

Excise Duties

Gross excise duties collected are given in the following statement for the years ended Mar. 31, 1965 and 1966. The totals do not agree with net excise duties as shown in Table 9 because refunds and drawbacks are included. A drawback of 99 p.c. of the duty may be granted when domestic spirits, testing not less than 50 p.c. over proof, are delivered in limited quantities for medicinal or research purposes to universities, scientific or research laboratories, public hospitals, or health institutions in receipt of federal and provincial government aid.

<u>Item</u>	<u>1965</u>	<u>1966</u>
	\$	\$
Spirits.....	134,716,066	156,941,992
Beer or malt liquor.....	105,386,115	107,917,323
Tobacco and cigarettes.....	176,129,508	186,065,386
Cigars.....	1,038,218	1,001,362
Licences.....	32,419	33,897
TOTALS.....	<u>417,302,326</u>	<u>451,959,960</u>

Section 4.—Federal-Provincial Conditional Grants and Shared-Cost Programs*

During the past decade there has been a rapid increase in federal expenditures on joint federal-provincial programs. These programs take three forms: (1) the Federal Government contributes financial assistance to a program administered by a province; (2) the federal and provincial governments each assume the sole responsibility for the construction, administration and financing of separate aspects of a joint project; or (3) the province contributes financially to a joint program administered by the Federal Government.

The first category of joint programs is by far the most common and such programs are commonly called conditional grant programs. They are characterized by the Federal Government agreeing to make money available to a province on certain conditions, such conditions always specifying the field, service or project to which the money must be applied. In addition, the province may be required to make a financial contribution to the program, to provide certain facilities, and to maintain the program at certain specified standards. The various programs in the welfare field are good examples of conditional grant programs. Under the old age assistance program, the Federal Government undertakes to share with a province the cost of assistance to persons who have attained the age of 65 years to the extent of 50 p.c. of a monthly assistance allowance of \$75; the recipient, besides being above a certain age, must have been a resident of Canada for 10 years and his income, including the assistance, must not be in excess of \$1,260 a year if unmarried, \$2,220 if married, and \$2,580 if married to a blind spouse. The provinces are entrusted with the administration of the program and are required to bear the administrative costs as well as one half of the monthly allowance.

Although the old age assistance program, with its specification of the standards for eligibility, the level of the allowance and the federal share of the joint costs, is characteristic of conditional grant programs, there are some in which the conditions are nominal. For

* As at March 1967. Prepared in the Federal-Provincial Relations Division, Department of Finance, Ottawa.

Additional Readings:—

Donald V. Smiley, *Conditional Grants and Canadian Federalism* (Canadian Tax Papers No. 32), Toronto, Canadian Tax Foundation, February 1963. Federal-Provincial Relations Division, Department of Finance, *Federal-Provincial Conditional Grant and Shared-Cost Programmes, 1962*, Ottawa, Queen's Printer, October 1963, \$3 (Catalogue No. F2-2563). Appendix to House of Commons Debates of Sept. 10, 1964. Statutes of Canada 1964-65, c. 54.