

the previous year (Table 20.20). Table 20.21 summarizes federal and provincial shared-cost programs as at March 31, 1975, showing the provinces participating, provincial percentage share and federal contributions.

In 1965 provinces were given the option to assume full financial and administrative responsibility for certain programs in return for fiscal compensation, and in April 1965 the federal government enacted the Established Programs (Interim Arrangements) Act. The nature and number of programs were itemized in the schedules to the act. Schedule I listed the major and continuing conditional grant programs and Schedule II listed smaller and more transient ones. The Schedule I programs were: hospital insurance, old age assistance, blind persons allowances, disabled persons allowances, and the welfare portion of unemployment assistance; the technical and vocational training programs for youths who were not yet members of the labour force; and the health grant program, except those elements that involved research and demonstration. The Schedule II programs were: agricultural lime assistance; forestry programs; hospital construction grants; campgrounds and picnic areas; and the roads-to-resources program. The act was subsequently amended to include the Canada Assistance Plan.

A province wishing to avail itself of a Schedule I program was required to enter into a supplemental agreement in which it undertook to assume full responsibility for administration and financing. The federal government undertook to abate, by a specified percentage, the individual income tax on the income of residents of the province, pay associated equalization and make an operating cost adjustment. Because of their smaller size and lack of continuity, the compensation associated with Schedule II programs did not provide for federal tax abatement or associated equalization payments. Compensation of these programs was to be paid directly to the province by the federal Minister of Finance.

The Established Programs (Interim Arrangements) Act was designed to provide for an interim period during which a province might assume greater administrative and financial responsibility for the programs listed and more permanent arrangements governing joint programs might be devised. The length of the interim period was set out in the act for each program, and tax abatement for Schedule I programs varied from 1% for the health grant program to 14% for hospital insurance. Amendments to the act in 1972 extended the length of the interim period for the special welfare and hospital insurance programs to March 31, 1977 and December 31, 1977, respectively. The interim period for the health grants program was not extended beyond March 31, 1972 as this program was being phased out. Only the province of Quebec availed itself of the offer made in 1965. For 1976-77, the abatement is 16 points for hospital insurance and five points for the special welfare program.

Provincial government finance

20.4

Because of variation from province to province in administrative structure and, to a lesser extent, in accounting and reporting practices, adjustments are made to financial data reported in public accounts to produce statistics which will be comparable between different provinces and with those for the other levels of government. In 1972 the concepts and classifications of the national system of government financial statistics were redefined by Statistics Canada (see *The Canadian system of government financial management statistics*, Catalogue No. 68-506). Financial statistics for the years 1971 onward are compiled in accordance with these revisions and are not comparable with data for prior years published in earlier editions of the *Canada Year Book*.

Gross general revenue and expenditure for the year ended March 31, 1974 are given in Table 20.22, liabilities in Table 20.15, and liabilities of other governments and entities guaranteed by provincial and territorial governments in Table 20.16. More information on outstanding provincial bonds and debentures is contained in Table 20.17.