

*The Budget—Appendix***Cash outlays for defence**

In addition to these budgetary expenditures for defence, there are other cash outlays which must be considered in arriving at the cost of Canada's defence program.

TABLE 10  
(in millions of dollars)

CASH OUTLAYS FOR DEFENCE	Fiscal year ending March 31		Increase or decrease (—)
	1966 (estimated)	1965	
Budgetary expenditures—			
Department of National Defence.....	1,536.7	1,537.8	—1.1
Department of Defence Production <sup>(1)</sup> .....	14.6	19.7	—5.1
Emergency Measures Organization.....	8.4	7.7	0.7
Department of Industry <sup>(1)</sup> .....	25.0	20.5	4.5
	1,584.7	1,585.7	—1.0
Disbursements for—			
Defence production revolving fund (net).....	—3.4	2.4	—5.8
Replacement of materiel account—sec. 11, National Defence Act (net).....	—0.1 —3.5	0.4 2.8	—0.5 —6.3
Net cash outlay for defence.....	1,581.2	1,588.5	—7.3

<sup>(1)</sup>See also under "All Other Departments" at the end of this section.

Section 11 of the National Defence Act provides that materiel, not immediately required for the use of the Canadian defence forces or the Defence Research Board, may be sold to such countries and upon such terms as the Governor in Council may determine. The proceeds of such sales are credited to a special account to be used for the procurement of materiel. In 1965–66 credits to, and cash outlays from, the account are each \$1 million. The balance in the account at March 31, 1966 is \$1 million, approximately the same as at the previous fiscal year-end.

The Department of Defence Production also makes cash disbursements for the procurement of materials for use in the manufacture of defence equipment which are not recorded as budgetary expenditures. For purposes of accounting and control, these amounts are charged to the defence production revolving fund and are treated as assets on the books of the government until they are charged to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment. During 1965–66 proceeds from sales of \$49 million exceeded purchases of \$46 million, resulting in a balance in the account as at March 31, 1966 of \$27 million.

**NON-DEFENCE EXPENDITURE****Agriculture**

Expenditures of the Department of Agriculture amount to \$198 million, an increase of \$32 million over the total for 1964–65.

Outlays for production and marketing are \$61 million, an increase of \$33 million over 1964–65 expenditures. The increase is due mainly to payments of \$21 million to eligible producers for manufacturing milk and cream delivered to