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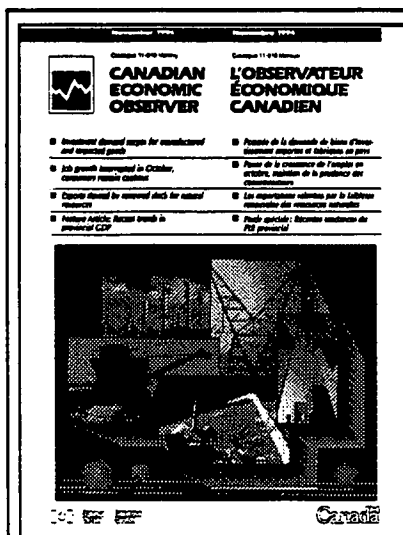
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MAJOR RELEASES

- **Federal government finance estimates, 1993/94 (revised) and 1994/95** 3
Federal government revenues in 1994/95 are expected to reach \$136.2 billion, while expenditures are estimated to total \$175.5 billion, resulting in a deficit of \$39.3 billion.
- **Monthly survey of manufacturing, September 1994** 7
Following the strong six-month surge that culminated in a record-setting August, manufacturers' shipments slipped 1.2% in September to \$29.7 billion. Manufacturers did not sustain the pace of the previous six months, when shipments grew by more than 13%.

(continued on page 2)



Canadian economic observer

November 1994

The November issue of *Canadian economic observer*, Statistics Canada's flagship publication for economic statistics, presents a monthly summary of the economy, and a feature article on recent trends in provincial gross domestic product.

A statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and major industrial nations.

The November 1994 issue of *Canadian economic observer* (11-010, \$22/\$220) is now available. See "How to order publications". For further information, call Cindy Boskie (613-951-3634), Current Analysis Group



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MAJOR RELEASES

Federal government finance estimates

1993/94 (revised) and 1994/95

Federal government revenues in 1994/95 are expected to reach \$136.2 billion, while expenditures are estimated to total \$175.5 billion, resulting in a deficit of \$39.3 billion. Revenues are anticipated to increase 5.3% from 1993/94, compared with an average annual rate of change for the previous five years of 3.4%. Expenditures are calculated to increase 2.6%, significantly below the 4.6% average of the previous five years (see table 1).

Revenues

As economic recovery takes hold, all major groupings of tax revenues, except for non-GST consumption taxes, are expected to increase in 1994/95. Personal and corporation income taxes will lead the growth in revenues.

Personal income taxes are expected to total \$64.2 billion, a rise of \$6.4 billion or 11.0% over 1993/94 revised estimates. Corporation income taxes are estimated to increase 12.0% to \$11.0 billion.

Goods and services tax receipts are anticipated to rise 3.8% to \$19.0 billion, from the \$18.3 billion collected in 1993/94.

Consumption taxes excluding the GST are expected to total \$10.7 billion in 1994/95, down 7.2% from \$11.6 billion in 1993/94. This decrease is spread among motive fuel taxes (-\$0.2 billion) customs duties (-\$0.6 billion) and alcoholic beverages and tobacco taxes (-\$0.3 billion).

Unemployment insurance contributions are estimated to increase 5.9% to \$19.3 billion in 1994/95.

Non-tax revenues of \$10.3 billion represent a 13.4% decline from the previous year.

Expenditures

Debt servicing is driving the 2.6% increase in federal expenditures. Although expenditures on major program areas such as social services, education,

Note to users

Data in this release are based on the financial management system (FMS). This system standardizes presentation of government accounting for the federal, provincial and local governments. The individual governments' accounting systems are not directly comparable because the policies and structures of governments differ. The FMS adjusts data from government budgets, estimates, public accounts and other records. This provides data that are intergovernmentally comparable, and it provides national aggregates that are consistent over time.

A detailed reconciliation of FMS data to public accounts, budgets and expenditure estimates is available for each reference year (see table 2).

Data sources

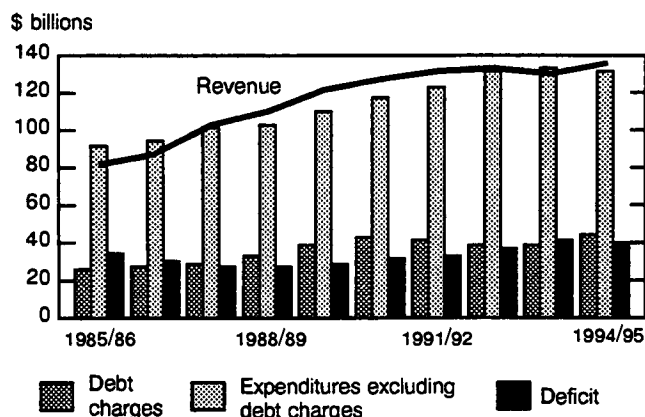
These 1994/95 estimates and 1993/94 revised estimates are based on the 1993/94 and 1994/95 federal budgets, the Annual financial report of September 1994 and the Economic and fiscal update of October 1994. Additional information was supplied by the Federal Department of Finance.

