

TABLE 10
(in millions of dollars)

INTEREST AND OTHER PUBLIC DEBT CHARGES	Fiscal year ended March 31		Increase or decrease (—)
	1959 (estimated)	1958	
Interest on public debt—			
Unmatured debt and treasury bills—			
Payable in Canada.....	473.8	428.0	45.8
Payable in London.....	1.6	1.5	0.1
Payable in New York.....	7.9	8.6	-0.7
	483.3	438.1	45.2
Other liabilities—			
Deposit and trust accounts.....	3.6	3.4	0.2
Annuity, insurance and pension accounts.....	117.5	97.7	19.8
	121.1	101.1	20.0
Total interest on public debt.....	604.4	539.2	65.2
Other public debt charges—			
Annual amortization of bond discounts and commissions	35.6	26.4	9.2
Cost of issuing new loans.....	3.7	1.2	2.5
Servicing of public debt.....	0.7	0.6	0.1
	40.0	28.2	11.8
	644.4	567.4	77.0

When considering the magnitude of these public debt charges and the burden they place upon the public treasury, it must be borne in mind that a substantial portion of the debt is attributable to, or is invested in, productive or earning assets. Therefore, in calculating the *net* burden of the government's annual interest charges, the income derived from loans, investments and other productive assets must be taken into account. For 1958-59 this income was \$225 million as shown in the preceding section on revenue. This amount deducted from the gross total of \$604 million for interest as shown in the above table leaves a net annual interest charge of \$379 million compared with a net of \$370 million in 1957-58.

Subsidies and tax-sharing payments to provinces

Payments to the provinces during 1958-59 for statutory subsidies, rentals under the tax-sharing arrangements act, the transitional and additional grants to Newfoundland, and the transfer of a portion of income tax receipts from certain public utility companies amounted to \$467 million compared with \$383 million in 1957-58.

Charges to budgetary expenditures in 1958-59 under the Federal-Provincial tax-sharing arrangements, including adjustments made on account of the previous year, were \$70 million more than in 1957-58. The increase occurred despite a decrease in individual income tax collections and corporation taxable income from the preceding year. The increase was occasioned by the introduction of Atlantic Provinces Adjustment Grants of \$25 million of which \$7½ million was paid to each of the Provinces of Nova Scotia, New Brunswick and Newfoundland and \$2½ million to Prince Edward Island, and the increase of the standard tax rate for individual income from 10% to 13%. An adjustment was required by the tax-sharing arrangements act to compensate for the 1958 reduction in the federal individual income tax rate.

Payments to the provinces under the Federal-Provincial tax-sharing arrangements in 1958-59 were adjusted by deducting a total of \$1 million from the tax-