

APPENDIX

(See p. 170).

TUESDAY, 20th June, 1972.

The Standing Senate Committee on National Finance, to which were referred the Estimates laid before Parliament for the fiscal year ending March 31, 1973, has in obedience to the order of reference of Thursday, 24th February, 1972, examined the said Estimates and reports as follows:

1. Your Committee was authorized by the Senate, as recorded in the Minutes of the Proceedings of the Senate of 24th February, 1972, "to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending the 31st March, 1973, in advance of Bills based upon the said Estimates reaching the Senate."

2. In obedience to the foregoing, your Committee held one meeting on the Estimates and heard evidence from Mr. D. B. Dewar, Deputy Secretary, Program Branch, Treasury Board, and Mr. B. A. MacDonald, Director General, Budget Co-ordination, Treasury Board.

3. The Main Estimates for 1972-73 amount to \$15,749 million as compared with the Main Estimates of 1971-72 when the amount was \$14,352 million. Of the total of the Main Estimates for 1972-73, \$7,640 million are statutory in nature while \$8,109 million represent funds for which Parliament is asked to provide authority. In addition to these amounts there are \$790 million of non-budgetary items. The change in budgetary expenditures as contained in the Main Estimates of 1971-72 and 1972-73 is \$1,397 million or 9.7%. In the past there has been

interest in your Committee in comparing the rate of growth in expenditures and the rate of growth in GNP. The most current figure we have is for the rate of change in GNP between 1971 and 1972, and that was 9.1%.

4. Statutory expenditures account for almost 50% of the total in the Estimates. These cover some very large payments, such as the interest on the public debt, fiscal transfer payments to the provinces and payments to the provinces under shared cost programs. Statutory expenditures rose by \$549 million or 7.7% between the Main Estimates of 1971-72 and these for 1972-73.

5. Your Committee noted that a change in the method of accounting for Unemployment Insurance Commission payments has resulted in a one year reduction in the Estimates of \$180 million which is composed of \$111 million in government grants and contributions and \$69 million in operating expenditures. The effect of this change in accounting is to understate the amount of the budgetary expenditures by some \$180 million and your Committee recommends that in future the changes in accounting procedures that affect the year to year comparison of Estimates be brought more clearly to the attention of the reader.

6. Attached to this report is a list which compares the disaggregated differences between the Main Estimates for 1972-73 and the total forecast expenditures for 1971-72. It is to be noted one of the largest increases is to be found in Health and Welfare which is partially composed of an \$84 million increase in Medicare costs and a \$100 million increase in hospital care costs.

Respectfully submitted.

D. D. EVERETT,
Chairman.