

GOVERNMENT FINANCE

Statistics Canada produces two sets of data on government finance: *estimates data* derived from the budgets and financial estimates of the various levels of government, and *actual data* derived from audited public accounts and published financial statements.

The estimates data are less detailed but apply to current reference periods and are available on CANSIM (Canadian Socio-economic Information Management System), Statistics Canada's machine-readable data base. The actual data series are issued in printed reports and publications.

Both these sets of statistics are produced in accordance with the System of Financial Management Statistics (FMS) which provides a standardized presentation of government accounting for the federal, provincial and local governments of Canada. The individual government accounts systems are not directly comparable because they reflect the policies and structures of the applicable government. The FMS adjusts data from government budgets' estimates, public accounts and other records to provide detailed, intergovernmentally comparable data as well as consistent national aggregates, therefore, FMS data will not agree precisely with figures released through governments' public accounts.

This chapter is based on actual data as published; users requiring more current information should access the CANSIM data.

22.1 Review of revenue and expenditure

The federal government incurred a deficit, on a financial management basis, of \$31,096 million for the fiscal year 1985-86, down from the \$34,539 million deficit incurred in 1984-85. Gross general revenue, during 1985-86, amounted to \$89,344 million while gross general expenditure totalled \$120,440 million. For 1984-85, gross general revenue was \$82,852 million and gross general expenditure was \$117,391 million.

22.1.1 Gross general revenue

Gross general revenue (Table 22.2) increased by \$6,492 million (7.3%) in 1985-86 compared to the \$6,994 million (8.4%) rise in 1984-85. The major sources of this increase were: personal income taxes, general sales taxes, tobacco tax, unemployment insurance contributions, and return on investments. Overall revenue growth was somewhat offset by lower oil and gas revenues and a drop in corporate income tax receipts.

In 1985-86, personal income tax, the largest source of the rise in federal revenues, increased by \$3,681 million (11.8%); compared to the \$1,793 million (6.1%) increase in 1984-85. This higher rate of growth was due to the elimination of the federal tax reduction, the restriction of the indexation of personal income tax exemptions and tax brackets, the imposition of surtaxes on basic federal tax over \$5,000, as well as personal income growth, in 1985-86, of 7.5%, relative to 1984-85.

General sales tax revenue was up \$1,653 million (21.4%) in 1985-86 because of a one percentage point rate increase and a broadening of the sales tax base to include such items as soft drinks, confectionery products, pet foods, non-prescription drugs, and health and energy conservation goods.

Tobacco tax revenues rose by \$591 million (50.4%) to \$1,763 million which reflected the increase of one cent per cigarette in the specific excise tax on cigarettes which became effective in May 1985.

Revenues from unemployment insurance contributions rose by \$1,166 million (15.3%) compared with the rise of \$298 million (4.1%) in 1984-85. The acceleration in 1985-86 was due to a rise in contribution rates and an increase in the number of contributors.

Revenue from the petroleum compensation charge decreased by \$1,114 million (50.5%) while petroleum gas and gas revenue tax receipts dropped by \$566 million, both due to the gradual phasing out of energy-related taxes as stipulated under the Western Energy Accord.

Corporate income taxes fell \$170 million, due to lower corporate profits and the use by corporate