

**PARAGRAPH 47—WEAKENING OF PARLIAMEN-  
TARY CONTROL**

Section 25 of the Financial Administration Act reads as follows:

"All estimates of expenditures submitted to Parliament shall be for services coming in course of payment during the fiscal year."

As explained in paragraph 47 of the Auditor General's Report, this is one of the most important controls exercised by Parliament over public expenditure. However, "this control is seriously weakened when funds are credited to special accounts to be available for spending in future years." (Auditor General's 1970 Report, page 24)

The creation of open fund accounts or running balances available from year to year allows departments, Crown Corporations or agencies to hold large sums at their disposal and, "is a means of circumventing Parliament's instruction that all estimates that are submitted to it shall be for the services coming in course of payment during the fiscal year." (Auditor General's 1970 Report, page 23)

During its proceedings, the attention of your Committee was drawn to the following amounts in the Estimates for 1969-70 which were not required during the year but which did not lapse at the year-end in compliance with section 35 of the Financial Administration Act:

Agriculture Vote 17b	
Reserve for wheat inventory reduction payments .....	\$ 100,000,000
Secretary of State Vote 30	
Canadian Broadcasting Corporation..	11,993,000
Transport Vote 80	
National Harbours Board—Special Account .....	2,036,000
Treasury Board Vote 5a	
Reserve for salary revisions 1969-70..	58,656,000
	\$ 172,685,000

In the first of the aforementioned cases (Agriculture Vote 17b) the estimate was submitted for money to be spent in the following year. It is difficult to reconcile this practice with Section 25 of the Financial Administration Act, quoted above, and it is one that should be studied more closely.

In the latter three cases, (Secretary of State Vote 30, Transport Vote 80, and Treasury Board Vote 5a) special wording of the vote texts was involved. The amounts appropriated were not required during the year, but did not lapse at year-end in compliance with Section 35 of the Financial Administration Act, "because of the special wording of the vote texts in the Appropriation Acts which received the approval of Parliament when the Appropriation Acts were passed." (Auditor General's 1970 Report, page 23)

As an example of this special wording, comparison is made between the Appropriation Act for the C.B.C. (Secretary of State Vote 30) in 1968-69 and 1969-70.

In 1968-69, this reads:

Grant in respect of the net operating amount required to discharge the responsibilities of the broadcasting service.

Under this wording in 1968-69, any funds not required by the C.B.C. were returned to the Consolidated Revenue Fund at year-end.

In 1969-70, the vote reads as follows:

Payment to the Canadian Broadcasting Corporation for operating expenditures in providing a broadcasting service.

The word "grant" was changed to "payment" in the 1969-70 appropriation, and thus, the \$11,993,000 not required by the C.B.C. in that year did not lapse at year-end as in previous years, but rather, was retained by the C.B.C.

Your Committee, seized with the importance of the wording, and the slight variations thereof, of the Votes listed in the Appropriation Act, therefore recommends that when there is a change in the normal course of presentation of estimates e.g. in the wording or standards which previously prevailed that a note or other indication calling attention to the variation be included in the particular item.

**PARAGRAPH 48—CONTINGENCIES VOTE**

In its Thirteenth Report 1966-67, the Committee expressed concern that large sums are placed in the hands of the Executive for the supplementing of appropriations of various departments. In that Report, your Committee recommended

.....  
that there be no change in the Treasury Board's procedure whereby it is the agency which determines the Government's overall cash requirements in stated areas, e.g. salary increases. However, once this determination is completed and the individual departmental needs established, the Committee believes that the additional amount required by each department should be made the subject of a supplementary estimate prepared by the department concerned for submission to Parliament for its consideration and appropriation in the usual manner.

Your Committee appreciates the change in the wording of Vote 5 but is still concerned over the resulting continuance of the annual Contingencies Vote. Of even greater concern to your Committee is the extension of the purposes of this vote in 1968-69 and 1969-70, which allowed the establishment of a reserve from the unused balance of the appropriation, from which payments may be made in respect of salary increases relating to previous years. This practice resulted in a reserve fund of \$64,332,000 at the end of the fiscal year 1969-70.