

*Employment Commission*

As a result of the auditor general's investigations of the provincial systems of auditing the municipal accounts, he reported that in his judgment the provincial audits of municipal expenditures did not sufficiently protect the interests of the federal treasury. Consequently, on the recommendation of the Minister of Labour the auditor general was directed by order in council of March 12, 1934 (P.C. 222), to conduct such audit of provincial and municipal accounts in connection with unemployment relief expenditures as he deemed essential to safeguard the interests of the federal treasury. This policy was continued under the Relief Act, 1934, the auditor general being so authorized by order in council of August 11, 1934 (P.C. 1835).

Then followed a statement with respect to the recovery from the provinces of sums that the audits disclosed had been overpaid, and it will be recalled that the report indicated the sums that had been recovered by reason of the action taken. In the first instance I pointed out the other day, what I desire to say again, that with respect to all these matters there was, first, the municipal certificate; second, that of the province and, third, the pre-audit by the auditor general's office before payments were made, and I was assured by the treasury officials that no cheques were issued, prior to the time the government left office, unless those conditions had been complied with; (a) the certificate of the municipal authorities; (b) the certificate of the province over the signature of one of its officials, and (c) a pre-audit, usually certified by the initials of two auditors in the auditor general's department. If hon. members are interested and will take the trouble to look through those reports—I do not desire to take time to go into them at length—they will find these matters all dealt with, and the measures taken to ensure the return of the moneys that had been overpaid, not by reason of fraud except in one or two cases, but usually because of misunderstanding and incomplete information on the part of the provinces when giving the certificates under which the payments were made.

The third point to which I desire to direct attention is that which was laboured at some length this afternoon by hon. members of the committee. It dealt with the general principles of the measure now before the committee, that is the setting up of an independent tribunal, entirely lacking in what you might call democratic control, not elected by the people, but selected by the governor in council for the purpose as mentioned in the bill itself. If the committee look at the preamble of the Relief Act of 1935 they will find there a clear statement of the difference between the two ideas that are apparently now before

[Mr. Bennett.]

the committee. The act of 1935, being chapter 13, reads as follows:

Whereas the provinces may require further assistance in carrying out necessary relief measures and in meeting financial conditions as the same may arise; and whereas in such event it is in the national interest that parliament should support and supplement the relief measures of the provinces and grant them financial assistance in such manner and to such extent as the governor in council may deem expedient; and whereas it is necessary to make provision for a further expenditure for relief purposes under the Department of National Defence and the Department of the Interior; and whereas for these and similar purposes the powers necessary to ensure the speedy and unhampered prosecution of such relief measures and the maintenance of the credit of the dominion and the provinces thereof should be vested in the governor in council; now therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows.

This is a statutory recognition of what we conceived to be the primary obligation as resting with the provinces, and it is a statement of the desire on the part of the dominion to assist the provinces in the discharge of their duties in that regard. It is wholly unnecessary to do more than point out that every government in the past has assumed that those who under our democratic system of administration are charged with responsibility for provincial expenditures are as anxious to safeguard their treasury, and the municipalities are as anxious to safeguard theirs as the dominion is in regard to its own; that, therefore, there would be no waste of provincial or municipal moneys, and that the dominion might rely on that fact in making the arrangements it did with the provinces. I need hardly point out that for that purpose, as indicated in the reports by the minister on the operation of the relief acts, loans were made to the provinces to enable them to function. The loans are set out at length in the reports to which I have just referred. In each report there is an indication of the extent to which loans have been made to the various provinces. There was of course a division of expenditures with respect to public undertakings in the provinces and municipalities. But in no case did the federal power deal directly with the municipal power. It dealt with the municipalities as being creatures of the provincial legislatures, and dealt with the provinces on the basis of their being the proper bodies with which the dominion should deal, or, in other words, the channel of communication between the municipalities on the one hand and the federal government on the other.