

CANTEEN SYSTEM IN ENGLAND.

Mr. MACDONALD: Would the hon. the Minister of Militia be good enough to give the House a statement, similar to that which he has just given in reference to the treatment of prisoners of war, in regard to the position of the canteen system in the various camps in England which are under the control of the Canadian authorities, as to whether there are wet canteens still in existence, as to who the contractors are who have to do with their maintenance and carrying on, and what is the policy of the Government and the department overseas in regard to the matter?

Sir EDWARD KEMP: I will look into that matter and endeavour to get my hon. friend an answer in due course.

THE BUDGET.

ANNUAL STATEMENT BY THE MINISTER OF FINANCE.

Honourable Sir THOMAS WHITE (Minister of Finance) moved:—

That the Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

He said: Mr. Speaker, I avail myself of the opportunity afforded by this motion to make the annual budget statement.

The features of the public finances in which I conceive the House to be chiefly interested at the present time are the relationship between national income and national expenditure and the increase in the national debt. For the first year of the war the revenue from all sources was about one hundred and thirty million dollars. It rose during the second year to \$170,000,000. For the year ended March 31 last, I am happy to say, our income will reach two hundred and thirty-two millions, or one hundred million in advance of the fiscal year 1915. In round figures, \$134,000,000 of the aggregate was derived from customs, \$24,000,000 from excise, and \$12,500,000 from the business profits war tax. From this last named tax, which was introduced by the Budget of last year, we estimated that we should receive twenty-five million dollars during the three years of its currency. Our experience has proved that this estimate will be largely exceeded. This tax was retroactive, being levied in respect of business accounting periods ending subsequently to December 31, 1914. The profits of the first accounting period of businesses subject to the tax were much affected by the severe depression and dislocation of business in-

[Mr. Marcell.]

cidental to the first months of the war. Nevertheless, from this first period the sum of \$12,500,000 has already been collected, and when the full levy is made we expect to have collected in respect of this period as much as \$15,000,000. For the second accounting period the taxes for which are payable during this year we estimate that the amount collected will be much larger—in fact, as high as \$20,000,000, or more. The increase will, of course, be due to the business prosperity which has prevailed in Canada during the past year and the profits made in supplying munitions of war. On the whole, notwithstanding the difficulty of organizing on short notice the official machinery necessary to cover so large a country as Canada the tax has worked out much more satisfactorily than we expected, and the total results will be much greater than the estimate.

I have said that the total income of the past fiscal year was \$232,000,000. Leaving aside for the moment our direct war expenditure, our outlay for the past year was upon ordinary account \$145,000,000 and \$27,000,000 upon capital and subsidy account, or a total of \$172,000,000. It is to be borne in mind that of our ordinary expenditure \$25,000,000 represents increased interest and pension charges due to the war. Taking our total revenue at \$232,000,000 and our total current and capital expenditure at \$172,000,000, we find that during the past fiscal year we were able to pay from our income all current and capital expenditure, all charges of interest upon our increased national debt, all pension outlays, and in addition devote the sum of \$60,000,000 to payment of the principal of our war expenditure. For a country such as Canada, of sparse population and without the conditions of long-established and concentrated wealth prevailing in older and more settled communities, the result must be regarded as extremely satisfactory.

Coming next to the question of our direct war expenditure, we find that with our increasing military effort it also is continually increasing. Since the beginning of hostilities our total war outlay, including estimated and unadjusted liability to Great Britain for the maintenance of our troops at the front and inclusive of withheld pay, totals, so far as we can calculate, about \$600,000,000. As the result of this large war expenditure, the net national debt of Canada, which was \$336,000,000 before the outbreak of war, has risen to over \$900,000,000, although this will not be shown by our official statements for some months to come.