

I will start with the Department of Finance which numbers about 500 people. They control the treasury which services all government departments right across the country and has a staff of 4,500 people. The departments of organization is divided into several divisions. We have the taxation division, of course; we have a treasury board division with the staff of the treasury board. We also have a division on financial affairs, both domestic and international, and a division on economic affairs, both domestic and international, and such operations as the Royal Canadian Mint and the inspector general of banks. The Minister of Finance also has a number of areas or divisions or departments that report to him but are not part of the Department of Finance, that is they are not under my jurisdiction but they do report to the Minister of Finance; in particular there is the department of insurance, the tariff board, the Bank of Canada, and purely on the administrative side, the Auditor General's department.

In the operating divisions the Minister of Finance is responsible for administering a number of statutes, the farm improvement loans, the veterans' business and professional loans, small business loans, the Royal Canadian Mint, the public service superannuation, the dominion provincial fiscal relations, tax collection agreements, and so on. There are also grants to municipalities in lieu of taxes on federally owned real estate, as well as some others. Broadly speaking, the Department of Finance is not a large operating department. It is primarily a department whose senior officials study, make reports and tender advice on financial, fiscal, budgetary and related policies.

In the financial and fiscal area a very important role of the Minister of Finance is related to tax legislation, revenue legislation. I am sure you all know the Minister of Finance is responsible not for the administration of these acts but for tax legislation, and the administration of the tax statutes is under the Department of National Revenue which is the operating and collecting division of the department.

In the field of government expenditures, the Minister of Finance has a major role in that he is by statute the chairman of the treasury board, and the staff of the treasury board are in the Department of Finance. The Minister of Finance is also responsible for debt management, bond issues, the operation of the exchange fund, the purchase fund, and so on. In this area the Bank of Canada is the agent of Her Majesty in reporting to the Minister of Finance, and it operates largely the management of the public debt, bond issues, and so on. It operates the management of the foreign exchange fund, and so on.

The field of budgetary policy is both a financial matter and a matter of economic policy. If we go back 50 or 70 years ago, we find that government expenditure in almost all countries with which we are familiar was relatively small. That is true of Canada as well. Expenditures at that time amounted to 3 per cent or 4 per cent, or at the most 5 per cent of what we call the gross national product. Under those conditions, budgetary policy did not have a major economic effect on the country. Now, in most countries with which we are familiar, in North America, western Europe and so on, government expenditures run from anywhere between 15 to 25 per cent of the gross national product.

In Canada, of course, it includes federal expenditures which are 16 or 18 per cent of the gross national product. If you have provincial or municipal expenditures added to that, it comes up to 25 per cent. Where government operations are such that they are collecting and spending between $\frac{1}{3}$ th and $\frac{1}{4}$ of the gross national income or gross national product, obviously government policies in the budgetary area are of the highest economic importance.

Finally, I will refer very briefly, Mr. Chairman, to the document to which you have referred, in relation to the matter of public accounts. The Minister publishes in the *Canada Gazette* each month a financial statement on budgetary