

where there is not sufficient money available in the appropriation for the service suffering loss. Such amounts must be charged subsequently to an appropriation or included in the estimates for the department or agency concerned and refunded to the Fire Losses Replacement Account.

In addition, disbursements are made for purposes not reflected in the budgetary accounts but recorded in the government's statement of assets and liabilities, such as loans to and investments in Crown corporations, loans to international organizations and to national, provincial and municipal governments, and loans to veterans. There are also disbursements in connection with deposit and trust accounts and annuity, insurance and pension accounts which the government holds or administers, including the old age security fund and the Canada Pension Plan fund which are operated as separate entities. These disbursements are excluded from the calculation of the annual budgetary surplus or deficit.

**The budget.** The Minister of Finance usually presents his annual budget speech in the House of Commons some time after the main estimates have been introduced. The budget speech reviews the state of the national economy and the financial operations of the government for the previous fiscal year and gives a forecast of the probable financial requirements for the year ahead, taking into account the main estimates and making allowances 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 precede the introduction of any money bills. These resolutions give notice of the amendments which the government intends to ask Parliament to make in the taxation statutes. However if a change is proposed in a commodity tax, such as a sales tax or excise duty on a particular item, it is usually made effective immediately; the legislation, when passed, is made retroactive to the date of the speech.

The budget speech is delivered in support of a motion that the House go into committee; debate on this motion may take up six sitting days, but once it is passed the way is clear for consideration of the budget resolutions. When these have been approved by the committee, a report to this effect is made to the House, and the tax bills are introduced and dealt with in the same manner as all other government financial legislation.

**Revenues and expenditures.** Administrative procedures governing revenues and expenditures are, for the most part, contained in the Financial Administration Act.

With respect to revenues, the basic requirement is that all public money shall be paid into the Consolidated Revenue Fund, which is defined as the aggregate of all public money on deposit to the credit of the Receiver General. The Minister of Supply and Services is the Receiver General for Canada. Treasury Board has prescribed detailed regulations governing the receipt and deposit of such money. The Bank of Canada and the chartered banks are the custodians of public money. Balances are apportioned among the various chartered banks according to a percentage allocation established by agreement among all the banks and communicated to the Department of Finance by the Canadian Bankers' Association. The daily operating account is maintained with the Bank of Canada and the division of funds between it and the chartered banks takes into account the immediate cash requirements of the government and consideration of monetary policy. The Minister of Finance may purchase and hold securities of, or guaranteed by, Canada and pay for them out of the Consolidated Revenue Fund or may sell such securities and pay the proceeds into the Fund. Thus, if cash balances in the Fund exceed immediate requirements they may be invested in interest-earning assets. In addition, the Minister of Finance has established a purchase fund to assist in the orderly retirement of the public debt.

Treasury Board exercises central control over the budgets of departments and over financial administrative matters generally. Although the most important part of this control function is exercised during the annual consideration of departmental long-range plans and of the estimates, the Board has the right to maintain continuous control over certain types of expenditure to ensure that activities and commitments for the future are held within approved policies, that departments follow uniform, efficient and economical practices, and that the government is informed of and approves any major development of policy or significant transaction that might give rise to public or parliamentary criticism.

To ensure enforcement of the decisions of Parliament, the government and Ministers regarding expenditures, the Financial Administration Act provides that no payment shall be