Included in all of the reference years are the financial transactions of departments, ministries, agencies, boards and commissions considered to be part of the federal government for statistical purposes. Excluded are the revenues and expenditures of federal government business enterprises. These are incorporated in other statistical series published by Public Institutions Division.

health and transfers to the provinces are all estimated to decline in 1994/95, these decreases will be insufficient to offset the rapid increase in federal debt charges.

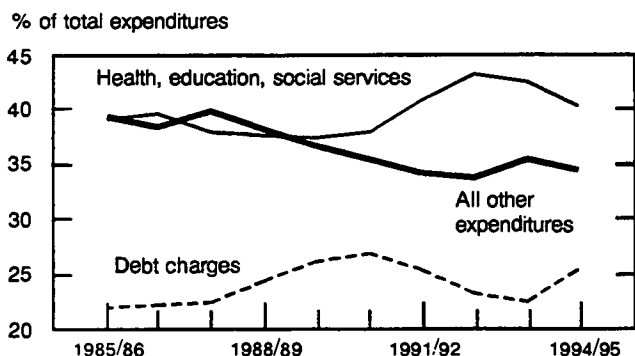
Debt servicing costs are expected to increase 16.5% in 1994/95 to \$44.3 billion or 25.2% of total expenditures. This rate of increase is dramatically up from the previous five years' annual average growth of 2.7%. As outlined in the government's fiscal update of October 18th, this increase is attributable both to the costs of financing the 1993/94 deficit and to the increase in interest rates, which affects interest payments on the overall debt.

Federal revenue, expenditure, deficit FMS basis



Constituting 33.0% of 1994/95 expenditures, social services spending is calculated to decline 2.6% from the previous year, a sharp contrast to the 8.6% average annual increase in this category for the five years before 1994/95. Several factors contribute to this change. Anticipated decreases of \$2.0 billion in unemployment insurance payments and \$1.1 billion in tax credits and rebates (because the child tax benefit replaced the child tax credit) will only be partially offset by expected increases in old age security (+\$0.7 billion), social welfare assistance (+\$0.5 billion) and other social welfare (+\$0.5 billion).

Shares of selected expenditures FMS basis



Lower cash transfers to provinces for insured health services and extended health care services are expected to cause a 2.8% drop in health expenditures (to \$8.1 billion) for 1994/95.

Education expenditures are calculated to decrease 0.3% to \$4.9 billion in 1994/95, a result of reduced established program financing payments to the provinces for post-secondary education.

General services expenditures of \$7.7 billion represent an anticipated growth of 1.9% in 1994/95, slower than the 4.7% average annual increase over the previous five years.

An expected \$0.4 billion drop in national defence spending is the main reason for a 2.9% decrease in 1994/95 expenditures on protection of persons and property.

Transportation and communications expenditures are calculated to increase in 1994/95 by 3.7% due mainly to transportation-related projects under the federal infrastructure program.

General purpose transfers to other governments in 1994/95 are estimated to be \$11.0 billion, a 3.8% decrease from 1993/94. In 1993/94, under the stabilization formula of the Federal-Provincial Fiscal Arrangements Act, there was an unusual provision for stabilization liabilities to the provinces of \$1.4 billion, which is unlikely to be repeated in 1994/95.

Other categories of expenditures are expected to total \$22.3 billion for the current fiscal year, a rise of 2.8% from the previous year.

Surplus (deficit)

Total estimated expenditures will exceed estimated revenues by \$39.3 billion in 1994/95 a decrease of \$2.4 billion from the revised estimates for 1993/94.

Available on CANSIM: matrix 2780.

For further information on this release, contact either Robert Loggie (613-951-1809), or Joumana Harfouche (613-951-1820), Public Institutions Division.

