

*Supply*

ty has never been asked for by governments in the past and, certainly, has never been granted by parliaments in the past.

I wish to make a further submission about the item which is described as being non-budgetary. The vote provides for the forgiveness of 50 per cent of the loans made. Actually, it reads that there shall be a forgiveness of, "50 per cent of normal direct onsite payroll costs". To that extent the vote, in my submission, is not non-budgetary, but is budgetary. These forgiven and to-be-forgiven amounts should be reflected in the accounts of government expenditures for each and every fiscal year in which they are incurred. This provision is set forth clearly in the treasury manual, which the President of the Treasury Board, who is intimately familiar with the treasury manual, will no doubt concede. Evidence that the forgiven amounts are continuing and immediate appropriations of public funds is contained in the words in the treasury manual, "Payment is hereby forgiven", rather than in the non-budgetary words "To be paid out of moneys to be appropriated by Parliament," under which a vote would have to be put in the estimates in each fiscal year and voted on by parliament in an appropriation act.

Clearly, the offence here is that of the government coming before parliament and purporting to ask for authority to spend money in one fiscal year, that ending on March 31, 1973, and smuggling into these estimates, by way of an expanded vote description, moneys to be spent during three other fiscal years.

In the case of the forgiveness provisions of the vote, that part, I say, would be non-budgetary, although the annual appropriations would be budgetary. In this supplementary estimate, the government is combining a budgetary element in the vote with a non-budgetary element. It has done something that is less than legitimate in calling this item non-budgetary, since it is a combination of budgetary and non-budgetary items. In my belief this is a misrepresentation of the true state of affairs and ought not to be accepted by the House. The result would be that the government would conceal expenditures of public funds which will be recovered from and paid for by the taxpayer. Both these points were raised in committee.

The Minister of Finance (Mr. Turner) appeared as a witness before that committee and attempted to explain his reasons. He did not satisfy me and I do not believe he really satisfied the members of his own party, even though they voted to pass this estimate out of committee, or at least voted that the government could proceed in this way. The minister's explanations were somewhat lengthy. The length of his argument belied the strength of it. It was because his argument was so weak that he had to speak so long. This matter raises the question of section 20 of the Financial Administration Act, which I quoted in committee. That section directly prohibits the government from proceeding in the manner which it now asks us to prove.

Section 20 of the Financial Administration Act provides:

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

Here we are being asked to fly directly in the face of that stricture in section 20 of the Financial Administration

[Mr. Nielsen.]

Act and approve amounts for services that will be paid during three fiscal years. I see the President of the Treasury Board is listening intently. How can the government justify requesting this House to approve moneys to be spent in three fiscal years in the face of that direct prohibition in section 20 of the Financial Administration Act?

It is inconceivable that there could be any other interpretation of that section than the one I have suggested.

It reads:

All estimates of expenditures—

This vote is an estimate of an expenditure.

—submitted to Parliament—

It is now submitted to parliament.

—shall be for the services coming in the course of payment during the fiscal year.

That means the fiscal year to March 31, 1973. The section, in effect, prevents the government from asking parliament to provide moneys for services coming in course of payment during any other fiscal year. However, the description of the vote asks for \$350 million for three fiscal years. When asked a question in this House by an hon. member, the Minister of Finance (Mr. Turner) said he expected a cash flow during the first winter of operation of this project to amount to something in the order of \$75 million. When pressed in committee, he gave us ball park figures for the second and third years. If my recollection is correct, it was \$170 million and \$105 million for the second and third fiscal years respectively.

• (1640)

In committee, what we suggested by way of compromise in order to legalize what the government is trying to do with this project, was to reduce the amount of \$350 million to \$75 million and to report back to the House that a separate appropriation be brought in by the government for the next two following fiscal years. That suggestion was not accepted. The answer of the Minister of Finance was, if we did that the provincial governments could not plan sufficiently far ahead because they would be uncertain about getting the money. That was a rather empty argument because if parliament appropriated moneys for the second and third fiscal years as well as passing an estimate for \$75 million for this fiscal year, they could plan ahead just the same as they could if this unlawful, in my view, estimate were to be passed in this form. That argument really did not hold any water.

There is no restriction on the future planning capability of the provincial governments for these projects if we proceed in a proper way by appropriating the two fiscal years separately. I mean doing this now, not waiting for the second and third years to accomplish this. There is no reason why we cannot do it now. However, proceeding in this fashion is simply not correct. The law exists for a reason. The law is being flouted. I say to the Minister of Finance through you, Mr. Speaker, that we are talking about old Section 20 of the Financial Administration Act which, as I have been saying, places a direct prohibition against the government proceeding in this fashion.

Having made that point, I want to assure the President of the Treasury Board (Mr. Drury), the Minister of Finance and the government House leader that we are