

in the Permanent Services Pension Account represents the amount by which the contributions by permanent services personnel for current service and arrears, the Government's contribution (which is made at the rate of one and two-thirds times the current contributions and contributions for arrears) and interest accretions exceed payments from this account.

#### *Deferred Credits*

Deferred credits are expected to show a net increase of \$5.4 million during the fiscal year; of this amount \$7 million is attributable to the increase in interest accrued on public debt.

#### *Sundry Suspense Accounts*

Sundry suspense accounts are expected to show an increase of \$41 million during the fiscal year. Of this total, \$66.1 million is due to transactions relating to the Defence Equipment Replacement Account reflecting an increase in the undisbursed balance of the credits to the account under section 3 of The Defence Appropriation Act, 1950 and subsequent votes of Parliament for the same purpose. Under the terms of The Defence Appropriation Act, 1950, the value of defence materials and supplies transferred to members of the North Atlantic Treaty Organization may be credited to the account and these credits may be used in subsequent years to purchase equipment or supplies for the naval, army or air services of the Canadian Forces. The net increase in the account during the year represents the amount by which the value of defence materials and supplies transferred exceeds cash disbursements for replacements.

Replacement of material, section 11, National Defence Act, account is expected to show an increase of \$13.7 million. This increase represents the amount realized from the sale of material that has not been declared surplus to requirements but has been authorized by Governor in Council to be sold to other countries less the amount which has been paid out of the account for the procurement of replacement material.

The interim payment of \$6.3 million from the Canadian Wheat Board on account of surplus which had been held in suspense and transferred to revenue in the fiscal year 1952-53 and the transfer of the amount of \$2 million in the German Reparations Suspense Account to the War Claims Fund, account for the principal decreases in the sundry suspense accounts.

Also recorded under this heading is the amount held by the Government in respect of collections of the 5 per cent corporation income tax levied by the provinces that were party to a tax agreement with the Federal Government in the period 1947 to 1951. Under terms of collection agreements with the provinces, this tax was collected by the Federal Government and the proceeds thereof, when returns were finally assessed, were turned over to the provinces. The amount turned over to the provinces, (less any small amounts which represented collection of interest and penalties) was deducted from the stipulated tax rental payments and thus reduced the Federal expenditures shown on this account.