

THE LIBRARY OF PARLIAMENT

CANADA. PARLIAMENT. SENATE.
STANDING COMMITTEE ON NATIONAL FINANCE,
1972.

Proceedings.

BIBLIOTHÈQUE DU PARLEMENT

J
103
H7
1972
N3
A1

J

103

H7

1972

N3

A1



Order of Reference

Extract from the Minutes of Proceedings of the Senate
of Wednesday, March 9, 1972

FOURTH SESSION—TWENTY-EIGHTH PARLIAMENT

1972

THE SENATE OF CANADA

PROCEEDINGS

OF THE

STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

Issue No. 1

THURSDAY, MARCH 23, 1972

Complete Proceedings on the Supplementary Estimates (B)
laid before Parliament for the fiscal year ending
March 31, 1972

REPORT OF THE COMMITTEE

(Witnesses:—See Minutes of Proceedings)

APPENDIX "A"



FOURTH SESSION—TWENTY-EIGHTH PARLIAMENT

1975
STANDING SENATE COMMITTEE

ON NATIONAL FINANCE

THE SENATE OF CANADA

The Honourable Douglas D. Everett, *Chairman*

The Honourable Senators:

Aird	Isnor
Beaubien	Laird
Benidickson	Langlois
Bourget	Manning
Bourque	*Martin
Buckwold	McDonald
Croll	McLean
Desruisseaux	Méthot
Everett	Molson
*Flynn	Nichol
Fournier	O'Leary
(<i>Madawaska- Restigouche</i>)	Paterson
Gélinas	Phillips
Grosart	Sparrow
Hays	Walker—27.

(Quorum 7)

**Ex officio Member*

THURSDAY, MARCH 23, 1975

Complete Proceedings on the Supplementary Estimates (B)
laid before Parliament for the fiscal year ending
March 31, 1975

REPORT OF THE COMMITTEE

(Witnesses:—see Minutes of Proceedings)

APPENDIX A

Order of Reference

Extract from the Minutes of Proceedings of the Senate of Wednesday, March 8, 1972:

"With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Hayden:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (B) laid before Parliament for the fiscal year ending the 31st March, 1972.

The question being put on the motion, it was—
Resolved in the affirmative."

Robert Fortier
Clerk of the Senate

The major items of expenditure under Supplementary Estimates (B) are as follows:

\$20 million to recoup the Agriculture-Climate Stabilization Account for additional payments on hog.

\$12 million under the Canadian International Development Agency to provide aid for rehabilitation and reconstruction in East Bengal.

\$145 million for loans to develop...

\$40 million in new investments in the...

\$92 million for a revision in the foreign...

\$11 million to the Canadian Wheat Board for losses incurred in the operation of the barley pool account for the year ending July 31, 1971.

\$65 million for payments provided to...

\$25 million for the Local Initiatives in Housing Programs under the Department of Manpower and Immigration.

\$25 million for the Canada Assistance Plan payments which the federal government is to make in the...

\$15 million to the Ministry of Transport to cover the cost of three ferry vessels...

Minutes of Proceedings

Thursday, March 23, 1972.

(1)

Pursuant to notice the Standing Senate Committee on National Finance met this day at 10.00 a.m. to consider the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1972.

Present: The Honourable Senators Everett (*Chairman*), Beaubien, Benidickson, Bourque, Croll, Desruisseaux, Grosart, Hays, Isnor, Laird, Manning, McDonald and Sparrow. (13)

On motion of the Honourable Senator Manning, it was *Resolved* that 800 copies in English and 300 copies in French of these proceedings be printed.

On motion of the Honourable Senator Grosart, it was *Resolved* that a letter dated February 8, 1972, from Mr. Bruce A. MacDonald, together with answers to questions relating to Supplementary Estimates (A), 1971-1972, be printed as Appendix (A) to these proceedings.

It was also moved by the Honourable Senator Benidickson it was *Resolved* in future the Treasury Board furnish explanations of dollar items and that these be made available to the members of the Committee a few days before a meeting.

WITNESSES:

Treasury Board:

Mr. D. B. Dewar,
Deputy Secretary (Program Branch).

Mr. B. A. MacDonald,
Director General,
Budget Co-ordination Group.

