICH PRINCIPAL AND INTEREST ARE PAYABLE, MARCH 31, 1938.

Security	Where Payable	Amount of Guarantee Authorized	Amount Outstanding at March 31, 1938	
			Held by the Public	Held by the Canadian Nat. Ry. Securities Trust
RAILWAY SECURITIES GUARANTEED AS TO PRINCIPAL AND INTEREST -				
1. Canadian Northern Ry. Co.		\$	\$	\$
(a) 3% deb. stock due 1953				
£ 1,923,287-0-0	London	9,359,997	9,359,997	-
(b) 3½ % deb. stock due 1958				
£ 1,622,586-19-9	1/	7,896,590	7,896,544	-
(c) 6½ % bonds due 1946	New York	25,000,000	24,238,000	-
2. Canadian North. Ontario Ry.Co.				
(a) 3½ % deb. stock due 1961				
£ 7,350,000-0-0	London	35,770,000	34,229,997	1,540,003
3. Canadian North. Alberta Ry.Co.				
(a) 3½ % deb. Stock due 1960				
£ 647,260-5-6	London	3,150,000	3,149,998	-
(b) 3½ % deb. stock due 1962	London and			
£ 733,561-12-10	Canada	3,570,000	-	3,569,997
4. Grand Trunk Pacific Ry. Co.				
(a) 3% bonds due 1962				
£ 14,000,000-0-0	2/ Lon., N.Y., Can.	68,040,000	34,992,000	33,048,000
(b) 4% bonds due 1962				
£ 3,280,000-0-0	" " "	15,940,800	8,440,848	7,499,952
5. Canadian National Ry. Co.				
(a) 5% serial equipment bonds, 1923 - 38	Canada	22,500,000	750,000	-
(b) 5% bonds due 1954	"	50,000,000	50,000,000	-
(c) 1927, 2% guar.deb. stock				
£ 7,176,801-0-0	London	34,927,098	23,282,664	-
(d) 4½ % gold bonds, due 1957	N.Y., and Can.	65,000,000	65,000,000	-
(e) 5% gold bonds, due July 1, 1969	Lon., N.Y., Can.	60,000,000	60,000,000	-
(f) 5% gold bonds, due Oct. 1, 1969	" " "	60,000,000	60,000,000	-
(g) 5% gold bonds, due 1970	" " "	18,000,000	18,000,000	-
(h) 4 3/4% gold bonds, due 1955	" " "	50,000,000	50,000,000	-
(i) 4½ % " " " 1956	" " "	70,000,000	70,000,000	-
(j) 4½ % " " " 1951	" " "	50,000,000	50,000,000	-
(k) 3% bonds, due 1950	Canada	20,500,000	20,500,000	-
(l) 2% " " 1938	"	13,400,000	13,400,000	-
(m) 3% " " 1944	"	35,000,000	35,000,000	-

1/ Part of this payable in Canada, part in London and the balance in London and Canada.

2/ London, New York and Canada.

TABLE 4. - THE GUARANTEED DEBT OF THE DOMINION GOVERNMENT SHOWING
COUNTRY IN WHICH PRINCIPAL AND INTEREST ARE PAYABLE, MARCH 31, 1938. - Con.

Security	Where Payable	Amount of Guarantee Authorized	Amount Outstanding at March 31, 1938	
			Held by the Public	Held by the Canadian Nat. Ry. Securities Trust
RAILWAY SECURITIES GUARANTEED AS TO PRINCIPAL AND INTEREST - Concluded.				
5. Canadian National Ry. Co. - Conc.				
(n) 2% bonds due 1943	Canada	55,000,000	55,000,000	-
(o) 3% " " 1953	"	25,000,000	25,000,000	-
(p) 2½ % " " 1944	"	15,500,000	15,500,000	-
(q) 3% " " 1952	"	20,000,000	20,000,000	-
(r) 2% " " 1942	"	20,000,000	20,000,000	-
(s) 3% " " 1950	"	30,000,000	30,000,000	-
TOTALS		883,554,485	803,740,048	45,657,952

