

consists chiefly of guarantees of loans made by chartered banks to the Canadian Wheat Board, to farmers and to university students and of guarantees under the Export Development Act. Table 22.6 provides data on the contingent liabilities of the government as at March 31, 1982 to 1985.

22.2 Federal financial operations and control

22.2.1 Financial administration

The financial affairs of the federal government are administered under the basic principle set out in the Constitution Act, 1867, that no tax shall be imposed and no money spent without the authority of Parliament and that expenditures shall be made only for the purposes authorized by Parliament. The government introduces all money bills and exercises financial control through a budgetary system based on the principle that all the financial needs of the government for each fiscal year ending March 31 should be considered at one time so that both the current and prospective conditions of the public treasury may be clearly evident.

Estimates and appropriations. Treasury Board, whose Secretariat is a separate department of government under the President of the Treasury Board, co-ordinates the estimates process.

Under a policy and expenditure management system, total government outlays are divided into eight functional categories or envelopes, and planned levels for spending are established over a multi-year horizon. Envelopes consist of the estimated cost of existing programs (A-base projections), and either a positive "policy reserve", or a "negative reserve" if the envelope has been set at a level which requires net reductions in existing programs. Responsibility for program decisions and the allocation of funds within envelopes is delegated to policy committees of Cabinet. As well as allocating funds from any policy reserve established when the envelope is initially set, policy committees may add to this reserve through reductions in existing programs. Hence, the system encourages policy committees and departments to review their programs in order to provide funds for new initiatives.

Each year, departments and agencies submit a multi-year operational plan (MYOP) to the Treasury Board. This document provides detailed information on proposed spending over the planning period for their currently authorized levels of activity (the A-base projections).

Based on the multi-year operational plan, the Treasury Board Secretariat prepares recommendations for the budgetary and non-budgetary allocations to each program for Treasury Board and Cabinet review. Departments are advised of the allocations approved by Cabinet. Departments also develop separate detailed estimates for their resource requirements for the first or upcoming year of the MYOP. Following review by Treasury Board and approval by Cabinet, the MYOP levels for all planning years are updated and the estimates for the upcoming year are tabled in Parliament in February.

The new year main estimates are referred to committees of the House of Commons by March 1 of the expiring fiscal year. The committees must report back to the House not later than May 31. Supplementary estimates are referred to standing committees immediately after they are tabled and reporting dates are stipulated.

There are three supply periods that end December 10, March 26 and June 30. The first supplementary estimates for a year are usually dealt with in the December period and the final supplementary estimates in the March period. In addition, interim supply (consisting of 3/12ths for all voted items in main estimates and extra 12ths for some voted items) is dealt with in the March period. In the June period the House is asked to provide full supply on main estimates. In each supply period a number of days are allotted to the business of supply. Opposition motions have precedence over all government supply motions on allotted days, and opportunities to put forward votable motions are provided. On the last allotted day in each period, the appropriation acts then before the House of Commons must be voted on. These acts authorize payments out of the consolidated revenue fund of the amounts included in the estimates, whether main or supplementary, subject to the conditions stated in them.

The budget. The Finance Minister usually presents a budget speech in the House of Commons some time before the main estimates have been introduced. The budget speech reviews the state of the national economy and the financial operations of the government in the previous fiscal year and gives a forecast of the probable financial requirements for the year ahead, taking into account the main estimates and allowing for supplementary estimates. At the close of his address, the Minister tables the formal notices of ways and means motions for any changes in the existing tax rates or rules and customs tariff which, in accordance with parliamentary procedure, must