

He has asked me to put in the addendum. Through diligent research in the library here, I have just obtained the rest of the statement that came out, part of which he read. The part that he quoted, which is absolutely correct, is that in the first seven months the federal deficit had increased by some 63 per cent. However, this is the part that I had noticed and which I did not hear him read into the record. This comes from the department themselves, who issued the other statement. A senior Finance Department official said,

“We said that corporate and personal income tax [revenue] would be weaker than expected”.

I add my own words, “because of the recession”.

● (1500)

The quotation continues,

“Where we will get some relief, however, is from the effect of lower interest rates on our public debt charges.”

That is the part Senator Olson neglected to include because it is rather good news. The fact is that the lower interest rates on the service charges, which will keep reducing, will not have their full effect in 1991 nor in 1992, but will build up over the course of the next, three, four or five years, to where some of the interest charges will be lower than expected.

I wanted to add that for the information of the Senate.

Some Hon. Senators: Hear, hear.

Senator Olson: Would Senator Barootes permit one question? First, I want to say that the paragraph he reads, or whatever it was, was not in the article that I had in front of me taken from the *Financial Post*. I would like to ask him if he has done any arithmetic to find out how much of the \$7 billion increase in the deficit will be met by what he has now called some “lowering” of interest charges. Is it about 5 per cent, or is it about 3 per cent?

Senator Murray: From where does this \$7 billion figure come?

Senator Olson: The Department of Finance issued a statement yesterday stating that the deficit as of October is \$7 billion higher than it was a year ago at the same time.

Senator Murray: Let me assure the honourable senator that the deficit figures will be in at the end of the fiscal year, which is March 31, and they will not show a \$7 billion increase, or anything like it. We are on target.

Senator Barootes: That much is guaranteed, honourable senators. However, I wish to add this: If I could tell the house exactly how much the savings will be as a result of lower interest rate charges, I would rival J.P. Morgan and some of the other very rich people in the world. I do not have that kind of a crystal ball.

[Translation]

Hon. Roch Bolduc: Honourable senators, I wish to speak about the notes that have just been given to us by Senator Stewart.

It is true that contingencies vote No. 5 allows the financial managers to provide for a certain margin in spending authori-

[Senator Barootes.]

ties, because it does involve some \$350 million, i.e. about one third of a billion dollars and thus \$1 billion out of the \$100 billion, apart from debt servicing. This boils down to about one third of one percent.

These amounts are usually for unforeseeable expenditures, due in part to the result of collective bargaining, the sum total of which is unknown. The rest is for projects which have not yet been defined, or which will be defined during the course of the year, and when they are brought to fruition the rationales are provided. Senator Stewart has indicated that that is rather dangerous. I also am of the opinion that this is not the ideal situation, but it is difficult to proceed in a different fashion under Parliamentary rule, where authorities are the order of the day, without having such contingency funds. This is about one third of one percent with some sort of internal rotation. I do not think one can say that this is a serious problem. This is still within the limits of what I would call reasonable, but I do agree that there are some dangers involved.

[English]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I think it is particularly useful to have some wide-ranging debate on an appropriation bill at second reading. Our practice has always been not to refer an appropriation bill to a committee, as we do almost without exception with all other bills. That practice is based on the fact that we refer the Estimates to the National Finance Committee. It then studies them and presents a report.

The appropriation bill then arrives and makes an appropriation on that basis. What happens, of course, is that when the bill appears in the Senate, and accordingly appears in the *Debates of the Senate*, it is sometimes some days after the report of the committee and the comments made by the chairman of the committee on that report.

I think the debate today has been a very useful one. I wish to refer honourable senators to the report of the committee and the comments made by the chairman, Senator Leblanc, of Quebec, as reported at page 747 of the *Debates of the Senate* for December 10, 1991. Many of the points that have been raised here today were touched on at that time, but not dealt with as widely as they have been today.

If I understand Senator Stewart's intervention, or if I may rephrase it in a way that conforms with my understanding of it, it is not at this stage an objection to the expenditures so much as it is to the consequences of continuing this practice, as I assume we will. The Senate normally does not deny supply, and very seldom holds up an appropriation bill. Again, that is another reason for us to discuss it and for everyone to feel free to discuss some of its dimensions at second reading.

What I took from Senator Stewart's point, as I understood it, is that, in effect, when the Main Estimates come along Parliament always votes an amount for contingencies. Senator Stewart calls this “loose money”. This is money about which, in effect, the government is saying, as Senator Bolduc has said, “It is unfortunate, but there is no other way of doing it. We must have a few dollars in the kitty in case of some unexpected