RAILWAY SECURITIES GUARANTEED AS TO INTEREST ONLY -

1. Grand Trunk Ry. Acquisition Guarantees -				
(a) 4% G.T.R. perp. guar. stock £ 12,500,000-0-0	London	60,833,333	60,833,333	-
(b) 4% perp. deb. stock £ 24,624,455-0-0	"	119,839,014	119,839,014	-
(c) 5% perp. deb. stock £ 4,270,375-0-0	"	20,782,492	20,782,492	-
(d) 5% Gr. West. perp. deb. stock £ 2,723,080-0-0	"	13,252,323	13,252,323	-
(e) 4% Northern Ry. perp. deb. stock £308,215-0-0	"	1,499,980	1,499,980	-
TOTALS		216,207,142	216,207,142	-

OTHER SECURITIES GUARANTEED AS TO PRINCIPAL AND INTEREST -

1. Montreal Harb. Comm. Jacq. Cartier Bridge, 5% bonds due 1969	London, New York and Canada	19,500,000	19,000,000	-
2. Can. Nat. (W.I.) Steamships, Ltd. 5% bonds due 1955	London, New York and Canada	10,000,000	9,400,000	-
3. Saint John Harbour Comm. -				
(a) Saint John City Bonded Indebtedness assumed	1/	1,467,165	892,642	-
(b) Comm. Debent., issued to City Saint John, 5% due Aug. 1, 1952	Canada	667,953	667,953	-
4. New Westminster Harb. Comm. 4 3/4 % deb. due 1948	New York and Canada	700,000	700,000	-
TOTALS		32,335,118	30,660,595	-

1/ Part payable in London, New York and Canada; balance in Canada.

TABLE 4. - THE GUARANTEED DEBT OF THE DOMINION GOVERNMENT SHOWING
COUNTRY IN WHICH PRINCIPAL AND INTEREST ARE PAYABLE, MARCH 31, 1938 - Concluded.

Security	Where Payable	Amount of Guarantee Authorized	Amount Outstanding at March 31, 1938	
			Held by the Public	Held by the Canadian Nat. Ry. Securities Trust
OTHER GUARANTEES -				
1. Bank Advances -				
(a) Manitoba Savings Office	Canada	12,442,400	6,875,932	-
(b) Gov't. of Newfoundland	"	625,000	625,000	-
(c) Dom. Steel and Coal Corp. (rails)	"	1,100,000	9,724	-
(d) Grain Marketing -				
(1) Can. Co-op. Wheat Prod. Ltd. (Sask. Oats Acc't.)	"	-	168,909	-
(2) The Can. Wheat Board	"	5,000,000	483,269	-
2. Bank Loans -				
(a) Guarantees under Sask. Seed Grain Loans Guar. Act, 1936	"	4,000,000	2,555,113	-
(b) Guarantees under Seed Grain Loans Guar. Act. 1937	"	8,950,000	1/	-
3. Province of Br. Columbia (Treas. Bills)	"	626,534	626,534	-
4. Province of Manitoba (Treas. Bills)	"	5,894,127	4,878,763	-
5. Bank of Canada, Chartered Banks Deposits	"	unstated	194,859,596	-
6. Dominion Housing Act, 1935 by approved lending institutions	"	unstated	Indeterminate	-
7. The Home Improvement Loans Guarantee Act by approved lending institutions	"	7,500,000	2,176,391	-
8. Winnipeg Grain and Produce Clearing Association Ltd. Day to day margins of the Can. Wheat Board	"	unstated	-	-

1/ Specific guarantee not yet given as amount not finally determined.

TABLE 5. - DEBT OF PROVINCIAL GOVERNMENTS AT THE END OF THEIR RESPECTIVE FISCAL YEARS IN 1938.

Showing Bonded Debt with Offsetting Sinking Funds, Treasury Bills, Other Direct Liabilities,
Available Assets Offsetting Direct Liabilities and Indirect Liabilities in 1938.

