

*Budgetary transactions*

Revenues of the government for the fiscal year ended March 31, 1959 amounted to \$4,770 million. This was \$120 million or about 3 per cent more than last year's budget forecast as revised on August 13, 1958 to \$4,650 million and \$278 million or 6 per cent less than the total of \$5,048 million collected in 1957-58.

Expenditures amounted to \$5,387 million and were \$37 million or less than 1 per cent more than the budget forecast as revised on September 6, 1958 to \$5,350 million to take into account the special wheat acreage payments and other commitments arising out of the further supplementary estimates, and \$300 million or 6 per cent more than the total spent in 1957-58.

On the basis of these figures the deficit for the fiscal year was \$617 million compared with the Minister's revised forecast on September 6, 1958 of a deficit of \$700 million and a deficit of \$38 million for 1957-58.

On the revenue side of the government's budgetary operations collections have shown a decline from the previous year. This was due partly to the fact that the general level of activity and production in the economy was somewhat less than in 1957-58 and partly to the tax reductions announced in December, 1957 and June, 1958. Although receipts from excise and succession duties and non-tax revenues exceeded those of the previous year, these increases were more than offset by reductions in the receipts from personal, corporation and non-resident income taxes, excise taxes and customs import duties.

On the expenditure side defence was again the most significant feature in the government's programme. In 1958-59 defence expenditures amounted to \$1,437 million, a decrease of \$250 million or 15 per cent from the preceding year and represented 27 per cent of the government's total budgetary outlay. For the most part this decrease is due to the policy announced in the budget speech of June 17, 1958 of liquidating the balance in the national defence equipment account during the fiscal year. Equipment purchases totalling \$212 million were charged to the account during 1958-59 compared with \$24 million in the previous year. In 1957-58 defence expenditures amounted to \$1,687 million and constituted 33 per cent of the total.

*Non-budgetary transactions*

Although the budgetary deficit for 1958-59 was \$617 million, the government's bank balances at the end of the fiscal year were \$166 million greater than a year ago. This increase in cash balances was the net result of budgetary requirements of \$617 million, requirements of \$882 million for loans, investments and working capital advances and of \$878 million for other non-budgetary disbursements offset by non-budgetary receipts and credits of \$1,114 million from repayments of loans and investments, annuity, insurance and pension accounts receipts and other non-budgetary sources and an increase of \$1,429 million in outstanding unmatured debt.

*Old age security fund*

Pension payments from the old age security fund amounted to \$560 million and tax receipts credited to the fund totalled \$376 million, and the deficit of