

VIII. The Office of the Auditor General should be given the responsibility to monitor and report on the government's compliance with this proposed Act. The Auditor General should include in his report details of any changes to accounting practices as well as a commentary on non-budgetary items which may have an impact on future financial requirements. A Parliamentary Committee should be given oversight responsibility for the Act.

IX. The Proposed Spending Control Act, including the changes recommended in this Report, should remain in effect until such time as the debt to GDP ratio has reached an acceptable level.

I. The net debt of the federal government is a share of our national income that has reached a level that cannot be sustained—having become a regular interest payment that has such a large share of government revenues that budget deficits and surpluses cannot be used to counter variations in the business cycle. There must be an effort to reduce the national debt as a share of GDP so as to restore the ability once more to use counter cyclical fiscal policy. While we all support the goal of reducing and eventually reducing the debt to GDP ratio, we are not necessarily in agreement as to the manner in which this goal can best be achieved. Specifically, all Members were not in agreement that a Spending Control Act was either necessary or desirable.

II. Anticipated reduction in total tax revenues which causes the federal government's fiscal targets not to be met must be accompanied by measures offsetting the decrease through other forms of revenue increase or expenditure reduction. Revenue increases, however, may take place that have the effect of reducing the deficit.

III. The Spending Control Act should be subject to being suspended by vote of Parliament during a period of economic downturn or recession or upon presentation by the Minister of Finance of a projection of such recession or downturn.

IV. The federal government must establish very strict criteria to define the concept of eligible self-financing programs under the Spending Control Act.

V. For the purpose of program spending control, a reporting framework should be established in the Public Accounts containing four elements: 1. controlled program spending; 2. spending on expansionary programs; 3. extra-ordinary items; and 4. cash transfers to the provinces. Annual limits shall be established only for element number 1. controlled program spending.

The Minister of Finance may not propose in a budget that controlled program spending exceed the annual limits set out in the proposed Act. If a breach of these limits does occur, the Minister must indicate how this breach is to be rectified in the immediately following fiscal year and provide an explanation of a plan for rectification.

Extra-ordinary items are to include spending with respect to events occurring prior to 1991-92, emergency situation of war or peace, good management initiatives, etc.

VI. The definition of eligible program in the proposed Spending Control Act should be strengthened and clarified and the scope of the program should be subject to Parliamentary approval.

VII. A strict definition of good management initiatives should be included in the proposed Act.