

*The Budget—Hon. D. M. Fleming*

I have discussed this approach with the chairman of the civil service commission and I am given to understand that the commission agrees that there is merit in this suggestion.

We have an excellent public service in Canada. In terms of ability and integrity it compares very favourably with those of any other country. Now that up to date information on the current levels of salaries paid by private employers is becoming available in the form of preliminary reports by the pay research bureau, and as the budgetary situation now makes action possible, the government will accelerate its program of implementing recommendations from the civil service commission affecting a number of classes in the public service where the comparison with outside rates and the recruitment situation justify action.

I am happy to report that the treasury board, taking into consideration the degrees of disparity between civil service salary rates and those of private employers and the problems of recruitment and retention of qualified employees, has now approved recommendations from the civil service commission involving some 50,000 employees of the public service, principally in the clerical and stenographic classes, but also including some of the professional classes, such as meteorologists and veterinarians, where recruitment and retention of the essential number of qualified officers have become increasingly difficult. These revisions in salary ranges will be effective from tomorrow, April 1, 1960 and will involve an increase in expenditure during the fiscal year of about \$15 million. Details of these revisions will be made public as rapidly as possible over the period of the next ten days or two weeks.

With the same principles as criteria, a review of all other classes in the public service will be carried out by the civil

service commission forthwith and is expected to be completed before the end of the summer. As recommendations are received from the civil service commission, they will be promptly considered by the treasury board on a class by class basis.

After considering all the available data and taking into account our unremitting efforts to effect further economies and efficiency in all government activities, I have concluded that our budgetary expenditures for the fiscal year ending March 31, 1961 will be approximately \$5,880 million.

This is \$173 million higher than our budgetary expenditures for the year now ending. Approximately one third of this increase is in defence expenditures. The other two thirds part is in our non-defence expenditures and is due to higher public debt charges, higher civil service salaries, higher social security and welfare payments reflecting the increase in our population, and increased outlays under the government's programs designed to promote national development.

Revenue forecasting, as I have observed on previous occasions, always presents formidable difficulties. However, on the basis of a projected gross national product of between \$36½ and \$37 billion for 1960 and in the light of our present information, I have concluded that our present tax structure, with no change in rates will yield \$5,892 million in 1960-61. This is \$591 million more than our revenues in the past year.

For the convenience of hon. members, may I insert in *Hansard* at this point a table showing my estimate of the past year's revenues and what we may expect to receive in the ensuing year from the present tax structure.

[Editor's note: The table referred to follows:]

TABLE 6  
REVENUE FORECAST BEFORE TAX CHANGES  
(In millions of dollars)

	Preliminary 1959-60	Forecast 1960-61
	\$	\$
Personal income tax.....	1,555	1,750
Corporation income tax.....	1,140	1,340
Non-resident tax.....	75	80
Estates tax.....	88	85
Customs duties.....	529	580
Sales tax.....	737	795
Other duties and taxes.....	626	670
Total taxes.....	4,750	5,300
Non-tax revenue.....	551	592
Total revenue.....	5,301	5,892