Data are also available through custom and special tabulations. For more information or general inquiries on Public Institutions Division's products or services, contact Jo-Anne Thibault, Data Dissemination and External Relations Co-ordinator (613-951-0767). □

Table 1

Federal government revenue and expenditure estimates (FMS basis)

	1988/1989	1993/1994	1994/1995	1988/1989	1993/1994	1994/1995	1988/1989 to 1993/1994	1993/1994 to 1994/1995
	\$ millions			% of total revenue			average annual % change	
Revenue source								
Personal income taxes	48,078	57,829	64,173	43.9	44.7	47.1	3.8	11.0
Corporation income taxes	11,730	9,819	11,000	10.7	7.6	8.1	(3.5)	12.0
Sales / Goods and services taxes	15,744	18,306	19,000	14.4	14.2	13.9	3.1	3.8
Motive fuel taxes	2,542	3,656	3,470	2.3	2.8	2.5	7.5	(5.1)
Custom duties	4,527	3,652	3,390	4.1	2.8	2.5	(4.2)	(7.2)
Alcoholic beverages and tobacco taxes	2,706	3,400	3,090	2.5	2.6	2.3	4.7	(9.1)
Unemployment insurance contributions	11,252	18,233	19,300	10.3	14.1	14.2	10.1	5.9
Return on investments	5,577	6,149	4,599	5.1	4.8	3.4	2.0	(25.2)
All other revenues	7,350	8,321	8,208	6.7	6.4	6.0	2.5	(1.4)
Total revenue	109,506	129,365	136,230	100.0	100.0	100.0	3.4	5.3
	1988/1989	1993/1994	1994/1995	1988/1989	1993/1994	1994/1995	1988/1989 to 1993/1994	1993/1994 to 1994/1995
	\$ millions			% of total expenditure			average annual % change	
Expenditure function								
General services	6,012	7,562	7,707	4.4	4.4	4.4	4.7	1.9
Protection of persons and property	13,440	15,822	15,367	9.9	9.3	8.8	3.3	-2.9
Transportation and communications	3,727	3,789	3,929	2.7	2.2	2.2	0.3	3.7
Health	7,685	8,331	8,098	5.6	4.9	4.6	1.6	-2.8
Social services	39,280	59,458	57,913	28.8	34.8	33.0	8.6	-2.6
Education	4,251	4,914	4,897	3.1	2.9	2.8	2.9	-0.3
Resource conservation and industrial development	7,440	6,683	6,106	5.5	3.9	3.5	-2.1	-8.6
Debt charges	33,167	37,982	44,260	24.3	22.2	25.2	2.7	16.5
All other expenditures	21,332	26,498	27,250	15.6	15.5	15.5	4.4	2.8
Total expenditure	136,334	171,039	175,527	100.0	100.0	100.0	4.6	2.6
Surplus/(deficit)	(26,828)	(41,674)	(39,297)	9.2	-5.7

... Not appropriate or not applicable

Table 2

Reconciliation of FMS data to public accounts

	1993/1994 revised estimates			1994/1995 estimates		
	Revenue	Expenditure	Revenue minus expenditure	Revenue	Expenditure	Revenue minus expenditure
	\$ millions					
Totals on public accounts basis						
As presented in the federal government:						
Economic and fiscal update of						
October 18, 1994				123,700	163,400	(39,700)
Annual financial report						
of September 14, 1994	115,984	157,996	(42,012)			
Adjustments to produce FMS data						
Net addition of "special funds" to reflect the FMS universe						
Atomic Energy of Canada	348	348	0	397	343	54
Canadian Dairy Commission	317	90	227	269	52	217
Cape Breton Development Corp.	230	230	0	240	240	0
Death benefit accounts	75	(40)	115	77	(55)	132
Pilotage authorities	74	76	(2)	76	76	0
Other special funds	106	108	(2)	103	103	0
Total FMS universe adjustments	1,150	812	338	1,162	759	403
Additions to reflect "gross" treatment of FMS						
To account for revenues netted against expenditures on a public accounts basis:						
Airport tax	530	530	0	544	544	0
Police services	660	660	0	719	719	0
Sales of goods and services	1,442	1,442	0	1,597	1,597	0
Other	136	136	0	185	185	0
To account for expenditures netted against revenues on a public accounts basis:						
Child tax credit	1,200	1,200	0	0	0	0
Child tax benefit	5,196	5,196	0	5,150	5,150	0
Other tax credits	2,685	2,685	0	2,750	2,750	0
Youth allowance	382	382	0	423	423	0
Total adjustments for "gross" treatment	12,231	12,231	0	11,368	11,368	0
Total adjustments to produce FMS data	13,381	13,043	338	12,530	12,127	403
Totals on FMS basis	129,365	171,039	(41,674)	136,230	175,527	(39,297)

Monthly survey of manufacturing

September 1994

The seasonally adjusted value of shipments dipped 1.2% to \$29.7 billion in September as manufacturers did not maintain the pace of the previous six months. From February through August, manufacturers boosted monthly shipments by \$3.6 billion or 13.5%. A number of factors contributed to the decline in September, including some assembly line production problems, labour disputes and price decreases. Manufacturers in 13 of the 22 major groups (accounting for 72% of shipments) posted declines, while seven increased and two remained flat.