The Honourable Senator Grosart *Moved:*

"That in the opinion of the Committee it is desirable that any amendment to an existing Act of Parliament be made by a separate amending Act of Parliament other than an Appropriation Act and that the present practice of amending legislation by \$1 votes in the Main and Supplementary Estimates is unsatisfactory for several reasons, including the fact that such amendments are not systematically reported either in law reports, digest or other sources of information readily available to the legal profession and the public.

It is recognized, however, that there may be cases where separate amending acts for each and every legislative amendment now made by Appropriation Acts would unnecessarily add to problems of time and timing in the already over-burdened Parliamentary legislative processes.

The Committee therefore recommends that consideration be given to the formalization of the amending effects of such \$1 votes in Appropriation Acts by an explicit amendments to the existing Acts concerned in

a separate schedule to any Appropriation Act where such amendments are required."

The *motion* was carried in the affirmative.

The officials of Treasury Board undertook to supply answers to several questions relating to Supplementary Estimates (B), 1971-1972.

It was unanimously *Agreed* that the drafting of the Report be left in the hands of the Chairman and presented at the earliest opportunity.

At 12.55 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Gérard Lemire,
Clerk of the Committee.

Report of the Committee

Thursday, March 23, 1972.

The Standing Senate Committee on National Finance, to which were referred the Supplementary Estimates (B) for the fiscal year ending March 31, 1972, has in obedience to the order of reference of March 8, 1972, examined the said Supplementary Estimates and reports as follows:

1. The Committee has examined the said Supplementary Estimates (B) and has heard evidence thereon from Mr. D. B. Dewar, Deputy Secretary, Program Branch, Treasury Board, and Mr. B. A. MacDonald, Director General, Budget Coordination, Treasury Board.

2. The said Supplementary Estimates (B) provide for total expenditures for which Parliament will be asked to provide funds of \$185,000,000; statutory expenditures of \$98,000,000 and loans, investments and advances in the amount of \$434,000,000. This brings the total of the Main and Supplementary Estimates for the fiscal year ending March 31, 1972 to \$16,474,000,000 of which \$15,195,000,000 is for budgetary items and \$1,279,000,000 is for loans, investments and advances.

3. The major items of expenditure under Supplementary Estimates (B) are as follows:

\$20 million to recoup the Agricultural Commodities Stabilization Account for deficiency payments paid on hogs;

\$12 million under the Canadian International Development Agency to provide aid for rehabilitation and reconstruction in East Bengal;

\$145 million for loans to developing countries;

\$40 million being an upward revision in the amount forecast as payable in equalization payments to the provinces;

\$92 million for a revision in the forecast of payments to Quebec under the Established Programs (Interim Arrangements) Act—principally because of higher hospital services costs and higher welfare costs;

\$11 million to the Canadian Wheat Board for losses incurred in the operation of the barley pool account for the crop year ending July 31, 1971;

\$68 million for payments to producers for wheat to increase their returns from wheat going in to domestic consumption;

\$25 million in additional funds for the Local Initiatives Programs under the Department of Manpower and Immigration;

\$25 million for a revision in the forecast of Canada Assistance Plan payments which the federal government makes to the provinces in sharing their welfare costs;

\$15 million to the Ministry of Transport to cover the cost of three ferry vessels originally financed under a loan vote in 1968-69.

NATIONAL DEFENCE

4. Your Committee expressed continued concern regarding the use of \$1 items in the Appropriation Acts to amend other legislative enactments. One of these concerns respects the difficulties that this method of legislation creates in reporting the amendments to the legal profession and the general public. Accordingly, your Committee recommends as follows:

In the opinion of the Committee it is desirable that any amendment to an existing Act of Parliament be made by a separate amending Act of Parliament other than an Appropriation Act and that the present practice of amending legislation by \$1 votes in the Main and Supplementary Estimates is unsatisfactory for several reasons, including the fact that such amendments are not systematically reported either in law reports, digests or other sources of information readily available to the legal profession and the public.

It is recognized, however, that there may be cases where separate amending acts for each and every legislative amendment now made by Appropriation Acts would unnecessarily add to problems of time and timing in the already over-burdened Parliamentary legislative processes.

The Committee therefore recommends that consideration be given to the formalization of the amending effects of such \$1 votes in Appropriation Acts by explicit amendments to the existing Acts concerned in a separate schedule to any Appropriation Act where such amendments are required.

