

made to Roumania and Greece in 1919–20 and 1920–21 and advances of \$15 million in respect of the implementation of guarantees (Ming Sung Industrial Company Limited).

Reserve for losses on realization of assets

There was no change in this reserve during the year, the balance at March 31, 1964 being \$546 million, unchanged from the end of the previous year.

INCREASE IN NET DEBT

The net debt of Canada, or the excess of liabilities over net assets, in the amount of \$15,136 million at March 31, 1964 is \$1,216 million higher than at March 31, 1963. The increase reflects the 1963–64 budgetary deficit of \$685 million plus an adjustment of \$531 million in respect of prior years' transactions.

The adjustment of \$531 million covers the write-off to net debt, subject to parliamentary approval, of the unamortized portions of actuarial deficiencies in the amounts of \$525 million in respect of the Canadian forces superannuation account and \$6 million in respect of the Royal Canadian Mounted Police superannuation account.

5. THE CASH POSITION

The government's bank balances are expected to amount to \$596 million at March 31, 1964, an increase of \$218 million over the total at March 31, 1963.

The government's cash position is affected not only by budgetary transactions but also by changes in the government's outstanding unmatured debt and other non-budgetary transactions. Non-budgetary transactions are those which affect the government's asset and liability accounts and must be taken into account when considering the full scope of the government's financial operations and their effect on the economy of the country.

In 1963–64 an estimated deficit of \$685 million in budgetary transactions and estimated cash receipts of \$166 million in non-budgetary transactions (excluding unmatured debt transactions) result in a net cash requirement of \$519 million. As outstanding unmatured debt is estimated to increase by \$737 million, an increase of \$218 million is reflected in Receiver General bank balances. In 1962–63 there was a budgetary deficit of \$692 million and a net requirement of \$772 million in non-budgetary transactions which was financed by an increase of \$1,064 million in outstanding unmatured debt and a draw-down of \$400 million from the government's cash deposits.

On the assets side, the non-budgetary transactions consist, for the most part, of loans and advances to, and repayments by, Crown corporations and other government agencies and funds (including the old age security fund), national, provincial and municipal governments, international organizations, veterans and other borrowers. On the liability side they relate mainly to receipts and payments in connection with the many deposit and trust accounts, and annuity, insurance and pension funds held or administered by the government.