

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 federal 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.—The co-ordination of the Estimates process is carried out by the Treasury Board. This Board is a separate department of government, its Minister having the designation of President of the Treasury Board. In addition to the President, the Board consists of the Minister of Finance, who serves *ex officio* as a member, and four other Privy Councillors. Under the Financial Administration Act, the Board may act for the Privy Council in all matters relating to financial management including 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 (see also p. 139).

The Estimates for any one fiscal year are determined as a result of a two-phased review by the Treasury Board of departmental proposals for expenditure. In the spring of each year, at the request of the Secretary of the Treasury Board, each department submits to the Treasury Board a forecast of Estimates for the current and following four fiscal years. During the summer, a review of the programs giving rise to these Estimates forecasts is carried out by the Treasury Board as a result of which tentative Estimates figures are determined for each department for the coming fiscal year. The Board reviews each departmental program submission in the light of probable revenues and governmental policy generally, usually consulting the appropriate Minister and officials. Each department, using the figure resulting from this review as a guideline, develops in detail its manpower and other resource requirements and submits them to the Treasury Board late in October in the form of Main Estimates for the fiscal year beginning Apr. 1. These Estimates are analysed by the Treasury Board staff and compared with the guidelines determined during the spring program review. The Board reviews each departmental submission in the light of the current budgetary outlook. The Estimates 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, the Main Estimates are submitted to the Cabinet and later to the Governor in Council for approval and are then laid before the House of Commons.

On motion of the President of the Treasury Board, the Estimates are initially referred for consideration to the Committee of Supply, which is a committee of the whole House. However, the Estimates of most departments may then go to standing committees of the House; such estimates, after being reported upon to the House, are referred back to the Committee of Supply which alone can approve the resolution of expenditure. 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

* Prepared under the direction of H. R. Balls, Comptroller of the Treasury, in consultation with D. R. Yeomans, Assistant Secretary of the Treasury Board, Ottawa.