Provinces	Fiscal Year Endings	Direct Liabilities									Total Indirect Liabilities
		Funded Debt					Other Direct Liabili- ties	Total Direct Liabilities (Less Sink- ing funds)	1/ Less Assets Available or Realiz- able	Total Net Direct Liabili- ties	
		Bonded Debt			Treasury Bills	Net Funded Debt					
		Total Gross Bonded or Debenture Debt	Less Sinking Funds	Net Bonded or Debenture Debt							
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Prince Edward Island	Dec. 31	6,690,000	1,580,679	5,109,321	-	5,109,321	2,907,841	8,017,162	971,627	7,045,535	-
Nova Scotia	Nov. 30	102,666,380	7,020,270	95,646,110	-	95,646,110	3,353,189	98,999,299	26,822,283	72,177,016	1,504,934
New Brunswick	Oct. 31	89,801,573	2/10,733,098	79,068,475	4,450,000	83,518,475	3,532,678	87,051,153	9,971,322	77,079,831	2,246,346
Quebec	June 30	257,576,099	3/37,878,410	219,697,689	9,500,000	229,197,689	16,419,790	245,617,479	33,597,128	212,020,351	17,153,564
Ontario	Mar. 31	585,557,531	9,884,829	575,672,702	49,000,000	624,672,702	53,401,814	678,074,516	4/239,780,832	438,293,684	137,308,097
Manitoba	Apr. 30	93,997,481	11,373,298	82,624,183	33,496,016	116,120,199	5/13,589,956	129,710,155	5/62,543,610	67,166,545	6,973,295
Saskatchewan	Apr. 30	123,949,693	12,539,314	111,410,379	65,786,209	177,196,588	6/12,362,057	189,558,645	6/71,485,930	118,072,715	53,629,448
Alberta	Mar. 31	127,999,260	12,033,078	115,966,182	27,606,948	143,573,130	18,071,919	161,645,049	7/39,300,322	122,344,727	8,281,687
British Columbia	Mar. 31	145,286,236	33,591,706	111,694,530	39,522,623	151,217,153	23,202,512	174,419,665	8/28,363,448	146,056,217	48,651,262
Total All Provinces		1,533,524,253	136,634,682	1,396,889,571	229,361,796	1,626,251,367	146,841,756	1,773,093,123	512,836,502	1,260,256,621	275,728,633

- 1/ In addition to the available assets shown, most of the provinces had partially secured loans and advances for Railways, Dyking Districts, Unemployment Relief, Seed Grain Relief, etc., a large portion of which will be realizable.
- 2/ Including Balance at credit with the Dominion Government, \$529,299.
- 3/ Including \$15,000,000 for bonds issued to La Banque Canadienne Nationale.
- 4/ In classifying "Available Assets", Ontario does not include Dominion Debt Account, Common School Fund, Quebec Turnpike, and Plant, Live Stock and Equipment.
- 5/ Other Capital Funds in Trust are not considered as "Liabilities" nor School lands and certain Trust Accounts as "Assets".
- 6/ Sinking Fund Reserves and Trust Accounts, including School Lands, are not considered as "Liabilities" nor "Assets".
- 7/ School Lands Fund, cash and investments are not included under "Assets".
- 8/ In addition to the Available Assets there were partially secured Projects, Loans and Advances of which it is expected a certain portion will be realized.

NOTES ON DIRECT LIABILITIES OF PROVINCIAL GOVERNMENTS FOR THE YEAR 1938.

