

Financial Administration

Among the new provisions of the bill it is proposed that there will be a specific but limited authority to write off certain uncollectable debts owing to the crown, which have been outstanding for a number of years. There is at the present time no parliamentary authority to write off such debts, and considerable expense is involved for departments in the maintenance of records of claims that are in fact worthless. The public accounts committee has from time to time considered the problem of dealing with these items, and in 1950 it suggested that consideration be given to the establishment of a procedure for writing off amounts which have been outstanding for ten years or more. The procedure proposed in the bill provides the means for dealing systematically with certain of these bad debts, and it is commended to the house for its consideration.

Another new provision relates to the authority of the government to implement guarantees which it has given under any act of parliament without requiring any further appropriation or parliamentary authority for the purpose. In the house last June the Minister of Finance (Mr. Abbott) indicated that he believed this to be a matter of the utmost importance, and that there should be no doubt as to the authority of the government to implement the terms of any guarantee which parliament had authorized it to make.

It is proposed to include specific provision making it clear that the Minister of Finance may invest balances of public moneys not immediately required for use in securities of Canada, and to provide statutory directions as to the accounting treatment to be given profits and losses incidental to those investment operations.

The new bill will also establish a system for the control of public stores, similar in principle to that now followed under the Department of Transport Stores Act. By providing comprehensive legislation that may be applied to the stores of any department, improved accounting and budgeting procedures will be available which will assist the department in securing the benefits of centralized purchasing and warehousing practices, while yet preserving for parliament the control of appropriations.

An important feature of the new bill is that it will establish a comprehensive pattern for the financial relationships between the government and its crown corporations. It has not seemed desirable to deal with all these bodies on the same basis, for it is clear from an examination of the legislation under which existing corporations were established

that parliament has not granted to them all the same degree of independence and autonomy.

In the bill, as the minister explained last summer, three classes of crown corporations are distinguished. The first class consists of those corporations that are responsible for administrative, supervisory or regulatory services and are subject to the more or less continuous day to day control and direction of government or of a minister. It is proposed that these departmental corporations, as they are called, will be dealt with as at present generally in the same manner as departments of government.

The second class consists of those crown corporations that manage lending or financial operations or produce or deal in goods and supply services to the public on a commercial basis. These proprietary corporations, as they are generally termed, are not normally dependent upon parliamentary appropriations for their operating expenses. They are generally expected to pay their own way, and in the acts under which they are incorporated they have usually been given a considerable degree of managerial freedom. It is proposed in the bill that they be left free to control their own operating budgets and contractual commitments, but it is provided that their capital budgets must be submitted for approval of the governor in council and laid before parliament.

Mr. Green: Could we have an example?

Mr. Sinclair: Polymer.

In the third class are those corporations legally agents of the crown and which manage trading or service operations on a quasi-commercial basis, or operate procurement, construction or disposal activities on behalf of the crown. The corporations in this group are frequently dependent directly or indirectly on appropriations from parliament to meet all or part of their operating deficits and for this reason it has seemed proper that they should be subject to a somewhat greater measure of financial control than proprietary corporations. Consequently in addition to requiring their capital budgets to be approved by the governor in council and laid before parliament, it is proposed that their operating budgets should be subject to ministerial approval, and that the conditions under which they may enter into contractual commitments should be prescribed by the governor in council.

Mr. Green: Would that be War Assets Corporation?

Mr. Sinclair: Yes, and Canadian Commercial Corporation; groups like that.