

# Chapter 20

## Government finance

### 20.1 Consolidated finance statistics

Consolidated government revenue by source and expenditure by function are presented in Table 20.1 for the years 1968-72. Through the consolidation process, total financial activities of all levels of government in Canada — federal, provincial and municipal — are viewed as emanating from a single government entity. The numerous intergovernmental transactions either as revenue or as expenditure, as the case may be, are eliminated in order to obtain a meaningful measure of the collective impact of all governments upon the general public. Thus multiple accounting for a given transaction is avoided by eliminating from the combined total of either gross general revenue or gross general expenditure all general and specific intergovernment transfer payments as well as all sales and purchases of goods and services which do not constitute an addition to collective government financial activities. The new classification set out in *The Canadian system of government financial management statistics* (Statistics Canada Catalogue No. 68-506) which had been applied for the first time to 1970 data has been extended retrospectively. Consequently, data presented in Table 20.1 are comparable from year to year.

### 20.2 Federal government finance

#### 20.2.1 General accounts

Tables 20.2 - 20.6 present financial statistics of the federal government prepared in accordance with the revised concepts as published in *The Canadian system of government financial management statistics*. 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, 1972 and 1973. Revenue increased from \$18,550 million to \$21,426 million while expenditures rose from \$18,218 million to \$20,912 million.

Transfers from the federal government to provincial governments, territory and local governments for the year ended March 31, 1973 are shown in Table 20.4. Comparable figures for the previous year are available in the 1974 edition of the *Canada Year Book* pp. 772-774.

Table 20.5 provides details of the assets and liabilities of the federal government as at March 31, 1972 and 1973. Table 20.6 analyzes gross bonded debt according to average interest rate, average term of issue and place of payment as at March 31, 1972 and 1973.

In addition to 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 details of the guaranteed debt of the Government of Canada as at March 31, 1972 and 1973.

Table 20.8 summarizes the public debt position during the period 1969-73 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