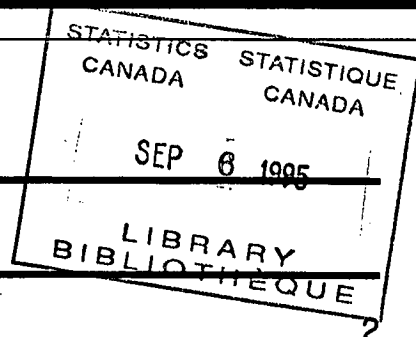




The Daily

Statistics Canada

Wednesday, September 6, 1995
For release at 8:30 a.m.



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 On a Financial Management System (FMS) basis, federal government revenues in the 1995/96 fiscal year are projected to reach \$147.5 billion, while expenditures are estimated to total \$179.8 billion, resulting in a deficit of \$32.3 billion.

- Help-wanted index, August 1995** 6
 The index continued its decline for a fifth consecutive month in August as it decreased 2% to 95. This was the same level as in April 1994.

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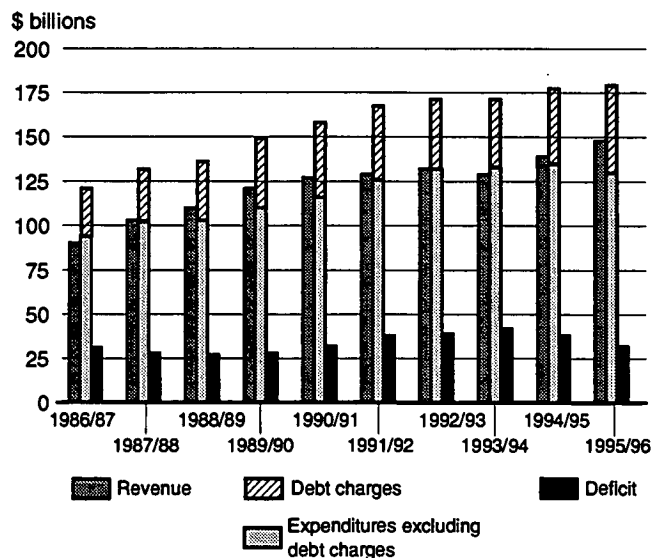
MAJOR RELEASES

Federal government finance

1994/95 (revised estimates) and 1995/96 (estimates)

On a Financial Management System (FMS) basis, federal government revenues in the 1995/96 fiscal year are projected to reach \$147.5 billion, while expenditures are estimated to total \$179.8 billion, resulting in a deficit of \$32.3 billion.

Federal government finance
Financial Management System basis



Revenues are projected to increase 5.9% from 1994/95, compared with an average annual +2.9% rate of change for the previous five years. Expenditures are projected to increase 1.6%, significantly below the +3.5% average of the previous five years. Expenditures for 1995/96 include a \$2.5 billion contingency reserve not present in the previous year's data.

Revenues

Personal income taxes are projected to total \$66.1 billion, a rise of \$3.6 billion (+5.7%) over 1994/95. Corporate collections are projected to increase by \$2.5 billion (+19.3%), primarily due to the continued recovery of corporate profits from their recessionary levels. Increases in the large corporation tax and the corporate surtax, as well as a temporary increase in the capital tax for large deposit-taking institutions, will contribute marginally to this increase.

Note to readers

The Financial Management System (FMS) standardizes presentation of accounting for the federal, provincial and local governments. The individual governments' accounting systems are not directly comparable because their policies and structures differ. So the FMS adjusts data from their budgets, estimates, public accounts and other records to provide comparable data. The FMS also provides national aggregates that are consistent over time.

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

Goods and services tax receipts are anticipated to be \$22.2 billion, up 4.0% from 1994/95. Other consumption taxes exclusive of the GST will total an estimated \$11.3 billion in 1995/96, a 0.9% increase from the previous year. Despite the 60 cents per carton increase in tobacco excise taxes for the provinces of Ontario and Quebec, alcoholic beverages and tobacco tax revenues are estimated to decline slightly (-1.3%) from the previous year.

The 1.5 cents per litre increase in the gasoline excise tax is the major reason for the projected \$0.5 billion (+14.6%) increase in motive fuel taxes. Offsetting this is a projected decline of \$0.5 billion (-13.7%) in customs duties due to tariff reductions under GATT and NAFTA.

Unemployment insurance contributions are projected to increase 4.2% to \$19.7 billion in 1995/96, largely due to the improved economy.

Non-tax revenues will increase an estimated 3.9% from the previous year, to \$10.7 billion, as a result of changes in some fees, increased emphasis on cost recovery, and increased interest charges on unpaid taxes.

