28. Family allowances payments rose by $18,024,000, or about 7%, mainly as a result of the changes in the income tax provisions relating to dependetn children, which became effective as from the beginning of 1947 although there is, of course, a steady rise from month to month due to natural increase. The increase in old age pensions and pensions for blind persons of $13,642,000, which represents more than a 30% increase from the previous year, indicates the effect of the higher rate of pensions and revised income qualifications. Government contributions to unemployment insurance and administrative expenses under the Act showed a moderate increase. During the year the costs of National Selective Service were combined with administration of the Unemployment Insurance Act.

29. A major drop in expenditures relating to veterans accounted for almost one-half of the total reduction in ordinary and demobilization and reconversion expenditures during the fiscal year. Payments of war service gratuities and re-establishment credits, alone, declined from $318,325,000 in 1946-47 to $84,135,000 in 1947-48. There was also a drop of nearly 50% in the costs of treatment. Pension costs relating to veterans of World Wars I and II, on the other hand, continued to increase.

30. The further withdrawal from wartime controls is reflected in the substantial reductions in expenditures under the headings of agricultural subsidies, price control and subsidies directly related to price control. As shown in the above table, agricultural subsidies and assistance declined by $37,803,000 from the previous year and the costs of price control administration and related subsidies (including payments to flour millers) by $69,956,000.

31. As demobilization proceeded, National Defence expenditures declined by 50% from the previous year, most of the reduction being attributable to the Army.

32. Expenditures of the Department of Reconstruction and Supply continued to decline. Of the $63,235,000 spent by that Department under Demobilization and Reconversion during 1947-48, $38,620,000 was attributable to housing developments.

Capital Expenditures

33. Expenditures charged to capital during the fiscal year 1947-48 totalled $16,461,000 compared with $11,200,000 in the previous fiscal year. The main items are cost of dredging the St. Lawrence Ship Channel, construction and improvements in connection with civil airways and airports, the construction of the new Prince Edward Island car ferry and improvements of terminal facilities.

Special Expenditures

34. Special expenditures are estimated at $63,540,000, an increase of $31,614,000 over 1946-47. The largest single item of expenditure under this category was a payment to the Canadian Wheat Board of $31,450,000 to cover the amount of established deficits in respect of certain special operations of an emergency character conducted by the Board during war and post-war years, as provided for by Vote 582 of the Further Supplementary Estimates for 1947-48. Advances to the Prairie Farm Emergency Fund accounted for $10,744,000 and $13,900,000 was expended for subsidies on oats and barley used as feed for live stock.

Government Owned Enterprises

35. Total expenditures under the classification entitled Government Owned Enterprises which comprises the losses of and non-active advances to Government Owned Enterprises established before the war and operated as separate corpor-