

## Section 2.—Provincial Public Finance.\*

Provincial Governments in Canada are in the position, under Sect. 118 of the British North America Act, 1867 (30 and 31 Vict., c. 3), and the British North America Act, 1907 (7 Edw. VII, c. 11), of having a considerable assured income in subsidies from the Dominion Treasury. Details of these payments are given for the years 1934 to 1939 at pp. 850-851. In addition, through their retention of ownership of their lands, minerals, and other natural resources, those provinces that, by the voluntary action of their previously existing governments, entered Confederation, raise considerable revenue through land sales, sales of timber, mining royalties, leases of water powers, etc., while the Prairie Provinces, which have controlled their own natural resources since 1930, formerly received from the Dominion special grants in lieu of land revenues. Further, under Sect. 92 of the British North America Act, provincial legislatures are given authority to impose direct taxation within the province for provincial purposes and to borrow money on the sole credit of the province. The total revenues received by Provincial Governments for their respective fiscal years ended in 1937 are analysed by source at pp. 912-913 of the 1939 Year Book.

Prior to the opening of the present century, provincial receipts and expenditures were generally moderate, as may be seen from Table 29. The demand, more especially in Ontario and the West, for increased services from governments, particularly in respect of education, sanitation, and public ownership and operation of public utilities; and the performance of these functions, necessitated increased revenues, which had, in the main, to be raised by taxation. Among the chief methods of taxation to be employed has been the taxation of corporations and estates, succession duties showing a considerably increased yield even within the comparatively short period of twenty-two years from 1916 to 1938 covered by the statements compiled by the Finance Branch of the Bureau of Statistics.† The fact that provincial government is cheaper per head in the eastern provinces (although both Ontario and Nova Scotia have shown large per capita increases in recent years) is evident from Table 30. This, however, is not to be taken as evidence that the larger services rendered to the public are not worth what is being paid for them.

For the half-century subsequent to Confederation, the provincial accounts, published by each Government according to its own system of accounting, were quite incomparable as among the provinces, a fact much regretted by students of provincial public finance. Upon the creation of the Dominion Bureau of Statistics in 1918, its Finance Branch undertook the work of placing the various provincial public accounts on a comparable basis, correlating, for example, the revenue derived from succession duties, taxation of corporations, sales of public lands, royalties on forest, mineral, and fisheries products, as well as the expenditures on such services as agriculture, civil government, education, and public works. As the result of the Bureau's exhaustive analysis of the provincial public accounts, a summary statement of the ordinary receipts and expenditures of the Provincial Governments

\* Revised by Col. J. R. Munro, Chief of the Finance Branch of the Dominion Bureau of Statistics. This Branch issues detailed statements on Provincial Finance that may be obtained from the Dominion Statistician. For a list of these publications, see Section 1 of Chapter XXIX.

† The succession duties collected by the provinces in 1938 amounted in the aggregate to \$36,416,605, as compared with \$1,020,972 as recently as 1904, an increase of more than 35-fold in 34 years. The aggregate revenue raised by taxation of corporations, land, income, and miscellaneous (exclusive of gasoline taxes, succession duties, and amusement taxes), increased from \$7,217,548 in 1916 to \$53,742,101 in 1938, an increase of 745 p.c. in 22 years.