Expenditures

Total expenditures are projected to increase by \$2.8 billion. This results from a projected \$7.1 billion increase in debt charges and a combined decrease of \$4.3 billion for all other expenditures.

Debt servicing costs are projected to increase 16.9% in 1995/96—well above the five-year average growth of 1.7%—reflecting higher interest rates and a higher debt level in 1995 than in 1994. The resulting \$49.4 billion will represent 27.5% of total expenditures.

Social services expenditures (32.2% of 1995/96 expenditures) are anticipated to increase by 0.2%, in

contrast with the 6.0% average annual increase in this category for the five years ending in 1994/95. It is projected that an estimated \$1.0 billion decrease in unemployment insurance payments will be offset by increases of \$0.6 billion in old age security payments and \$0.7 billion in social welfare payments, almost half of which constitutes payments under the Atlantic Groundfish Strategy and the Strategic Initiative Program.

General service expenditures are anticipated to be \$7.7 billion in 1995/96. The growth of 2.5% is lower than the average annual increase of 3.3% over the previous five years, as a result of government downsizing and emphasis on fiscal restraint.

Expenditures on health and education are projected to decline by 10.3% and 6.6% respectively. Cuts in national defence underlie an anticipated decrease of \$0.8 billion (-5.0%) in expenditures for protection of persons and property.

Transportation and communications expenditures will decrease an estimated \$0.7 billion (-18.5%) in 1995/96, due mainly to the elimination or reduction of transportation subsidies.

Projected foreign affairs and international assistance expenditures for 1995/96 show a \$1.7 billion decrease from 1994/95. An anticipated decrease in multilateral debt reduction payments (-\$0.8 billion) in 1995/96 is an important factor.

General purpose transfer payments to other governments in 1995/96 are estimated to be \$10.6 billion, a decrease of \$0.6 billion (-5.0%) from 1994/95. Lower equalization payments and elimination of

Data sources

The 1995/96 estimates and 1994/95 revised estimates are based on the 1994/95 and 1995/96 Federal Budgets, the 1994/95 and 1995/96 Main Estimates, the four Supplementary Estimates for 1994/95, the Annual Financial Report of September 1994 and the Economic and Fiscal Update of October 1994. Additional information was supplied by the Department of Finance.

Included in all of the reference years are the financial transactions of departments, ministries, agencies, boards and commissions considered 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.

the public utilities income tax transfer are the most important contributors to this decline.

Other expenditures, excluding the \$2.5 billion contingency reserves, are estimated to total \$17.3 billion for 1995/96, a decrease of \$2.1 billion (-10.9%) from 1994/95.

Available on CANSIM: matrix 2780.

For further information on this release, contact Robert Loggie (613-951-1809), or Paul Blouin (613-951-8563), Public Institutions Division.

Data are also available through custom tabulation. For further information on the products and services available from Public Institutions Division, contact Jo-Anne Thibault (613-951-0767). □

Federal government revenue and expenditure (Financial Management System basis)

Revenue source	Revenue			% of total revenue			Average annual % change	
	1989/90	1994/95	1995/96	1989/90	1994/95	1995/96	1989/90 to 1994/95	1994/95 to 1995/96
\$ millions								
Personal income taxes	55,384	62,535	66,130	45.9	44.9	44.8	2.5	5.7
Corporation income taxes	13,021	13,000	15,505	10.8	9.3	10.5	-0.0	19.3
Sales / Goods and services taxes	17,768	21,369	22,230	14.7	15.3	15.1	3.8	4.0
Other consumption taxes	10,992	11,192	11,293	9.1	8.0	7.7	0.4	0.9
Motive fuel taxes	2,414	3,690	4,230	2.0	2.6	2.9	8.9	14.6
Custom duties	4,592	3,790	3,270	3.8	2.7	2.2	-3.8	-13.7
Alcoholic beverages and tobacco taxes	3,032	2,980	2,942	2.5	2.1	2.0	-0.3	-1.3
Other	954	732	851	0.8	0.5	0.6	-5.2	16.3
Unemployment insurance contributions	10,646	18,933	19,721	8.8	13.6	13.4	12.2	4.2
Other tax revenues	2,059	1,954	1,940	1.7	1.4	1.3	-1.0	-0.7
Return on investments	5,843	4,930	4,952	4.8	3.5	3.4	-3.3	0.4
Revenues not elsewhere specified	5,035	5,387	5,735	4.2	3.9	3.9	1.4	6.5
Total revenue	120,748	139,300	147,506	109.1	108.0	107.7	2.9	5.9
Expenditure function	Expenditure			% of total expenditure			Average annual % change	
	1989/90	1994/95	1995/96	1989/90	1994/95	1995/96	1989/90 to 1994/95	1994/95 to 1995/96
\$ millions								
General services	6,350	7,482	7,670	4.3	4.2	4.3	3.3	2.5
Protection of persons and property	14,441	15,762	14,981	9.7	8.9	8.3	1.8	-5.0
Transportation and communications	3,610	3,935	3,206	2.4	2.2	1.8	1.7	-18.5
Health	7,780	8,966	8,041	5.2	5.1	4.5	2.9	-10.3
Social services	43,210	57,743	57,862	29.0	32.6	32.2	6.0	0.2
Education	4,441	5,260	4,912	3.0	3.0	2.7	3.4	-6.6
Foreign affairs and international assistance	4,120	4,942	3,255	2.8	2.8	1.8	3.7	-34.1
General purpose transfers	10,040	11,183	10,619	6.7	6.3	5.9	2.2	-5.0
Debt charges	38,771	42,260	49,386	26.1	23.9	27.5	1.7	16.9
Expenditures not elsewhere specified	15,985	19,439	17,324	10.7	11.0	9.6	4.0	-10.9
Contingency reserve	...	...	2,500	...	...	1.4	...	...
Total expenditure	148,748	176,972	179,756	100.0	100.0	100.0	3.5	1.6
Surplus (deficit)	(28,000)	(37,672)	(32,250)	...	...	...	6.1	-14.4

