CHAPTER 8

BORROWING AUTHORITY

PRINCIPLE: The main borrowing bill should be given first reading at the same time as the main estimates are tabled.

The government may not borrow any money or issue securities without the approval of Parliament. This is established by the *Financial Administration Act*. It has been proposed that the approval for borrowing be linked to either the estimates or the budget procedure. Arguments have been made for both approaches.

It has been suggested to us that the borrowing authority is more naturally a part of the budgetary process. Borrowing influences the government's ability to levy future taxes in order to support current expenditures. Through borrowing the government is really seeking authority to levy future taxes.

Alternatively, the estimates and the borrowing bill could be dealt with at approximately the same time. This would make it clear that in order to have sufficient resources to meet the proposed expenditures a certain amount of money has to be raised by borrowing.

While not all the witnesses who appeared before us addressed this proposal, many of those who did gave it only lukewarm approval. There was concern that a more streamlined borrowing process would encroach on the rights of private members to effectively debate this important matter. We recognize that Members must be given an adequate opportunity to deal with the borrowing bill.

Recommendations

8.1 We recommend that to ensure the financial relationship which we wish to establish among the budget, the estimates and the borrowing bill, the main borrowing bill be given first reading at the same time as the main estimates are tabled.

8.2 We recommend that if additional borrowing authority is required that additional borrowing bills should be given first reading at the same time as the supplementary estimates of the Department of Finance are tabled.

8.3 We recommend that the borrowing bills be separate bills and their passage through the parliamentary process be independent of any other financial process.

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