5. Your Committee was provided with the explanation of \$1 items in the said Supplementary Estimates (B) and a copy of this document is appended as an addendum to this report.

6. Your Committee recommends that where possible the type of explanation used in the document attached as an addendum to this report be used in the description of the expenditure in the Supplementary Estimates (B). Your Committee also recommends that in future the explanation of \$1 items be provided in advance of the hearings on the Supplementary Estimates.

Respectfully submitted.

D.D. Everett
Chairman

ADDENDUM TO THE REPORT OF THE COMMITTEE

EXPLANATION OF ONE DOLLAR ITEMS

SUPPLEMENTARY ESTIMATES (B), 1971-72

SUMMARY

The one dollar items included in these Estimates have been grouped in the attached according to purpose.

A—One dollar items authorizing transfers from one vote to another within a Ministry to meet certain increased costs or additional expenditures to be incurred (20 items including 8 items which also appear in Sections B and C).

B—One dollar items which require listing in the Estimates in order to secure approval of certain grants and contributions (7 items including items 10b for External Affairs and 15b of Secretary of State which also appear in Section A).

C—One dollar items which are legislative in nature (20 items including 5 items to authorize deletion of debts due to the Crown and 6 items which also appear in Section A)

Estimates Division,

March 1972.

SECTION A

ONE DOLLAR ITEMS AUTHORIZING TRANSFERS FROM ONE VOTE TO ANOTHER WITHIN A MINISTRY TO MEET CERTAIN INCREASED COSTS OR ADDITIONAL EXPENDITURES TO BE INCURRED (20 ITEMS INCLUDING 8 ITEMS WHICH ALSO APPEAR IN SECTIONS B AND C)

ENERGY, MINES AND RESOURCES

Vote 1b—The amount of transfer to this vote is \$98,899.

Purpose—This additional amount will be used to provide for:

(a) the cost of a reorganization within the Department including the hiring of senior and support staff as well as other minor staff requirements—\$82,000

(b) the additional cost of repairs based on a recently completed inventory of office machines by the Department of Supply and Services—\$17,000

Source of funds—Vote 5 (\$98,899)—Funds are available due to delays in recruitment of staff and consequent underexpenditures in salaries and associated costs.

ENVIRONMENT

Vote 1b—The amount of transfer to this vote is \$914,999.

Purpose—This additional amount will be used to provide for the following:

(a) the cost of hiring consultants and travel for departmental staff to carry out organizational studies—\$100,000

(b) the cost of developing and establishing consistent management systems throughout the new department. This involves the retention of consultants and the holding of certain conferences and seminars by departmental officials at headquarters and regional offices.—\$150,000

(c) the issue of new or revised forms and manuals for day-to-day operations of the new Department—\$200,000

(d) the hiring of contract staff to supplement regular staff while working on task forces and to provide for increased workload in all operational areas of the Department—\$175,000

(e) the purchase of new furniture—\$170,000

(f) moving and associated costs—\$120,000

Source of funds—Vote 15 (\$914,999)—Funds are available as the result of certain contributions not being made under the Canada Water Act due to delays in reaching agreements with Provincial authorities on river basin studies.

ENVIRONMENT

Vote 10b—The amount of transfer to this vote is \$899,999.

Purpose—This additional amount is to be used to provide for:

(a) the purchase of equipment to replace that formerly provided by the Department of Energy, Mines and Resources (\$300,000) and the purchase of additional Hydrological equipment (\$200,000)—\$500,000

(b) the purchase of equipment for the Canada Centre for Inland Water, Burlington, Ontario (\$110,000) and the Pacific Water Quality Laboratory in Westminster, B.C.—\$310,000

(c) renovations to the laboratories at Moncton, N.B. and Calgary, Alta.—\$90,000

Source of funds—Vote 5 (\$599,999)—Funds available due to delays in certain federal projects

—Vote 15 (\$300,000)—Funds available as the result of contributions not being made under the Canada Water Act due to delays in reaching agreements with Provincial authorities on river basin studies.

ENVIRONMENT

Vote 20b—The amount of transfer to this vote is \$1,009,999.

