

PART III.—ADMINISTRATIVE FUNCTIONS OF THE FEDERAL GOVERNMENT

Section 1.—Financial Administration*

The financial affairs of the Government of Canada are administered and controlled under the fundamental principles that no tax shall be imposed and no money shall be spent without the authority of Parliament and that expenditures shall be made only for the purposes authorized by Parliament. The most important constitutional provisions relating to Parliament's control of finances are contained in the British North America Act; this Act provides that all taxing and appropriating measures must originate in the House of Commons and all requests for grants must come from the Crown through responsible Ministers, and for such requests the Government is solely responsible. In practice, financial control is exercised through a budgetary system based on the principle that all the financial needs of the Government for each fiscal year be considered at one time so that both the current condition and the prospective condition of the public treasury are clearly in evidence.

Estimates and Appropriations.—In the latter part of the calendar year, at the request of the Minister of Finance, each of the several departments prepares its estimates for the following fiscal year and submits them by a specified date to the Treasury Board. This Board is a Committee of the Queen's Privy Council for Canada and consists of the Minister of Finance as chairman and five other Ministers named by the Governor in Council, with such additional members of the Privy Council as the Governor in Council may nominate to serve as alternates. A senior officer of the Department of Finance acts as secretary to the Board and the necessary staff is provided by that Department. Under the Financial Administration Act, the Board has a statutory duty to advise the Governor in Council on matters relating to finance, estimates, expenditures, financial commitments, establishments, revenues, accounts, terms and conditions of employment of persons in the public service and general administrative policy in the public service.

On receipt, departmental estimates are assembled by officers of the Treasury Board, comparisons are made with the expenditures of previous years and digests of supporting data and other pertinent information are prepared. The Board reviews each departmental submission in the light of probable revenues and of governmental policy generally, usually consulting the appropriate Minister and departmental officials. Expenditure proposals may be rejected or reduced and unresolved differences of opinion may be referred to the Cabinet for decision. When the Board is satisfied with their substance and form, these estimates, known as the Main Estimates, are submitted to the Cabinet and later to the Governor General for approval and are then laid before the House of Commons.

On motion of the Minister of Finance, the estimates are referred for consideration to the Committee of Supply, which is a committee of the whole House. However, the estimates of certain departments may first go to select committees of the House; these, after being reported upon to the House, are referred back to the Committee of Supply. The consideration of the estimates usually extends over a period of several months. Each vote is the subject of a separate resolution and Members of the House may question the Minister on any item but no private member or Minister on his own responsibility can introduce any new expenditure proposal or any amendment to an estimates item that would result in an increased expenditure. When the examination of the individual items has been completed, the estimates are referred to the Committee of Ways and Means, also a committee of the whole House, which is asked to consider a resolution for the introduction of a Bill to appropriate money to meet the requirements as approved in the Committee of Supply. When such resolution is passed, an appropriation Bill is introduced which, when

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