

Insurance Act increased by \$241,800,000 during the period.

Advance to crown companies increased by \$108,500,000. These advances are covered by inventories and other assets of the companies. Another asset account arising since the outbreak of war is that entitled "Minister of Finance special custody account," amounting to \$1,025,000,000, which is in the form of foreign exchange and securities and is offset by a contra item in the increase in total debt.

The increases in the foregoing items total \$5,269,600,000, and the remainder, \$70,300,000, is made up of sundry small increases or decreases in other active assets.

I think the house will admit that this is an impressive list of assets. The government has acquired them by disbursement of funds raised by either taxation or borrowing. But such disbursements are not expenditures in the sense of budgetary expenditures. The latter cover only outgoes for which the government receives no active asset.

I also point out that these assets are conservatively valued in the dominion's balance sheet. Over the last six years a reserve of \$150 million has been built up by charges to expenditure to take care of any loss on the ultimate realization of these assets.

The hon. member for Temiscouata also raised the point that he could not obtain in May the figure for the total debt of Canada at March 31, 1946. As the hon. member knows, that date is the close of our fiscal year, but under the Consolidated Revenue and Audit Act expenditures relating to the fiscal year may be made up to April 30. In addition, many adjusting entries between expenditures and asset accounts have to be made after March 31. Accordingly, it is not possible to take off a balance sheet for the fiscal year-end until some months after the close of the year. However for the hon. member's information and for the information of the house I would point out that the Minister of Finance receives detailed statements of revenue, receipts and cash balances daily, and expenditures and asset and liabilities accounts twice monthly. I can assure the hon. member that the minister is at least as well informed on the operation of his department as any businessman on the operation of his company.

The budget speech indicated the deficit for the current fiscal year is now estimated at \$300 million, and there is a good prospect that in the following fiscal year our revenues and expenditures will be in balance. The reduction of the deficit to an amount no

larger than \$300 million is a remarkable achievement when considered in the light of the very heavy outlays, amounting to over \$600 million, which will be made this year by the Department of Veterans Affairs, the expenditures of the defence departments, for which \$489,000,000 will be required, and various other expenditures, including price subsidies and the cost of termination of war contracts, which represent a substantial additional amount. These specific outlays we may reasonably expect to decline in the following year, although there may be moderate increases in other expenditures and, of course, a decline in our tax revenues from the reductions announced in the budget. It is apparent, however, from the magnitude of the figures I have given that when a more normal level is reached in the following year the reduction in our outlays will be substantial and give every reason to believe that our budget will be in balance in 1947-48.

This prospect is even more striking when one considers the heavy reductions in tax revenue that have been proposed, coming on top of the reductions already in effect. On personal income tax and corporation taxes alone these reductions for the years 1945, 1946 and 1947 amount in total to \$530 million in tax revenue and, in addition, a reduction of \$72 millions resulted from the removal of the refundable portion of the excess profits tax, giving a total in excess of \$600 million. This figure does not include a further \$90 million that resulted from the repeal of the war exchange tax and the exemption of producers' apparatus and equipment under the sales tax.

The itemized list of the reductions under the personal income tax and the corporation and excess profits tax is an impressive one. For the information of hon. members I will give a summary of the tax relief which is given by the changes which have been in effect for 1945, 1946 and 1947. I would prefer not to read the whole table since it is getting late, but I should like to make a couple of observations on it. The hon. member for Muskoka-Ontario said that we were getting no immediate relief. The relief of four per cent which was effective last fall amounted to \$30 million. We already have that to our advantage. The immediate effect in 1946, which we are enjoying at the present time, is the sixteen per cent reduction, which amounts to \$115 million. The effect of the other, which we shall enjoy immediately after the turn of the year, amounts to twenty-three per cent, including family allowances, or a total of \$155 million. Then there is a total of \$300 million in relief from cor-