Purpose—The additional amount will be used to provide for:

(a) increased costs of fish inspection as the result of Mercury in Marine and Freshwater samples of commercial fish—\$478,000

(b) a payment to the Great Lakes Fisheries Commission to assist with the control of Lamprey—\$200,000

(c) a payment to the Canadian Forestry Service to cover a damage award made as the result of a vehicle accident and the purchase of air reconnaissance film (\$5,000)—\$117,000

(d) the payment of the travel expenses incurred as a result of the sponsoring of a conference by the Fisheries Advisory Council (\$40,000) and the payment of the expenses of the Special Advisory Committee on Atlantic Seals—\$90,000

(e) miscellaneous other expenditures including sportsmen shows and publicity for alien sports license fees (\$50,000)—\$75,000

(f) the balance of Emergency Assistance to the Province of Ontario. The total approved under the Agreement with the Province was \$1,360,000. This Agreement was not completed in time for inclusion of the total cost in previous Supplementary Estimates—\$50,000

Source of Funds—Vote 15 (\$1,009,999)—Funds are available as the result of contributions not being made under the Canada Water Act, due to delays in reaching agreements with Provincial authorities on river basin studies.

EXTERNAL AFFAIRS

Vote 5b—The amount of transfer to this vote is \$210,999.

Purpose—This additional amount is required to provide for a portion of cost of setting up a diplomatic mission in Algeria. The balance of the cost is to be absorbed.

Source of Funds—Vote 1 (\$210,999)—Funds are available due to reductions in the operating expenditures for foreign operations and allowances.

EXTERNAL AFFAIRS

Vote 10b—(Also listed in Section B)—The amount of transfer to this vote is \$35,299.

Purpose—This additional amount will be required to provide for the payment of:

(a) a grant to the Atlantic Association of Young Political Leaders. The aim of this NATO-approved Association is to promote understanding, interchange of ideas and co-operation among political youth organizations of the Atlantic area.—\$300

(b) a grant to the Pacific Basin Economic Council. This grant will be used in the organization and establishment of this Council—\$25,000

(c) a grant is proposed to United Nations Trust Fund for South Africa. This fund provides legal assistance as well as relief, education and training to persons and their families in South Africa and to refugees—\$10,000

Source of Funds—Vote 1 (\$35,299)—Funds are available due to reductions in the operating expenditures for foreign operations and allowances.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Vote 60b—The amount of transfer to this vote is \$671,999.

Purpose—The additional amount will be used to provide for the payment of:

(a) the costs of accelerating the development of new National Parks in Newfoundland, Quebec, Ontario and British Columbia—\$558,000

(b) the cost of additional administrative costs incurred by staff of several regional offices as the result of the implementation of employment stimulation programs in Quebec, Ontario and Vancouver, B.C.—\$114,000

Source of Funds—Vote 65 (\$671,999)—Funds are available due to unavoidable delays not only in minor capital projects which have little labour content, but also in the acquisition of land.

NATIONAL DEFENCE

Vote 5b—(Also listed in Section C)—The amount of transfer to this vote is \$15,400,000.

Purpose—This additional amount will be used to provide for the payment of:

(a) retroactive civilian pay increases—\$5,000,000

(b) the cost of commodity price increases and currency revaluations—\$5,100,000

(c) the cost of removal expenses due to new schedules having been implemented with comparable provisions to those extended to Public Servants—\$4,000,000

(d) the cost of implementing pay parity for Reserves and Cadets—\$1,300,000

Source of Funds—Vote 10 (\$15,400,000)—Funds are available due to production and delivery delays and cost changes. No planned projects have been restricted or deferred.

NATIONAL HEALTH AND WELFARE

Vote 40b—The amount of transfer to this vote is \$171,000.

Purpose—This additional amount is required to supplement funds approved for the 1971 Student Summer Employment Program.

Source of Funds—Vote 25 (\$171,000)—Funds are available due to the delays in the construction of two Food and Drug Laboratories in Montreal and Toronto.

PUBLIC WORKS

Vote 10b—The amount of transfer to this vote is \$999,999.

Purpose—The additional amount will be used to finance the cost of additional Federal Labour Intensive Projects to be carried out in connection with the repair and upkeep of Federal Buildings as well as tenant alterations to leased space.

Source of Funds—Vote 15 (\$999,999)—Funds are available due to slippage in the capital building program.

PUBLIC WORKS

Vote 20b—The amount of transfer to this vote is \$600,000.

