

*Financial Administration*

**Mr. Sinclair:** This section on uncollectable debts was very carefully canvassed by the public accounts committee two years ago. Then last year we made a report to the house in which we recommended the write-off on uncollectable debts up to 1940. The uncollectable tax debts to which the hon. member is referring are handled by the Department of National Revenue.

First of all, in the case of bankruptcies when there is sales tax which had been paid by the purchaser, and which is still owing by the manufacturer who went into bankruptcy, I believe that the crown has a priority in the bankruptcy proceeding. In most bankruptcy proceedings there is nothing left and you cannot collect, but the crown is at least the first creditor. In my experience I have never heard the Department of National Revenue criticized for being too lenient in attempting to recover taxes owing. In the second place, where the receiver of funds for the government, whether they be sales taxes or unemployment insurance premiums, misappropriates the funds he is subject to criminal prosecution which is undertaken by the Department of Justice.

Section agreed to.

On section 24—*No payment out of C.R.F. without authority from parliament.*

**Mr. Drew:** I should like to make a short observation on this section. It states in most explicit terms that, subject to the British North America Acts, 1867-1951, no payment shall be made out of the consolidated revenue fund without the authority of parliament. I desire to go back again to the fact that there is a clear declaration by statute, which we are now approving, which should be regarded as having a very positive meaning that no payment shall be made without parliament actually knowing it is going to be made for that particular purpose.

I should like to quote what the Minister of Finance said about that surplus as recorded at page 1729 of *Hansard* for December 10:

... we can congratulate ourselves, I think, that we have had a substantial surplus so far this year; because if we had not had a surplus we would have been obliged to borrow additional new money to the tune of \$300 million to finance housing, the C.N.R. and other government loans and investments, and another \$200 million to meet maturing debt, or \$500 million in all.

Now, that is what the Minister of Finance told the house a few days ago. What he says in that statement is that, in the budget estimates presented to this house, he did not disclose \$200 million required for refinancing, and he did not disclose these other obligations which the government would have been called

upon to meet. This means that the budget was incomplete, in so far as the information to this house was concerned, to the extent of \$500 million.

It is no answer to say that a very desirable course has been followed in paying off that \$200 million of public debt which was maturing out of surplus instead of refunding it or issuing any new form of securities. I come back to the point of section 24, which we are now called upon to adopt as the law of this country. It says that no payment shall be made without the authority of parliament, and that means with parliament knowing it is to be paid for a specific purpose. No matter how good the idea, no matter how desirable the purpose, it is not proper for the government to make this decision as to how the money will be spent. The decision must be made when the need for it has been disclosed to parliament and parliament has approved.

**Mr. Sinclair:** A very important point here is that, so far as the refunding of maturing debt is concerned, or the payment of it, that is authorized by the statute which authorized that borrowing to be made in the first place. The borrowing referred to this morning of \$111 million authorized this spring for the Canadian National expenditures is the authority of parliament to make that borrowing, and whether the borrowing is done on the open market or out of funds currently held in the consolidated revenue fund is a matter for the discretion of the minister under section 17 of this act, part II, where he is given management of public funds.

**Mr. Drew:** The point I am making, Mr. Chairman, and I do submit it is an extremely important point, is this. While there can be no question about the authority of the minister under the statute to refinance maturing obligations, while there may be no question about the legal authority of the minister and of the government to appropriate any surplus for any purpose, I am simply pointing out that any surplus is an overtaxation above the amount which parliament has authorized. The fact that the government is going to use that overtaxation or surplus, whichever you call it, for a particular purpose, as it has a legal right to do, does not justify the government obtaining the approval of a plan of taxation which will raise that money without parliament knowing that the money is to be raised for that particular purpose; that is my point. There are a great many things for which the government can appropriate money under various statutes, but when it is said that the government may not make payments out of the consolidated revenue fund without the