

Mr. Fleming (Eglinton): The preliminary figure for the cost to the federal treasury of unconditional payments and tax abatements to the provinces in 1959-60 is \$322 million, an increase of \$80 million over the previous year and \$163 million higher than in 1957-58. It is estimated that there will be a further increase in cost for 1960-61 of \$48 million. Of the estimated increase of over \$200 million in unconditional payments and abatements between 1957-58 and the fiscal year 1960-61, more than one half is the result of new payments or changes in the basis of payment or abatement. The increase in the provincial share of the yield from the personal income tax from 10 per cent to 13 per cent, which has benefited the provinces by \$120 million in the past two years and it is estimated will mean a further \$68 million to them in 1960-61, by itself accounts for approximately one third of the total increase.

Conditional payments to the provinces were also substantially higher in 1959-60, increasing by \$135 million to a total of \$383 million. Seventy per cent of this large increase was the result of increased contributions under the Hospital Insurance and Diagnostic Services Act as more provinces participated in the scheme. There were, however, also large increases in grants for welfare and resource development. It is estimated that there will be a further increase of \$6 million in conditional payments in 1960-61.

DEBT MANAGEMENT

In reporting to the house a year ago on the management of our public debt I pointed out that the large conversion operations undertaken during the summer of 1958 had removed a source of heavy pressure on the bond market and that by substantially lengthening out the average term of our

debt a sound debt management policy could be developed and carried forward.

Public debt transactions during 1959-60 included the issue, refinancing and redemption of a large volume of government securities. However, as a result of the successful conversion loan operations undertaken during 1958 the volume of debt transactions in 1959-60 was considerably less than in the previous year.

During the year now ending we have sold \$1,048 million of new marketable bonds and we increased the outstanding issues of treasury bills by \$530 million. In the same period we paid off \$1,550 million of market issues so that the total volume of direct government of Canada marketable issues outstanding at the end of the year is only \$28 million higher than at the beginning. In addition we sold \$1,445 million of new Canada savings bonds and paid off or redeemed \$1,170 million of earlier Canada savings bonds.

After taking into account the net decrease of \$20 million in bonds held in our securities investment and sinking fund accounts, the unmatured direct debt held outside these government accounts was \$333 million higher at the end of the fiscal year than it was at the beginning. This compares with an increase of \$1,439 million during the previous year and is an indication of the progress we have made.

With the consent of the house, Mr. Speaker, may I insert here three tables showing the size, distribution, average term and total interest cost of our public debt over the past 10 years?

Mr. Speaker: Perhaps the house would give consent at this time to the insertion of such tables as the hon. minister proposes to use

Some hon. Members: Agreed.

[Editor's note: The tables referred to are as follows:]