Purpose—This additional amount will be used to carry out miscellaneous repairs to wharfs, floats, transit sheds, breakwaters and other marine structures at various locations throughout Canada.

Source of Funds—Vote 40 (\$600,000)—Funds are available due to delays in completing negotiations for a cost-sharing agreement covering the construction of a highway bridge between New Brunswick and Quebec.

SECRETARY OF STATE

Vote 15b—(Also included in Section B)—The amount of transfer to this vote is \$1,049,999.

Purpose—The additional funds will be required to provide assistance to cultural organizations.

Source of Funds—Vote 10 (\$607,000)—Funds are available from the Bilingualism Development Program due to delays in the signing of agreements with Provincial governments.

—Vote 30 (\$442,999)—Funds are available due to delays in recruitment of qualified staff.

SOLICITOR GENERAL—CORRECTIONAL SERVICES

Vote 5b—(Also listed in Section C)—The amount of transfer to this vote is \$1,296,716.

Purpose—This additional amount will be used to provide for the payment of:

(a) overtime, salary revisions, costs of accelerating the opening of Millhaven and stepped-up temporary absence program, etc.—\$950,000

(b) the cost of repairs to plumbing and electrical systems, windows, etc. following the Kingston Penitentiary riot—\$111,000

(c) legal fees for staff brought before courts following Kingston riot—\$90,000

(d) an additional grant to the After Care Agencies for inmates—\$75,000

(e) the cost of various studies undertaken and other minor increases—\$51,000

(f) reimbursement of the Industrial and Stores Account—\$19,717

Source of Funds—Vote 10 (\$1,296,716)—Funds are available mainly due to the deferment of the new facilities in British Columbia pending the result of a policy review on the nature and location of maximum security institutions and the deferment of the new Ontario Reception Centre to permit reassessment of design.

SOLICITOR GENERAL—ROYAL CANADIAN MOUNTED POLICE

Vote 25b—The amount of transfer to this vote is \$414,999.

Purpose—This additional amount will be used to provide for the payment of:

(a) the cost of purchasing vehicles and other equipment related to the Enforcement of Federal Statutes and Executive Orders and other minor items—\$133,000

(b) the purchase of vehicles and other equipment required by the Force in the carrying out its responsibility for Police Services under Contract—\$282,000

Source of Funds—Vote 10 (\$414,999)—Funds are available mainly due to the deferment of new facilities in British Columbia pending the result of a policy review on the nature and location of maximum security institutions and the reassessment of design.

SUPPLY AND SERVICES—CANADIAN COMMERCIAL CORPORATION

Vote 20b—The amount of transfer to this vote is \$208,020.

Purpose—To authorize the reimbursement of the Canadian Commercial Corporation Operating Reserve for losses incurred from 1965-66 to 1971-72.

Source of Funds—Vote 5 (\$208,020)—Funds are available due to the redeployment of purchasing resources.

TRANSPORT

Vote 5b—The amount of transfer to this vote is \$253,286.

Purpose—This additional amount will be used to provide for:

(a) the cost of hiring casual staff required—\$48,000

(b) the cost of repairs following the grounding of a Coast Guard vessel (\$175,000) and additional cost of oil pollution clean-up costs relating to the "Arrow"—\$205,286

Source of Funds—Vote 10 (\$253,286)—Funds are available due to delays in awarding a contract for the construction of the Marine Agency Building at Quebec.

TRANSPORT—ATLANTIC PILOTAGE AUTHORITY

Vote 110b—(Also listed in Section C)—The amount of transfer to this vote is \$223,999.

Purpose—This additional amount is required to provide for the operating deficit of the Atlantic Pilotage Authority for the period February 1 to March 31, 1972.

Source of Funds—Vote 10 (\$223,999)—Funds are available due to delay in awarding a contract for construction of the Marine Agency Building at Quebec.

TRANSPORT—GREAT LAKES PILOTAGE AUTHORITY

Vote 115b—(Also listed in Section C)—The amount of transfer to this vote is \$360,999.

Purpose—This additional amount is required to provide for the operating deficit of the Great Lakes Pilotage Authority for the period February 1 to March 31, 1972.

Source of Funds—Vote 10 (\$360,999)—Funds are available due to delay in awarding a contract for construction of the Marine Agency Building at Quebec.

