

Supplementary Borrowing Authority

Mr. Macdonald (Rosedale): Mr. Speaker, perhaps I could speak to the question. The recommendation from His Excellency is required under the British North America Act, and the recommendation is specifically for the purpose of appropriating any part of the consolidated revenue fund, or public moneys, for the purpose of expenditure. The hon. member is quite right in saying that from time to time the executive has to appropriate money for the purpose of making payments on the public debt and that is done through the normal estimates process. A borrowing bill, however, is not an expenditure bill. It is a distinctly different process of acquiring the means to pay expenditures that have already been authorized by parliament. In that sense, then, it is not covered by the provisions of the British North America Act and for this reason the Governor General's recommendation would not be required.

Mr. Knowles (Winnipeg North Centre): I am not satisfied.

Mr. Speaker: Order, please. The hon. member for Winnipeg North Centre (Mr. Knowles) raises a most interesting point of order about the bill, one that has occurred to the Chair and we have given it some preliminary examination. It is true that in the past a clause to extend to the government the approval of parliament for borrowings has been part of a supply bill which in fact has, therefore, been subject to the identical restrictions in respect of borrowing recommendations, the same restrictions sufficient to include it under that umbrella of separation as a result of the ruling last week.

A separate bill to deal only with borrowings raises, in a totally new way, the question of whether it is the kind of expenditure, in and of itself, that would require a recommendation of His Excellency in order to comply with all those restrictions that have traditionally surrounded financial initiatives of the Crown. For the moment, perhaps I might indicate that, being in some doubt about the matter, I should like to reserve on the question. I think it is important that the bill not be delayed, and I understand there has been an understanding or some agreement that the bill should go through all stages this afternoon. At the moment I should like to see the bill proceed while I give some consideration to the matter.

If the bill is to be given swift passage through all stages this afternoon, then I would for the moment, perhaps, be prepared to say that because there is on the face of it a separate statutory authority under the Financial Administration Act for borrowing, because in a sense the money that is being borrowed cannot be spent without that separate authority, and subject to the scrutiny of estimates and a supply bill, it would seem the borrowing of the money is not for the purpose of expenditures which have not already been authorized, scrutinized and approved by parliament but, rather, is in respect of those estimates and supply to which parliament has already directed itself and to which a royal recommendation has been appropriately attached. Therefore, it would seem that the safeguard in that respect is adequately provided.

Perhaps what I am saying, in another way, is that for the moment I should like to see this bill go ahead. If there is not sufficient time to study the matter in respect of this particular bill, the question ought to be held over for

[Mr. Knowles (Winnipeg North Centre).]

argument at some time in the future when separate consideration can be given to the point. All my remarks to this point have been based on the understanding that the bill would go through all stages this afternoon.

● (1520)

Mr. Macdonald (Rosedale): Mr. Speaker, it would have been my proposal, in my remarks on second reading, that unanimous consent be requested that this bill be referred to the committee of the whole House instead of the standing committee. I believe that is agreed.

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker, we agree to that. I suggest that if during the afternoon you come to the view that a royal recommendation should be obtained, it would not take very long to get it.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I admit to some confusion at this particular stage. We seem to have gone through first reading and are now about to have second reading, and I have not even seen a copy of the bill.

Mr. Speaker: If the hon. member has not received a copy, there might be some difficulty. However, I understand that other members have received their copies.

Hon. Donald S. Macdonald (Minister of Finance) moved that Bill C-80, to provide supplementary borrowing authority for public works and general purposes, be read the second time and referred to committee of the whole House.

He said: Mr. Speaker, the bill now before the House seeks to increase the statutory borrowing authority by \$2 billion, retroactive to April 1, 1975. This is exactly the same increase in borrowing authority as that sought in clause 5 of the supply bill on December 9.

May I begin, Mr. Speaker, by addressing myself to the procedural questions which have arisen in this connection. The Financial Administration Act, part IV, section 36, requires that "no money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of parliament". That, of course, is the provision referred to by yourself, Mr. Speaker, in dealing with the point of order a moment ago, indicating that a specific statutory enactment is required if a borrowing authority is requested. Conversely, on the other hand, a royal recommendation is not, in my submission, required for borrowing authority. This refers to new funds—section 36 refers to new funds—since section 38 of the same act permits the borrowing of such sums of money as are required for the repayment of any securities that were issued under the authority of parliament other than section 39, and are maturing or have been called for redemption.

It has been the custom since confederation to include requests for new borrowing authority in one of the first Appropriation Acts for a new fiscal year. Furthermore, when circumstances have necessitated an increase in this borrowing authority, such increases have always been sought in subsequent Appropriation Acts. Any unused borrowing authority remaining at the end of a fiscal year is