Several indicators suggest continuing optimism and strength in the future for manufacturers' shipments. Employment levels in manufacturing increased in September and October (see labour force surveys released on October 7th and November 4th). Strong car sales were reported in both Canada and the United States for October. As well, the backlog of unfilled orders continued to grow, especially for long-term projects.

Shipments dip

The largest decline, in current dollar terms, was in the motor vehicle, parts and accessories industry (-2.9%), where assembly line problems dampened output. The wood industry (-4.1%) experienced labour disputes and weaker demand in September. Price decreases of 1.3% in the refined petroleum and coal industry (see industrial product price index released on October 27th) also had a dampening effect.

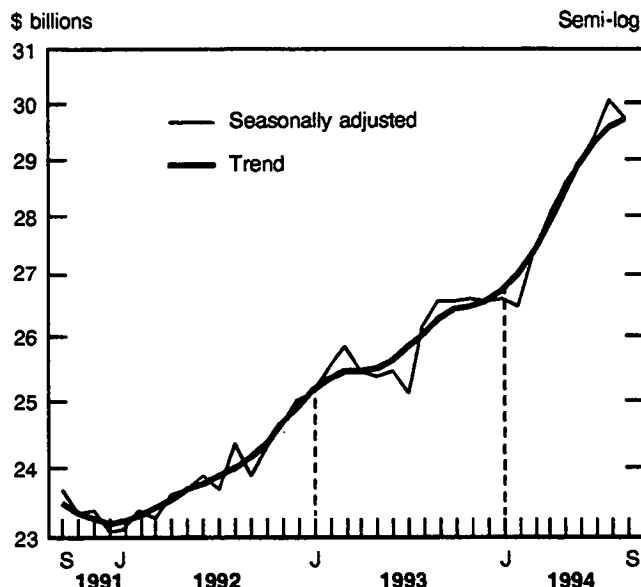
Manufacturers in seven major groups reported small increases in shipments. In current dollar terms, the largest increases were in the tobacco, machinery and primary metals industries.

Definitions

Unfilled orders: a stock of orders that will contribute to future shipments, assuming orders are not cancelled.

New orders: the sum of shipments for the current month (i.e., orders received and shipped in the same month) plus the change in unfilled orders.

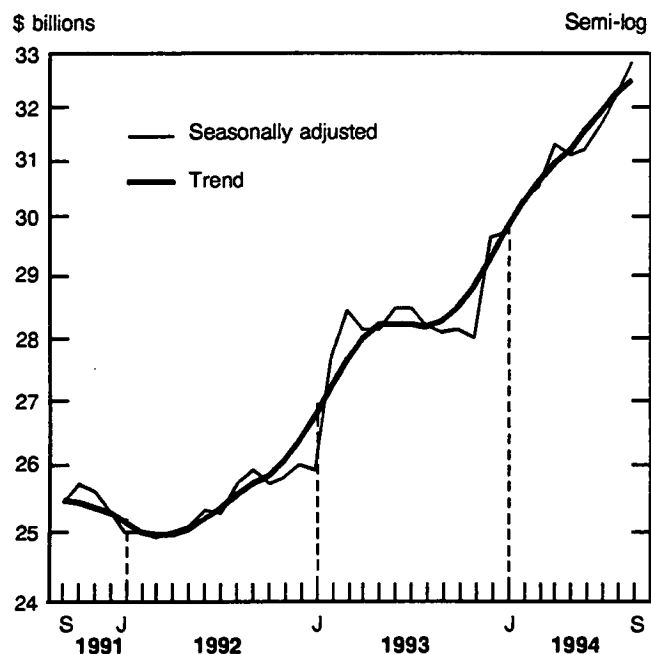
Shipments



Unfilled orders continue to grow

The backlog of unfilled orders grew 2.1% in September to \$32.9 billion, the ninth increase in 10 months. In current dollar terms, the largest increases were in transportation equipment (+3.1%), where orders have been very large for aircraft and for heavy and medium-size trucks (due to fleet replacement of older trucks). Orders were also large in the machinery (+3.2%) and primary metals (+3.0%) industries.

