

*Financial Administration*

this phase, and when we are before the committee one of the points which will be dealt with is the reasons the C.N.R. and the Bank of Canada are not at the moment included in those corporations which shall be subject to the audit of the Auditor General. They are audited by outside auditors at the moment.

An interesting point was raised by the hon. member for Greenwood on the form of the public accounts in classifying what are current and capital revenues and what are current and capital expenditures, and then on the balance sheet, in classifying what are assets and what are liabilities, as compared with what in the ordinary business world would be regarded as revenues and disbursements and what would be regarded as liabilities and assets. That point was a subject of long discussion when we had the Auditor General before us in committee on the form of the public accounts. There is a great literature on the difference between the form of accounting which governments must of necessity follow and that which private business can follow. Perhaps it can be summed up best by the words used by the assistant deputy minister at that time, to the effect that a business in listing assets and liabilities can have in mind the thought: If we were to be wound up and sold tonight, what are the liabilities we must meet and what could we realize? What are our assets actually worth? That is not true, of course, with the government. First of all, to think of winding up the government of Canada, the Dominion of Canada, the country of Canada, overnight and putting on the block the assets which have been paid for since confederation—our canal system, for example, our transportation system, our road systems—and saying what a prospective buyer would pay for them is purely hypothetical, since there would be no buyer for such things. The very difficult question of sorting out what is a current expenditure and what is a capital expenditure is one which has engaged governments on all levels in this country for a long time, and it seems to be more or less a decision of the government of the time with respect to any particular borderline expenditure as to which category they put it in.

The hon. member for Winnipeg North Centre (Mr. Knowles) went at some length into the matter of legislation by appropriation, items in the Appropriation Act which have no statute behind them and which might be regarded as money bills in the ordinary sense. As we know, in this house any money bill involving public expenditure has lots of warning. We get a notice of

[Mr. Sinclair.]

motion. We get a resolution, and we go into committee on the resolution. Only then do we start the first, second and third readings which are given to all other bills. And of course the fact, as was pointed out by the Auditor General, is that when we legislate through items in the Appropriation Act there are no such stages in the consideration given. It is before you once, and there it is. I think it has already been agreed in this house—certainly I recall the Minister of Finance (Mr. Abbott), when the same member raised this problem a year or two years ago—

**Mr. Knowles:** Two years ago.

**Mr. Sinclair:** Yes; and quite recently the Prime Minister (Mr. St. Laurent), at the time of the establishment of those two new departments, agreed that in most instances continuing legislation by appropriation was undesirable. There are fields in which this legislation by appropriation is very practicable. To give examples, there were the Fraser river floods, the Winnipeg floods, the Rimouski and Cabano fires. Obviously we are not going to have bills put through to authorize the payment of non-recurring expenditures—at least we hope they are non-recurring.

**Mr. Knowles:** They were emergencies.

**Mr. Sinclair:** Yes. There were other instances. I could mention the university grants which were referred to today. In an instance like that there is a need to give help even before a firm policy on legislation has been established; and where in the early stages—that has happened with other forms of legislation—it is necessary to give immediate assistance there is legislation by appropriation. But I think it would certainly be agreed that as these statutes come up for amendment where provision can be made for statutory legislation rather than legislation by appropriation these changes should be made. I am quite sure that the amendments being brought in by the Secretary of State (Mr. Bradley) are along that line.

The point made by the leader of the opposition (Mr. Drew) on the estimates and the extent of the surplus is very interesting. Of course I am not in a position to answer fully. The Minister of Finance will be back early in the week and will be available if desired both for the passage of the bill through the public accounts committee and in the house when the bill is in committee of the whole. I might point out again, though, that in the study which the public accounts committee made of this matter two years ago, when we were studying the form of the estimates, the Auditor General, both from his experience in that post and his previous