

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 1966-70 are presented in Table 20.1. The consolidation reflects the relationship between government at all levels, considered as a single entity, 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, all specific-purpose transfers such as federal contributions to provincial hospitalization and medical care programs, and all other transactions among levels of government, e.g. sales and purchases of services, which do not represent an addition to government combined financial activities. Because of the application to 1970 data of the classification set out in *The Canadian system of government financial management statistics* (Statistics Canada Catalogue No. 68-506) gross government revenue and expenditure data for 1970 are not comparable with data for previous years. The inclusion in 1970, for the first time, of financial transactions, considered as originating in the government universe as defined in the above mentioned system, indicates an increase over previous years which did not actually take place. Among such transactions, the principal ones are social insurance levies (e.g. unemployment insurance and workmen's compensation contributions) and contributions to the Canada and Quebec Pension plans.

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, territories and local governments for the years ended March 31, 1972 and 1973 are shown in Table 20.4. Comparable figures for the previous year are available in the *1973 Canada Year Book* pp 819-822.

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