

## Section 3.—Provincial Public Finance\*

### Subsection 1.—Revenues and Expenditures of Provincial Governments

Tables 27, 28 and 29 present an over-all picture of Provincial Government finance by combining ordinary and capital account revenues and expenditures. These tables provide a more valid basis for comparison than those based on ordinary account alone because they eliminate inter-provincial and inter-year incomparabilities that arise through variations from province to province, and from year to year, in the type of expenditure capitalized. Since all expenditures, ordinary or capital, are included in the combined picture, amounts provided through ordinary account for debt retirement have been excluded to avoid duplication. Sinking fund earnings are not included as revenue. The tables present the "net" cost of services to the provinces after the following revenues have been offset against the corresponding expenditures: shared cost contributions of other governments, institutional revenue and certain other sales of commodities and services, and interest revenue exclusive of sinking fund earnings.

The year 1945, as in the preceding 5 years, saw provincial government revenues and expenditures reach very high levels. The combined net ordinary and capital revenues totalled \$427,000,000 as compared with the 1944 total of \$374,000,000, an increase of \$53,000,000, or 14.2 p.c. The combined net ordinary and capital expenditures amounted to \$383,000,000 as compared with a similar figure of \$350,000,000 in 1944, an increase of \$33,000,000, or 9.4 p.c. With the exception of Prince Edward Island and New Brunswick, surpluses were recorded by all provinces for the year under review and the total over-all surplus amounted to \$44,000,000, (\$56,000,000 in 1943 and \$24,000,000 in 1944). Included in the total expenditures were capital expenditures of more than \$30,000,000, which is an increase of about 16 p.c. on the over-all capital expenditures, in 1944, of \$26,000,000. (See Table 27.)

An examination of the details relating to both combined net ordinary and capital revenues and expenditures gives some insight into the factors contributing to their high level in 1945. Table 28 gives an outline of the revenue position. Liquor revenues increased over 1944 by \$29,000,000, or 41.5 p.c.; gasoline tax revenues by \$11,000,000, or 23.3 p.c.; while, conversely, revenue from the Federal Government decreased by \$2,000,000, or 1.8 p.c. Increases in expenditures were chiefly accounted for by the following: Highways, Bridges and Ferries—\$14,000,000, or 22.4 p.c.; Education—\$9,000,000, or 13.6 p.c. and Public Welfare—\$9,000,000, or 12.5 p.c. It is interesting to note that Debt Charges, exclusive of debt retirement, decreased by almost \$2,000,000, or 3.0 p.c. (See Table 29.)

There was a slight change from the year 1944 in the relative importance of revenue sources. In 1945, 30 p.c. of the total net revenue was derived from Taxes, (30 p.c. in 1944); 25 p.c. from Other Governments, (29 p.c. in 1944) and 23 p.c. from Liquor Control (19 p.c. in 1944).

\* Revised under the direction of J. H. Lowther, Director, Public Finance Division, Dominion Bureau of Statistics. Years referred to throughout this Section are fiscal years ended nearest Dec. 31 of year stated.