FEDERAL GOVERNMENT EXPENDITURE

PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION

	1968-69	1969-70 Preliminary	1970-71 Forecast
	(millions of dollars)		
1. Budgetary expenditure	10,767	11,915	12,900
Deduct:			
2. Budgetary transfers to funds and agencies(1)	− 716	− 776	− 737
3. Post Office expenditure	− 342	− 350	− 396
4. Deficit of government business enterprises	− 82	− 88	− 85
5. Reserves and write-offs	− 157	− 297	− 36
6. Purchase of existing capital assets	− 11	− 11	− 11
7. Budgetary revenue items offset against budgetary expenditure(2)	− 84	− 88	− 92
	(−1,392)	(−1,610)	(−1,357)
Add:			
Extra budgetary funds expenditure:			
8. Old age security benefits	1,541	1,730	1,905
9. Unemployment insurance benefits	459	520	610
10. Government pensions	159	165	205
11. Prairie farm emergency payments	7	7	7
	(2,166)	(2,422)	(2,727)
12. Expenditure of government funds and agencies(1)	702	853	827
13. Miscellaneous(3)	237	160	393
14. Total expenditure, National Accounts Basis	12,480	13,740	15,490
15. Surplus (+) or deficit (−), National Accounts Basis	− 80	+ 570	+ 130
16. Surplus (+) or deficit (−), budgetary basis	− 576	+ 355	+ 250

(1)In the national accounts, budgetary appropriations to various funds and agencies are replaced by the expenditure actually made by these funds and agencies.

(2)This item mainly consists of revenue from sales of goods and services by the government. These sales appear as final expenditure of the private sector and are deducted to avoid double counting.

(3)This item includes the supplementary period adjustment. In the national accounts, expenditures on goods and services in the supplementary period are divided between adjacent fiscal years; most other expenditure are shifted entirely to the next fiscal year.

Mr. Benson: Mr. Speaker, the reduction of $50 million in our revenues will also increase our net cash requirements for the year 1970-71 to some $525 million, excluding amounts that may be required to finance foreign exchange transactions.

While our prospective cash requirements for the next fiscal year are higher than those of the fiscal year now closing, I am confident they can be met in a manner consistent with our anti-inflationary policy. We shall, of course, have to enter the market from time to time if only to refund our maturing debt. Our cash balances at the beginning of the year will be about a billion dollars and can safely be reduced somewhat during the year. It should be possible again to raise funds by a Canada Savings Bond campaign.

I would expect that these factors, together with the improved state of the bond market and persistence in our anti-inflationary measures will make possible a smooth and successful debt management program this coming fiscal year.

In concluding, Mr. Speaker, I would like to emphasize several simple points. First, we must continue with firm measures to accomplish our purpose in checking the rise in prices. This is essential in itself to convince those in the capital market, the labour market and the markets for goods and services that they should not expect inflation to continue year after year. Second, we must continue to do what we can to recognize the differences in the various parts of our country and the several sectors of our economy. Third, we must be flexible in our ability to respond to changes in the economic situation. The record of recent years proves that Parliament and the government can act promptly when that is necessary to meet new or changing circumstances.