

*Expenditures of governments*

The growth in government expenditures during 1969, excluding inter-governmental transfers, remained at around 11 per cent, despite higher prices and wage costs and growing demand for public goods and services. Federal expenditures totalled \$13.4 billion, an increase of some \$1.3 billion. The expenditures of provinces and municipalities amounted to \$15.1 billion, an increase of about \$1.4 billion.

Expenditures on goods and services (as opposed to transfers) by all governments in 1969, at \$14.6 billion, accounted for 56.5 per cent of all government expenditures. Their rate of growth amounted to 9 per cent, some 2 per cent more than in 1968. This acceleration is largely attributable to wages and salaries and general government services. Wages and salaries have continued to increase rapidly in 1969, especially at the federal and municipal levels, where increases of 18 per cent and 16 per cent respectively were experienced. Excluding retroactive salary adjustments pertaining to 1967 and 1968, the growth in federal wage payments was around 10 per cent. The dollar amount of general government services increased by 8 per cent in 1969, notably because of the fuller implementation of the Medical Care Insurance Plan. With the entrance of Newfoundland, Nova Scotia, Ontario, Manitoba and Alberta into the Medical Care Insurance Plan in the course of 1969, provincial expenditures for medical care amounted to some \$225 million, of which \$130 million was financed by transfers from the federal government. The growth in government sector capital expenditure slowed to around 2.5 per cent. Federal capital expenditure, which had increased by around 7.5 per cent in 1968, declined by around 10 per cent in 1969, while provincial-municipal capital expenditures increased by between 5 and 6 per cent.

Transfers to persons, excluding debt charges, have continued to represent a substantial portion of the growth in government expenditures. These transfers were increased at the federal level by a further reduction of the minimum age limit for old age security payments, by increased unemployment insurance benefit payments and by additional payments for adult training allowances. Increased transfers for hospital care<sup>(1)</sup>, social services and education account for the major increases in provincial and municipal transfer payments to persons.

Interest on the public debt of all governments increased by 15 per cent over its 1968 level, and now accounts for 10 per cent of all government outlays.

The increase in federal transfers to other levels of government reflects additional contributions to medicare, following the entrance of the five additional provinces into the program, as well as the continuation of rapid increases in the costs of financing federal-provincial shared-cost programs, such as hospital insurance and the Canada Assistance Plan, together with large increases in fiscal transfers for post-secondary education. The increase in net provincial-municipal transfers is largely attributable to the need for more education outlays at the municipal level; it reflects, however, a significant reduction in the rate of growth of general provincial assistance to municipalities.

<sup>(1)</sup>This treatment of transfers in respect of hospital care is based on the old definition of the personal sector in the national accounts. In the revised national accounts, hospitals will be shown as a separate item in the government sector.