

## CHAPTER V.

## DEPARTMENT OF FINANCE.

## GENERAL.

68. As its name implies, this Department is primarily concerned with the finances of the Province. Every transaction affecting the public treasury, of whatever origin, terminates here. IT IS IN THIS DEPARTMENT THAT THE DIFFICULT AND RARELY ACCOMPLISHED TASK OF BALANCING THE BUDGET IS ANNUALLY ATTEMPTED AND THE DEGREE OF SUCCESS OR FAILURE FINALLY RECORDED. It is, therefore, the most responsible branch of Provincial administration, and its management is of vital importance to the public welfare. Its functions and limitations should be thoroughly understood not only by the Department itself, but also by the Legislators and the public. THERE IS A VERY PREVALENT AND MOST DANGEROUS OPINION THAT PUBLIC FINANCES ARE INEXHAUSTIBLE AND THAT WAYS AND MEANS CAN ALWAYS BE FOUND TO SATISFY EVERY DEMAND MADE UPON THE PUBLIC TREASURY.

69. It would not be unreasonable to assume that the Department of Finance with its long experience of unbalanced budgets and its intimate knowledge of our shrinking revenues, would be the first to set an example of economy. To prune its own departmental tree would prove the most effective argument when advocating economies elsewhere. This Department has been particularly fortunate in the number of reports it has received recommending reorganization with the object of greater efficiency and economy. Messrs. Helliwell, MacLachlan & Co., were employed in 1928-29 at a cost of \$50,000, to make an examination of the financial affairs of the Province and to make a survey of its accounting methods. Their report contained many valuable proposals which, if adopted, would have led to large economies and more efficient methods. Although the report states that:—

"This report has been submitted by us to both the former and present Comptroller-General and after discussing the subject-matter with them, we have received their unqualified endorsement in connection therewith."

the recommendations contained therein have not, with certain minor exceptions, been adopted.

## ADMINISTRATIVE AND OTHER DIVISIONS OF PROVINCE.

70. One of the most important matters dealt with in the foregoing report was the recommendation for the reduction of the excessive number of Government Agents' Offices throughout the Province.

71. The Province is for various administrative purposes divided into divisions and districts in over forty different ways. Some of these divisions were created many years ago when transportation facilities were much less than they are to-day. New divisions have been made from time to time, but apparently without any effort to make them correspond with the divisions then existing. Not only do we find that this condition entails much inconvenience, but the cost of preparing and printing maps to show the various divisions of the Province is excessive. The Civil Service is fully alive to this, and efforts have been made from time to time to put the divisions of the Province on a more scientific basis, but owing to political considerations, nothing has been done. We had a meeting with senior officials from nearly all the main Departments, and found them willing to co-operate with a view to the number of different divisions of the Province being greatly reduced.

72. Owing to the bewildering maze of divisions adopted by the Province, the Dominion found it necessary to create its own areas for census and statistical purposes. This work was done in collaboration with Provincial officers and now the Province is permanently divided into eighteen statistical areas. As there is at all times an interchange of statistics and other information between the Dominion and the Province, it is essential that the Province make its own divisions conform to these eighteen areas. We are, therefore, of opinion that these eighteen areas should as far as possible be used as the basis of all divisions of the Province.

73. The land districts and the land registration districts may possibly have to remain unchanged, but we are definitely of opinion that land recording districts, mining recording

districts, assessment districts, counties, police divisions, and many other divisions of the Province should be revised so as to conform to the eighteen Dominion statistical areas.

74. At present there are thirty-seven Government Agents' offices under the Department of Finance, which may be termed the general outside administrative offices of the Province. While there may have been some justification for the creation of so many offices in years gone by, it ceased to exist with the development of highways and the advent of the automobile. We are of opinion that for purposes of administration, the Province should be divided into seven administrative areas, each area containing one or more of the Dominion statistical areas, and that the number of Government Agents' offices should be reduced forthwith to fourteen, with the object in two or three years of further reducing them to seven, so that there will be one central office in each of the seven administrative areas for practically all purposes of government.

75. We do not think it necessary to say more on this subject as the draft proposals laid before us by the Surveyor-General at the meeting already referred to, indicate that not only has the Service the right ideas on this subject, but that it is willing to co-operate in carrying them out.

76. If the foregoing recommendations were adopted, an economy of approximately \$200,000 should result.

## CONTROL OF EXPENDITURES.

77. The most important duty of the Department of Finance is the control of government expenditures, and we now propose to describe the machinery by which such expenditures are authorized, controlled, audited, disbursed and finally appear in the Public Accounts. The Legislature, the Lieutenant-Governor, the Minister of Finance, and the Comptroller-General are by the Constitution Act and various other Statutes made integral parts of this machinery and each is given separate and distinct duties.

78. All proposals for the expenditure of public moneys or the imposition of any taxation must originate with the Lieutenant-Governor, acting on the advice of his Executive Council. This is provided for by section 52 of the "Constitution Act" which reads as follows:—

"The Legislative Assembly shall not originate or pass any vote, resolution, address, or Bill for the appropriation of any part of the Consolidated Revenue Fund, or any tax or impost, to any purpose which has not first been recommended by a Message of the Lieutenant-Governor to the Legislative Assembly during the session in which the vote, resolution, address, or Bill is proposed."

79. It will be seen therefore that the whole responsibility of expenditures is by the Constitution placed on the Legislature as a whole, and that no private member is permitted to introduce any Bill involving the expenditure of public funds.

80. The Legislature meets in the early part of the year, and one of its most important duties is to consider the estimates of expenditure for the fiscal year following, that is, the year beginning April 1st. These estimates are prepared by the Minister of Finance and are submitted by him to the House after being introduced by Message from the Lieutenant-Governor, provided by the statute above quoted.

81. The Legislature signifies its approval of the estimates by an Act, known as the "Supply Act," which authorizes the payment out of the Consolidated Revenue Fund of the total amount of the estimates for the express purposes for which they are appropriated as set out in the detailed estimates.

82. In addition it is unfortunately the regular practice for further estimates to be submitted to supplement the estimates for the current fiscal year for which the estimates approved at the previous session have been found insufficient.

83. WE ARE OF OPINION THAT A MORE DETERMINED EFFORT SHOULD BE MADE TO ESTIMATE THE YEAR'S EXPENDITURES MORE ACCURATELY AND THAT THE VARIOUS DEPARTMENTS OF GOVERNMENT SHOULD BE MADE TO REALIZE THAT AS THE ORIGINAL ESTIMATES ARE THE BASIS UPON WHICH PROVISION IS MADE FOR THE REVENUE OF THE GOVERNMENT, THEY MUST BE REGARDED AS THE MAXIMA OF EXPENDITURES AND THAT ONLY IN VERY EXCEPTIONAL AND UNFORESEEN CIRCUMSTANCES WILL A SUPPLEMENTAL ESTIMATE BE APPROVED.

84. Expenditures may be authorized by special warrant of the Lieutenant-Governor under section 24 (3) of the "Audit Act," which reads as follows:—