

resources were \$2.2 million (22 per cent) less than in the preceding year whereas contributions to provinces to assist in the conservation and control of water resources increased to \$7.6 million from \$3.1 million.

28. *Post Office.* The expenditure of this Department increased by almost \$18 million or 9 per cent in the year under review, due to payment of a retroactive salary increase amounting to \$5 million and to general increases in the cost of operations during the year.

29. *Public Works.* Although the expenditure of \$167 million by this Department in 1963-64 represented an increase of only \$4 million or 2.6 per cent over the preceding year, there were two substantial changes in individual expenditure classifications. There was an increase of \$8 million (25 per cent) in outlays connected with the construction of the Trans-Canada Highway and a decrease of \$7 million (24 per cent) in expenditure on harbour and river works.

30. *Trade and Commerce.* Expenditure by this Department increased by \$8 million or 12 per cent in comparison with 1962-63 due largely to an increase of \$4 million (12 per cent) in payments to the Canadian Wheat Board with respect to the carrying costs of temporary wheat reserves.

31. *Transport.* Although the expenditure of \$423 million by this Department in 1963-64 represented an increase of only \$7 million or 1.7% over the preceding year, there were significant changes in several individual expenditure classifications. There were increases of \$18 million—from \$22 million to \$40 million—in capital subsidies for the construction of commercial and fishing vessels; \$18 million—from \$50 million to \$68 million—in interim payments to railways to maintain freight rates at reduced levels; \$9 million—from \$12 million to \$21 million—in railway construction subsidies; \$6 million (11%) in marine services; together with payments to the Canadian National Railways of \$4 million in respect of the termination of the collection of tolls on the Victoria Bridge, Montreal, and \$3 million of interest on the cost of constructing the rail diversion on the Bridge for which there were no comparable expenditures in the preceding year. Largely offsetting these increases were reductions in the deficits of the Canadian National Railways and Trans-Canada Air Lines of \$6 million (12%) and \$4 million (100%) respectively, and decreases of \$5 million (94%) in payments to the National Harbours Board, \$16 million (12%) in the expenditure by air services mainly with respect to construction of national airports, and \$21 million in outlays under the Freight Rates Reduction Act, there being no disbursements under the provisions of this Act in the year under review.

32. *Veterans Affairs.* Expenditure by this Department of \$334 million was \$2 million or 0.6% less than in the preceding year, there being no significant changes in any items of expenditure classification.

33. *Other departments.* The increase of \$30 million or 10% in the amount shown for "Other departments" in the table in paragraph 16 was due to a number of significant changes in the expenditures of the smaller departments. Expenditure by the Department of Defence Production was \$11 million (34%) higher than in the preceding year due largely to an increase, from \$8 million to \$19 million, in outlays to sustain technological capability in Canadian industry.