

Chapter 20

Government finance

20.1 Consolidated finance statistics

Details of consolidated government revenue by source, and consolidated government expenditure by function for the years 1965-69 are presented in Table 20.1. The consolidation reflects the relationship between government at all levels and the public in respect of revenue raised and services provided. The consolidated gross general figures were arrived at by eliminating from the gross general revenue sources and the gross general expenditure functions of each level of government, all general purpose transfers such as the federal statutory subsidies and equalization payments to the provinces, and all specific purpose transfers such as the federal contributions to provincial hospitalization and medical care programs. Both gross revenues and expenditures continued to increase over the period but after a peak deficit in 1967 the differential continued to decline through 1968 to reach a figure of -\$43.5 million in 1969.

20.2 Federal government finance

20.2.1 General accounts

Tables 20.2 to 20.6 present financial statistics of the federal government prepared in accordance with the revised financial management concepts as published in the Statistics Canada publication *The Canadian system of government financial management statistics* (Catalogue No. 68-506). Financial statistics in Tables 20.7 and 20.8 are extracted directly from the *Public accounts of Canada*.

Tables 20.2 and 20.3 give details of gross general revenue and expenditure for the years ended March 31, 1970 and 1971. Revenue increased from \$15,825 million to \$16,642 million while expenditures rose from \$13,767 million to \$15,728 million.

Transfers from the federal government to provincial governments, territories and local governments for the year ended March 31, 1971 are shown in Table 20.4. Comparable figures for the previous year are available in the *1972 Canada Year Book* pp. 1139-1142.

Table 20.5 provides details of the assets and liabilities of the federal government as at March 31, 1970 and 1971. Table 20.6 provides an analysis of the gross bonded debt according to average interest rate, average term of issue and place of payment as at March 31, 1970-72.

In addition to the direct gross bonded debt, the Government of Canada has assumed certain contingent liabilities. The major categories of this indirect or contingent debt are the guarantee of insured loans under the National Housing Act and the guaranteed bonds and debentures of the Canadian National Railways. The remainder consists chiefly of guarantees of loans made by chartered banks to the Canadian Wheat Board, to farmers and to university students and of guarantees under the Export Development Act. Table 20.7 provides detail of the guaranteed debt of the Government of Canada as at March 31, 1972.

Table 20.8 summarizes the public debt position during the period 1968-72 as to interest and amount outstanding. Details of unmatured debt and treasury bills outstanding and information on new security issues of the federal government may be found in the *Public accounts of Canada*. They are summarized by standard classification in Statistics Canada publication *Federal government finance* (Catalogue No. 68-211).

20.2.2 Individual and corporation taxes

Statistics of income tax collections are gathered at the time the payments are made and are therefore up to date. Over 85% of individual taxpayers are wage or salary earners who have almost the whole of their tax liability deducted at the source by their employers. All other taxpayers are required to pay most of their estimated tax during the taxation year. Thus, the greater part of the tax is collected during the same year in which the related income is earned and only a limited residue remains to be collected when the returns are filed. The collections for a given fiscal year include employer remittances of tax deductions, Canada Pension Plan contributions, unemployment insurance premiums and instalments, embracing portions of two or more taxation years, and year-end payments; they cannot therefore be closely related to the statistics for a given taxation year. As little information about a taxpayer is received when