... Figures not appropriate or not applicable.

Federal government finance—reconciliation of financial management system (FMS) data to data on a public accounts basis

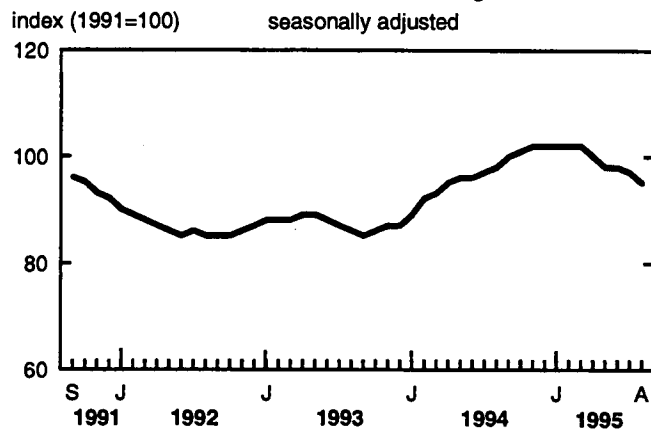
	1994/95 revised estimates			1995/96 estimates		
	Revenue	Expendi- ture	Revenue minus ex- penditure	Revenue	Expendi- ture	Revenue minus ex- penditure
	\$ millions					
Totals on public accounts basis (as presented in the Federal Budget of February 27, 1995)	125,000	162,900	(37,900)	133,200	165,900	(32,700)
Adjustments to produce FMS data						
Net addition of "special funds" to reflect the FMS universe						
Atomic Energy of Canada	175	175	0	151	151	0
Canadian Dairy Commission	269	147	122	359	44	315
Cape Breton Development Corp.	240	240	0	252	252	0
Death benefit accounts	77	(55)	132	76	(40)	116
Pilotage authorities	76	76	0	76	76	0
Other special funds	111	137	(26)	123	104	19
Total adjustments	948	720	228	1,037	587	450
Additions to reflect "gross" treatment of FMS						
To account for revenues netted against expenditures on a Public Accounts basis						
Airport tax	652	652	0	636	636	0
Police services	719	719	0	713	713	0
Sales of goods and services	1,276	1,276	0	1,187	1,187	0
Other	186	186	0	188	188	0
To account for expenditures netted against revenues on a Public Accounts basis						
Child tax benefit	5,280	5,280	0	5,280	5,280	0
Other tax credits	4,834	4,834	0	4,830	4,830	0
Youth allowance	405	405	0	435	435	0
Total adjustments for "gross" treatment	13,352	13,352	0	13,269	13,269	0
Total adjustments to produce FMS data	14,300	14,072	228	14,306	13,856	450
Totals on FMS basis	139,300	176,972	(37,672)	147,506	179,756	(32,250)

Help-wanted index

August 1995

The help-wanted index continued its decline in August to stand at 95 (1991=100). After following an upward trend throughout 1994, the index has decreased 7% since January 1995.

Help-wanted index declined for a fifth consecutive month in August



The help-wanted index is an indicator of the intent of employers to hire new workers. According to the

Help-wanted index (1991=100)

	August 1994	June 1995	July 1995	August 1995	August 1994 to August 1995	July 1995 to August 1995
seasonally adjusted						
					% change	
Canada	98	98	97	95	-3	-2
Atlantic provinces	99	96	99	102	3	3
Quebec	100	105	103	100	0	-3
Ontario	100	105	105	103	3	-2
Prairie provinces	97	89	89	87	-10	-2
British Columbia	83	78	76	74	-11	-3

Note to readers

The help-wanted index is compiled from the number of help-wanted ads published in 22 newspapers in 20 major metropolitan areas. For those labour markets, the index reflects changes in the demand for labour. However, since not all jobs are filled through help-wanted ads, the index represents only a part of all hiring.