Unfilled orders

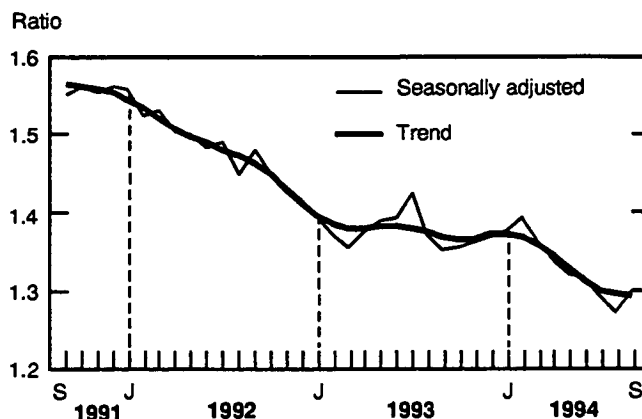


Inventory level rises

The value of inventories rose an additional 1.0% in September, largely due to increases in the transportation equipment (+2.6%), wood (+3.6%) and primary metals (+2.5%) industries. The inventory to shipments ratio increased to 1.30 in September. However, manufacturers are encouraged

by strong order books and appear satisfied with inventory levels (see business conditions survey released on November 4th).

Inventory to shipments ratio



Available on CANSIM: matrices 9550-9580.

The September 1994 issue of *Monthly survey of manufacturing* (31-001, \$19/\$190) will be available shortly.

Data on shipments by province in greater detail may be available on request.

For further information on this release, contact Danielle Gendron, Information and Classification Section (613-951-9497) or the Monthly Survey of Manufacturing Section (613-951-9832), Industry Division. □

Shipments, inventories and orders in all manufacturing industries

Period	Shipments		Inventories		Unfilled orders		New orders		Inventory to shipments ratio
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change	
seasonally adjusted									
September 1993	26,513	1.5	35,765	-0.2	28,050	-0.4	26,404	2.2	1.35
October 1993	26,514	0.0	35,872	0.3	28,069	0.1	26,532	0.5	1.35
November 1993	26,569	0.2	36,121	0.7	27,981	-0.3	26,481	-0.2	1.36
December 1993	26,510	-0.2	36,247	0.3	29,646	6.0	28,175	6.4	1.37
January 1994	26,582	0.3	36,523	0.8	29,745	0.3	26,681	-5.3	1.37
February 1994	26,457	-0.5	36,866	0.9	30,283	1.8	26,995	1.2	1.39
March 1994	27,365	3.4	37,246	1.0	30,535	0.8	27,617	2.3	1.36
April 1994	27,997	2.3	37,418	0.5	31,282	2.4	28,744	4.1	1.34
May 1994	28,528	1.9	37,637	0.6	31,110	-0.5	28,357	-1.3	1.32
June 1994	28,882	1.2	37,940	0.8	31,180	0.2	28,951	2.1	1.31
July 1994	29,340	1.6	37,815	-0.3	31,674	1.6	29,834	3.1	1.29
August 1994	30,031	2.4	38,178	1.0	32,212	1.7	30,569	2.5	1.27
September 1994	29,685	-1.2	38,572	1.0	32,876	2.1	30,350	-0.7	1.30

OTHER RELEASES

Steel primary forms

Week ending November 12, 1994 (preliminary)

Steel primary forms production for the week ending November 12, 1994 totalled 280 604 tonnes, down 1.4% from the week-earlier 284 728 tonnes and up 0.5% from the year-earlier 279 253 tonnes.

The cumulative total at the end of the week was 11 934 420 tonnes, a 3.8% decrease from 12 405 592 tonnes for the same period in 1993.

For further information on this release, contact Greg Milsom (613-951-9827), Industry Division. ■

Telephone statistics

September 1994

Canada's 13 major telephone systems reported monthly revenues of \$1,166.8 million in September 1994, up 0.3% from September 1993.

Operating expenses were \$873.0 million, up 5.3% from September 1993. Net operating revenue totalled \$293.8 million, a decrease of 12.0% from September 1993.

Available on CANSIM: matrix 355.

The September 1994 issue of *Telephone statistics* (56-002, \$9/\$90) will be released shortly. See "How to order publications".

For further information on this release, contact J.R. Slattery (613-951-2205), Services, Science and Technology Division. ■

Dairy review

September 1994

Creamery butter production totalled 7.1 thousand metric tonnes in September 1994, a 20.6% increase from a year earlier. Cheddar cheese production amounted to 9.2 thousand metric tonnes, a 1.2% decrease from September 1993.

