

REPORT OF THE COMMITTEE

THURSDAY, March 9th, 1967.

The Standing Committee on Finance to which was referred the Main Estimates and Supplementary Estimates "A" and "C" for the fiscal year ending March 31, 1967, has in obedience to the orders of reference of March 24, 1966, June 27, 1966, and November 17, 1966, respectively, examined the said Estimates and Supplementary Estimates and now reports as follows:

1. Your committee held seventeen meetings during this session of which ten were devoted to the consideration of these Estimates and, in all, some twenty-one witnesses appeared before the committee.

2. The committee followed the same procedure as in previous years of considering the Estimates in general, rather than embarking upon a detailed study of departments. The desirability of this form of procedure is strengthened by the new rules of the House of Commons. That chamber now refers the Estimates by department to its various Committees. It would be wasteful duplication for the Senate to follow the same procedure. However, the general study of the Estimates by your committee is supplemented by an examination of particular votes in those departments where committee members so desire, and during the current fiscal year, such investigations were made with respect to the National Research Council, the Atlantic Development Board and The Canadian Broadcasting Corporation.

3. The Main and Supplementary Estimates (A), (B), (C), (D) and (E) provided for total expenditures of \$8,558,185,901 in the fiscal year 1966-67 of which \$3,375,241,967 were statutory obligations and the balance of \$5,182,943,934 required to be voted by Parliament. The Estimates also provided for loans and investments to be made amounting to \$585,205,400. It is expected, however, that there will be further Supplementary Estimates and therefore, as has been customary in past reports of the committee, it is necessary to estimate the expenses for the current year in order to make a comparison with the total actual expenses of previous years. It has also been customary in such reports to exclude the payments out of the Old Age Security Fund because they have been considered to be a somewhat different character from the other expenditures.

For the purpose of this report, however, a table has been prepared (attached as Appendix "A") setting out government expenditures for the past 13 years, including all categories, namely those that are statutory, those that require parliamentary approval, and those under the Old Age Security legislation, but not including loans and investments. This table then shows the dollar amount of increase from year to year, and also the percentage increase over the preceding year.

4. The increase in the current year of 1966-67 over last year is estimated to be \$949,000,000 or 10.9%. This is both the greatest dollar increase and also the highest percentage increase in more than 15 years. To the extent that the increase in government expenditures does not outrun the rate of growth of the economy as a whole, such increases can be absorbed without too great difficulty. Therefore, in its previous Reports your committee has examined federal Government expenditures as a percentage of the Gross National Production. For the