(a) Direct Revenue-Producing Debt - Of the total bonded debt of the provinces, a considerable portion is due to the investment in, or loans to, public utilities, boards and commissions, which are of a revenue-producing character and which reimburse the provinces by annual interest payments on the money so invested. In Table 5 the column dealing with "Available or Realizable Assets" includes these investments. The approximate value placed by the various provincial governments (with the exception of British Columbia) on some of such principal revenue-producing investments is evidenced in the following table. British Columbia considers many similar investments as subject to realization and classifies them under non-revenue producing assets, the values therefore have not been shown in Table 5 but these Projects, Loans and Advances, largely the P. G. E. Railway, amounted to over \$60,000,000

	1938
Nova Scotia Investment in Power Commission	13,958,000
New Brunswick " " " "	8,466,000
Quebec Water Storages	7,853,000
Quebec Housing Loan	323,000
Quebec La Banque Canadienne Nationale	12,527,000
Quebec Toll and Other Bridges	8,693,000
Ontario Hydro Electric Power Commission	149,620,000
Ontario T. & N. O. Railway	30,207,000
Ontario Housing Loans	1,076,000
Ontario Drainage	1,705,000
Ontario Agricultural Development Board Investments	45,085,000
Manitoba Government Telephone System	20,800,000
Manitoba Drainage	1,667,000
Manitoba Power Commission	5,700,000
Manitoba Farm Loans Association Bonds	6,798,000
Manitoba Pool Elevators Ltd. - Principal Outstanding	1,438,000
Saskatchewan Telephone	12,225,000
Saskatchewan Power Commission	6,776,000
Saskatchewan Farm Loan Board	16,388,000
Saskatchewan Co-operative Creameries	2,664,000
Saskatchewan Wheat Pool	11,040,000
Alberta Government Telephone	15,701,000
Alberta Loans to Canadian Pacific and Canadian National Railways	5,580,000
Alberta Wheat Pool	4,568,000
	<u>\$ 390,857,000</u>

(b) Indirect Revenue-Producing Debt - In addition to the direct revenue-producing debt of utilities, boards and commissions there is a large portion of provincial debt which can be considered as producing revenue indirectly, namely debentures to meet highway expenditure. While there is no direct revenue from the highways and roads, their construction nevertheless stimulates industries, opens up new territory and undoubtedly encourages tourist traffic.

PROVINCIAL HIGHWAY DEBENTURES.

Province	Year Ending	Amount Outstanding
Prince Edward Island	Dec. 31, 1937	Not available
Nova Scotia	Nov. 30, 1937	49,674,625
New Brunswick	Oct. 31, 1937	49,979,092
Quebec	June 30, 1937	80,736,741
Ontario	March 31, 1937	258,770,553
Manitoba	April 30, 1938	17,794,182
Saskatchewan	April 30, 1938	33,673,494
Alberta	March 31, 1938	37,025,514
British Columbia	March 31, 1937	41,297,772
		<u>\$ 568,951,975</u>

The total revenue from the taxation of gasoline together with that from the licensing of motor vehicles was \$61,468,640 for the provincial fiscal years ending in 1937, while the motor tourist expenditure was approximately \$273,000,000 in 1938.

NOTES ON INDIRECT LIABILITIES OF PROVINCIAL GOVERNMENTS FOR THE YEAR 1938.

All provincial governments with the exception of Prince Edward Island have what are known as indirect or contingent liabilities. These government guarantees are for loans to or bonds issued by railways, municipalities, corporations, or other institutions. In the event of non-payment of this debt by the companies issuing the bonds provincial governments are liable. There is generally, however, good security and the liabilities guaranteed are never included in the balance sheet with direct provincial debt. The following notes describe the nature of the bonds guaranteed by each individual province.

Prince Edward Island. - There are no indirect liabilities shown in the Public Accounts report of this province.

Nova Scotia. - Guarantees to banks on loans to Nova Scotia Power Commission, Municipalities and gold mines; guarantees of bonds of the Halifax Exhibition Commission and Co-operative Fruit Growers' Finance Corporation; guarantees of uncompleted contracts for construction of buildings, Department of Highways' share of unemployment relief costs to Dominion Government and accounts payable of the government controlled Inverness Mine.

New Brunswick. - Guaranteed bonds of the Town of Campbellton, railway companies, cold storage companies, Farmers' Co-operative Creamery, Roman Catholic Hospital and Richibucto and Rexton Electric Light Commissioners.