An estimated 593.6 thousand kilolitres of milk were sold off farms for all purposes in August 1994, a 3.3% increase from August 1993. This brought the total estimate of milk sold off farms during the first eight months of 1994 to 4.7 million kilolitres, an increase of 3.4% from the January to August 1993 period.

Available on CANSIM: matrices 3428, 5632-5638, 5650-5661, 5664-5667 and 5673.

The September 1994 issue of *The dairy review* (23-001, \$14/\$138) will be released November 25th. See "How to order publications".

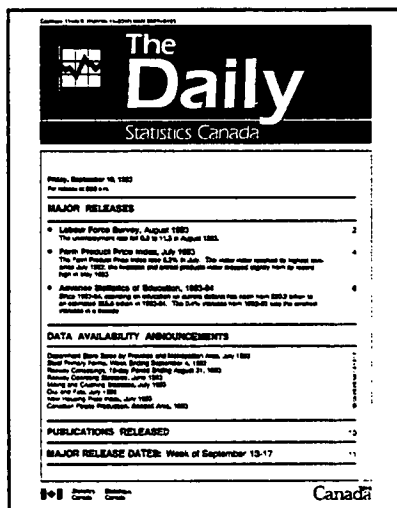
For further information, contact Robert Freeman (613-951-2508), Agriculture Division. ■

Plastic film and bags

Third quarter 1994

Third quarter 1994 data on the plastic film and bags industry are now available. The third quarter issue of *Shipments of plastic film and bags manufactured from resin* (47-007, \$8/\$32) will be available at a later date.

For further information contact T. Raj Sehdev (613-951-3513), Industry Division. ■



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PUBLICATIONS RELEASED

Canadian economic observer, November 1994.
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Oils and fats, September 1994.
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other countries: US\$9/US\$84).

Particleboard, waferboard and fibreboard,
September 1994.
Catalogue number 36-003
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other countries: US\$9/US\$84).

Primary iron and steel, September 1994.
Catalogue number 41-001
(Canada: \$6/\$60; United States: US\$8/US\$72;
other countries: US\$9/US\$84).

**Touriscope: international travel, advance
information**, September 1994, vol. 10, no. 9.
Catalogue number 66-001P
(Canada: \$7/\$70; United States: US\$9/US\$84;
other countries: US\$10/US\$98).

**Science statistics service bulletin: Federal
government personnel engaged in scientific and
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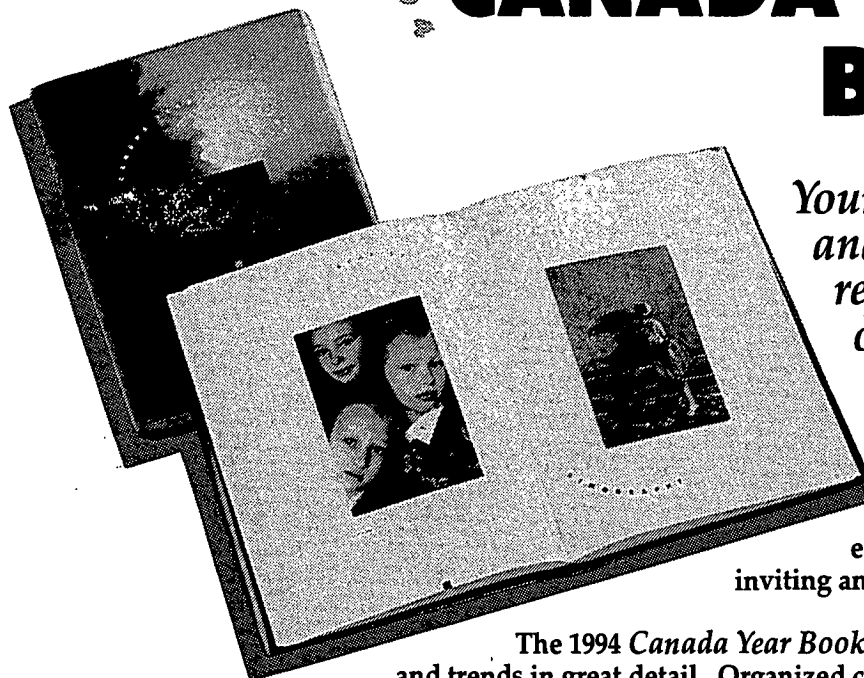
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