

PART III.—ADMINISTRATIVE FUNCTIONS OF THE FEDERAL GOVERNMENT

In the following special article the Canada Year Book presents for the first time information concerning the administration and control of the financial affairs of the Federal Government.

FINANCIAL ADMINISTRATION OF THE GOVERNMENT OF CANADA*

The fundamental principles under which the financial affairs of the Government of Canada are administered and controlled are 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.

There are a number of constitutional provisions relating to Parliament's control of finances, the most important of which are to be found in the British North America Act. Sect. 53 of the Act provides that bills for appropriating any part of the public revenue or for imposing any tax or impost shall originate in the House of Commons, and Sect. 54 further provides that no vote, resolution, address or bill for the appropriation of public moneys shall be adopted or passed by the House of Commons that has not been recommended to the House by a message of the Governor General in the session in which the vote, resolution, address or bill is proposed. In other words 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. Until such a request is made the House cannot consider or approve a grant.

In practice, financial control is exercised through the adoption of a budgetary system based on the principle that all the financial needs of the Government for each fiscal year—that is, for the period from Apr. 1 of one year to Mar. 31 of the following year—shall be considered at one time, so that the Government, Parliament and the people may have clearly before them the financial problem as it affects the present and prospective condition of the public treasury.

ESTIMATES AND APPROPRIATIONS

Each year during the autumn months, the Minister of Finance writes a formal letter to his colleagues requesting them to have the estimates of the several departments for the following fiscal year prepared and submitted by a certain date to the Treasury Board. The Board, which is a Committee of the Queen's Privy Council for Canada, 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 is designated to act as secretary and the Department of Finance provides the Board with such staff as is necessary for the proper conduct of its business. 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, the terms and conditions of employment of persons in the public service and general administrative policy in the public service.

When the departmental estimates are received they are assembled by officers of the Treasury Board, comparisons are made with the expenditures of previous years and digests of the supporting data furnished by departments and of 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 calling departmental officials before it. It may reject or reduce an expenditure proposal. Unresolved differences of view may be referred to the Cabinet for final decision. When the Board is satisfied with the substance and form of the estimates, they are submitted to the Cabinet for final consideration. After approval by the Cabinet, they are recommended

* Prepared under the direction of H. R. Balls, Director, Financial Administration and Accounting Policy Division, Department of Finance, Ottawa.