Quebec. - Guarantees of debentures of municipalities, schools, hospital, Corporation of Lake St. Louis Bridge and Quebec Farm Credit Bureau and guarantees to banks or loaning companies of loans to co-operative organizations or other industries.

Ontario. - Guarantees of debentures or bonds of municipalities, housing, park and power commissions, schools, universities, railways and co-operative associations.

Manitoba. - Guarantees of principal and interest on securities of municipalities and Canadian Northern Railway, also bank overdraft of certain municipalities for municipal and school purposes.

The Province has also guaranteed interest only on certain municipal debentures, also rentals of leased railways to Northern Pacific Railway Company, and on the closing of the Provincial Savings Office assumed the liability to depositors.

Saskatchewan. - Guarantees of principal and interest of railway bond issued, drainage district debentures, advancement of agricultural and education interests, Saskatchewan Power Commission line of credit at bank, Superannuation Account (interest accrued) and Dominion Government seed grain advances.

Alberta. - Guaranteed bonds and debentures of irrigation and drainage district and guaranteed bank loans of co-operative credit societies, Alberta Hail Insurance Board, seed grain relief and tractor fuel oil advances, irrigation districts, co-operative marketing associations and miscellaneous.

British Columbia. - Guarantees Canadian Northern Pacific Railway Company (\$40,157,523) now operated by Canadian National Railway (British Columbia Government holds first mortgage on all Canadian Northern Pacific lines within Province); Vancouver and District Joint Sewerage and Drainage Board; Agricultural Credit Commission; West Nicomen Dyking District. Sinking funds have been established in connection with the three last named guarantees. There are also small guarantees pursuant to "Department of Industries Act, 1919" and "British Columbia Cancer Foundation Note Guarantee Act, 1936".

TABLE 6. - DEBT OF ALL CANADIAN MUNICIPALITIES BY PROVINCES, YEAR 1937.

Province	Bonded or Debenture Debt			Other Liabilities	Total Direct Liabilities (Less Sinking Funds)
	Gross Bonded or Debenture Debt	Sinking Funds and Investments	Net Bonded or Debenture Debt		
	\$	\$	\$	\$	\$
Prince Edward Island	1/ 2,901,175	1/ 588,332	1/ 2,312,843	2/ 536,778	3/ 2,849,621
Nova Scotia	34,695,716	12,250,123	22,445,593	9,316,987	31,762,580
New Brunswick	26,591,813	8,021,877	18,569,936	7,028,139	25,598,075
Quebec	513,533,544	77,372,509	436,161,035	188,275,060	624,436,095
Ontario	425,744,206	59,829,018	365,915,188	56,535,888	4/ 422,451,076
Manitoba	94,487,659	43,736,244	50,751,415	30,641,913	81,393,328
Saskatchewan	5/ 55,507,932	6/ 19,232,213	36,275,719	88,406,785	124,682,504
Alberta	60,964,770	7/ 20,106,819	8/ 40,857,951	9/ 4,969,474	10/ 45,827,425
British Columbia	122,780,368	30,123,028	92,657,340	13,828,774	106,486,114
TOTAL	1,337,207,183	271,260,163	1,065,947,020	399,539,798	1,465,486,818

1/ City of Charlottetown and seven incorporated towns.

2/ City of Charlottetown, only.

3/ Net Direct Liabilities for Charlottetown plus the Net Bonded Debt for seven towns.

4/ Net Bonded Debt and Current Liabilities for all municipalities plus Capital Loans for cities only.

5/ School Debt of villages and rural municipalities not included.

6/ School Sinking Funds not included.

7/ Cities, only.

8/ Sinking Funds for cities only have been deducted. Sinking Funds for other municipalities are not available.

9/ Towns, villages and municipal districts only; other liabilities for cities are not available.

10/ Gross Liabilities for towns, villages and municipal districts plus net bonded debt for cities.

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