The help-wanted indexes have been seasonally adjusted and smoothed to aid month-to-month comparisons.

index, plans to hire new workers are slowing in 1995. This weakness in the labour market is a result of an economic slowdown. Decreases in the index are mirrored in the economic indicators of manufacturing and housing construction activities.

In August, the index increased 3% in the Atlantic provinces. This advance was more than offset by declines of 3% in Quebec and British Columbia. In Ontario and the Prairie provinces, the decreases were 2%.

Available on CANSIM: matrix 105 (levels 8-9).

The indexes for the surveyed metropolitan areas are available on request.

For further information on this release, contact Adib Farhat (613-951-4045) or Carole Fraser (613-951-4039), Labour Division (fax: 613-951-4087).

OTHER RELEASES

Short-term expectations survey

Every month for five years, Statistics Canada has canvassed a group of economic analysts (on average 17) for one-month-ahead forecasts of key economic indicators. Participants in this survey forecast the year-over-year changes in the consumer price index, the unemployment rate, and merchandise exports and imports. They also forecast the monthly change in gross domestic product at constant prices.

An evaluation of the accuracy of the mean forecast in the March 1993 issue of Canadian economic observer showed it to be superior to the mean naive forecasts, and suggested that the quality of the forecasts improved over time.

- The mean forecast for August's consumer price index is a year-over-year change of +2.5%. Opinions range from a minimum change of +2.3% to a maximum of +2.7%. The mean forecast for July (+2.5%) matched the outcome.
- The forecasters estimate August's unemployment rate to be 9.8% (minimum 9.5%, maximum 10.0%). In July, the mean forecast (9.6%) underestimated the outcome by 0.2%.
- The mean forecast of exports in July is \$20.6 billion, up from \$20.3 billion in June. Opinions range from a minimum of \$20.0 billion to a maximum of \$21.1 billion. The mean forecast of imports in July is \$18.8 billion. Forecasts range from a minimum of \$18.2 billion to a maximum of \$19.0 billion. It is a decrease of \$0.3 billion from the previous month's forecast, which overestimated the outcome of \$18.7 billion.
- The mean forecast for real GDP in July is a 0.1% increase. Opinions range widely from a minimum of -0.2% to a maximum of +0.5%. The June forecast, which predicted a +0.1% change, overestimated the actual outcome of -0.1%.

The next release will be on October 3.

For a set of tables, or for further information on this release, contact Diane Lachapelle (613-951-0568). ■

Telephone statistics—large telephone systems

1994 (preliminary report)

The 14 major telephone systems reported operating revenues of \$13.9 billion in 1994 (+1.1% over 1993) and operating expenses were \$10.5 billion (+2.8% over 1993). Net operating revenue was \$3.4 billion (-4.0% from 1993).

The vol. 25, no. 3 *Communications service bulletin* (56-001, \$12/\$40) will be available shortly. See "How to order publications".

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

Industrial chemicals and synthetic resins

July 1995

Chemical firms produced 167 402 tonnes of polyethylene synthetic resins in July, a 1.7% increase from 164 544 tonnes (revised) in July 1994.

For January to July 1995, production totalled 1 225 601 tonnes, up 16.3% from 1 054 018 tonnes (revised) a year earlier.

Data are also available on production of 3 other types of synthetic resins and 24 industrial chemicals for July 1994 and July 1995.

Available on CANSIM: matrix 951.

The July 1995 issue of *Industrial chemicals and synthetic resins* (46-002, \$6/\$60) will be available shortly. See "How to order publications".

For further information on this release, contact Suzette DesRosiers (613-951-9836), Industry Division. ■



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PUBLICATIONS RELEASED

Production, shipments and stocks on hand of sawmills east of the Rockies, June 1995

Catalogue number 35-002

(Canada: \$11/\$110; United States: US\$14/US\$132; other countries: US\$16/US\$154).

Electric lamps (light bulbs and tubes), July 1995

Catalogue number 43-009

(Canada: \$6/\$60; United States: US\$8/US\$72; other countries: US\$9/US\$84).

Cement, July 1995

Catalogue number 44-001

(Canada: \$6/\$60; United States: US\$8/US\$72; other countries: US\$9/US\$84).

Aviation service bulletin, vol. 27, no. 8

Catalogue number 51-004

(Canada: \$11/\$105; United States: US\$13/US\$126; other countries: US\$15/US\$147).

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