

summarized as follows:

1. Our funded debt payable in sterling increased during the year by a net amount of \$52.6 million as a result of the assumption of certain Newfoundland sterling indebtedness in accordance with the terms of union offset in part by the effect of the revaluation of sterling.

2. Our direct funded debt payable in United States funds increased by \$100 million because of the sale of a new issue in New York to retire C.N.R. and National Harbours Board obligations which were guaranteed by the government of Canada-- a flotation incidentally, which, as hon. members will recall, set a new record for Canada's credit in the United States market. The Canadian dollar equivalent of our funded debt payable in United States funds increased a further \$39.8 million due to the revaluation of the Canadian dollar.

3. Finally, in regard to our funded debt payable in Canada, the amount of our obligations, including refundable taxes, which matured or were called during the year was no less than \$3,137.4 million. We met \$2,213.3 million of this amount by refunding or conversion into new issues, \$338.2 million from the proceeds of new borrowing in the form of Canada savings bonds and deposit certificates, and \$430 million from the proceeds of sales of securities from securities investment account. Another \$100 million in Canadian funds, not included in the cash surplus referred to above, was available from the proceeds of our issue in New York. The remaining cash required, \$55.9 million, came from our cash surplus.

While I am on this subject, perhaps I may be permitted to deal with our probable financing requirements for the new fiscal year. As will be apparent from what I have to say later, I expect that we shall be able again next year to make some modest reduction in our funded debt from available cash resources but this reduction will certainly be much smaller than that effected this year. However, during the year there will become due or payable in Canada funded debt in the aggregate principal amount of \$2,414.1 million.

Yesterday I made a public announcement to the effect that the government proposed to call for prior redemption on June 15, 1950, the First Victory Loan 3 per cent bonds which mature on June 15, 1951, and also on June 1, 1950, an issue of 3 per cent bonds sold in 1935 which mature on June 1, 1955. The amount required to pay off these called issues is approximately \$745 million, and our cash resources will not, of course, be adequate for that purpose without a refunding loan. For that reason a new issue will be announced shortly before the time for payment of the called issues. It is expected that the new issue will include some longer term bonds suitable for general public investment as well as a substantial amount of short term bonds. This operation will result in a further reduction in the cost of interest on the public debt. Perhaps I should not let this occasion pass without again reminding all those who bought bonds during the war in such large numbers to examine their holdings and if they find they have any First Victory Loan bonds, make sure to turn them in on the call date, June 15 next, and thereby avoid any loss of interest.