

cancelled when new borrowing authority has been granted for the new fiscal year.

The need for new borrowing powers during each fiscal year reflects several factors. It reflects the amount of expenditures approved by parliament in the main estimates, interim supply bills and supplementary estimates. It reflects the budgetary and non-budgetary financial requirements resulting from the difference between the expenditures approved by parliament and the sources of revenues approved by parliament.

The prime justification for including the new borrowing authority in the appropriation acts is that borrowing powers to make up any shortfall between revenues and expenditures should follow fairly automatically since the shortfall and the borrowing requirements are a consequence of actions already taken by parliament. I realize that the position taken by the hon. member for Edmonton West (Mr. Lambert) the other night is basically that the Appropriation Act on that specific occasion was not the subject of debate, and I understand the House leaders are now discussing new procedures whereby we may have a discussion on that particular bill including the borrowing authority. It is the government's intention, subject to discussion, to continue the long-established practice of including requests for new borrowing authority in Appropriation Acts in the future.

As a result of the highly successful Canada savings bond campaign, the Government of Canada raised about \$4,336 million in the current fiscal year to November 28, 1975. That is a gross figure from which must be deducted redemptions. Of course, redemptions of Canada savings bonds are taking place continuously and normally average about \$100 million per month. In the absence of new borrowings, the government would, therefore, be well within its present \$4 billion statutory borrowing authority by the end of fiscal 1975-76. However, unless additional new borrowing authority is authorized by parliament, we will not be able to raise the additional funds which we need in the remainder of this fiscal year.

In this connection, it will be recalled that I terminated sales of this year's series of Canada savings bonds on November 14. This decision was taken because it then appeared possible that net sales of Canada savings bonds might use up most, if not all, of the unused statutory borrowing authority. At the same time, the ongoing treasury bill financing program was brought to a temporary halt and it was subsequently decided not to raise new cash in the December 15 marketable bond refunding issue which was announced on November 28.

The borrowing authority of \$4 billion granted by parliament not only reflected the shortfall between expenditures indicated in the main estimates and anticipated ongoing sources of budgetary revenues, but it also provided some margin for contingencies. In the budget presented to the House on June 23, budgetary and non-budgetary financial requirements were revised upwards to a figure of \$5.3 billion. The various provisions introduced in the June budget were subsequently debated and approved by parliament. On November 14 I also informed the House that financial requirements for this fiscal year would be between \$5 billion and \$6 billion.

Supplementary Borrowing Authority

While the \$2 billion additional borrowing authority sought in this bill reflects the higher level of financial requirements anticipated for fiscal 1975-76, new funds to be raised in capital markets during the balance of this fiscal year are expected to be substantially less than this amount. Without wishing to be too precise concerning the government's borrowing plans over the balance of the current fiscal year, I would say that, subject to prevailing market conditions, an amount equal to about half the increase in borrowing authority might be raised in the capital markets. The balance will provide a margin to deal with any unforeseen contingencies such as foreign exchange transactions, and to provide adequate flexibility in debt management and monetary policy.

It is the government's intention to recommence a regular borrowing program through the issue of treasury bills early in the new year, and to raise new funds through the issue of marketable bonds on February 1 when \$150 million Government of Canada bonds will mature. It is for these reasons that an increase in the statutory borrowing authority is being sought before the Christmas recess. If opportunities to raise new funds in the capital markets are missed now, then additional burdens would necessarily have to be placed on capital markets in the next fiscal year.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I do not think I need make any apology for the fact that we are now facing this special bill this afternoon as a result of the action I took in raising the question of order on the night of December 9, and consequent upon Mr. Speaker's decision with regard to the regularity of clause 5 of that appropriation bill. But I would say, first of all, I think the minister really is finding himself hoist on his own petard, in that he was the first architect, as government House leader in 1969, of the changes in House rules which eliminated the committee of supply. That was done ultimately under the sanction of closure, again a subject which is totally repugnant to me because, as a long-time member of the House, I feel it is the House which is in charge of its rules, not the government trying to impose rules in order to master the House.

● (1530)

So there is a difference of approach on this subject. Certainly we have seen the wheels start to turn the other way. I must say that my motive the other night—and, I think, a motive which will commend itself to hon. members this afternoon—was simply a reassertion of the fact that it is parliament which is supposed to control the purse strings, and not that parliament is to disburse money on behalf of the administration by simply pushing down the button on the cash register.

It is a slow step and there are some gains and some losses. I hope that this has been a gain. The minister may speak all he wants about customs since confederation, including authorizations for borrowing power under the Appropriation Act, but I would say that the abrupt change came in 1969 when the Appropriation Act which follows the study of our supplementary estimates must come before this House without debate or power of amendment.

A year ago, and then the other night, the minister's predecessor introduced into the supplementary estimates a