TRANSPORT—LAURENTIAN PILOTAGE AUTHORITY

Vote 120b—(Also listed in Section C)—The amount of transfer to this vote is \$203,999.

Purpose—This additional amount is required to provide for the operating deficit of the Laurentian Pilotage Authority for the period February 1 to March 31, 1972.

Source of Funds—Vote 10 (\$203,999)—Funds are available due to delay in awarding a contract for construction of the Marine Agency Building at Quebec.

TRANSPORT—PACIFIC PILOTAGE AUTHORITY

Vote 125b—(Also listed in Section C)—The amount of transfer to this vote is \$155,999.

Purpose—This additional amount is required to provide for the operating deficit of the Pacific Pilotage Authority for the period February 1 to March 31, 1972.

Source of Funds—Vote 10 (\$155,999)—Funds are available due to delay in awarding a contract for construction of the Marine Agency Building at Quebec.

SECTION B

ONE DOLLAR ITEMS WHICH REQUIRE LISTING IN THE ESTIMATES IN ORDER TO SECURE APPROVAL OF CERTAIN GRANTS AND CONTRIBUTIONS (7 ITEMS INCLUDING ITEMS 10b FOR EXTERNAL AFFAIRS AND 15b FOR SECRETARY OF STATE WHICH ALSO APPEAR IN SECTION A)

ENERGY, MINES AND RESOURCES

Vote 5b—To authorize a grant of \$15,000.

Explanation—The proposed grant to the Petroleum Industry Training School in Edmonton will provide for part of the capital cost of establishing a course to improve the skills of personnel in the gas and oil drilling operations. This project will be shared by the Province of Alberta, the Petroleum Industry and the Federal Government. This training service will be part of the Northern Alberta Institute of Technology. A grant will also be provided by the Department of Indian Affairs and Northern Development toward this new School, which will concentrate initially on Oil Well Control training appropriate to operating conditions in northern Canada.

Source of Funds—Vote 5 (\$14,999)—Funds are available due to delays in recruitment of staff and consequent underexpenditures in salaries and associated costs.

ENVIRONMENT

Vote 15b—To authorize the payment of additional grants totalling \$150,000.

Explanation—This additional amount is required to provide for the payment of additional grants in aid of water research under the Canada Water Conservation Assistance Act. Applications received for research grants have exceeded the originally approved amount of \$495,000.

Source of Funds—Vote 15 (\$149,999)—Funds are available as the result of contributions not being made under the Canada Water Act due to delays in reaching agreements with provincial authorities on river basin studies.

EXTERNAL AFFAIRS

Vote 10b—(Also listed in Section A)—To authorize the payment of additional grants totalling \$35,306.

Explanation—This additional amount will be required to provide for the payment of:

(a) a grant to the Atlantic Association of Young Political Leaders. The aim of this NATO-approved Association is to promote understanding, interchange of ideas and co-operation among political youth organizations of the Atlantic area—\$300

(b) a grant to the Pacific Basin Economic Council. This grant will be used in the organization and establishment of this Council—\$25,000

(c) a grant is proposed to United Nations Trust Fund for South Africa. This fund provides legal assistance as well as relief, education and training to persons and their families in South Africa and to refugees—\$10,000

Source of Funds—Vote 1 (\$35,299)—Funds are available due to reductions in the operating expenditures for foreign operations and allowances.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Vote 30b—To authorize a grant of \$30,000.

Explanation—The proposed grant to the Petroleum Industry Training School in Edmonton will provide part of the capital cost of establishing a course to improve the skills of personnel in the gas and oil drilling operations. This project will be shared by the Province of Alberta, the Petroleum Industry and the Federal Government. This training service will be part of the Northern Alberta Institute of Technology. A grant will also be provided by the Department of Energy, Mines and Resources towards this School which will concentrate initially on providing Oil Well Control training appropriate to operations in northern Canada.

Source of Funds—Vote 30 (\$29,999)—Funds are available from provision made for a grant to the Government of Yukon Territory to cover costs of Indians under a territorial Medicare plan. Because the initiation of Medicare was postponed by one year, the grant will not be made.

LABOUR

Vote 1b—To authorize the payment of \$350,000 in Transitional Assistance Benefits.

Explanation—A higher number than expected of eligible workers who were laid-off as a result of the Canada-United States Automotive Agreement are claiming benefits under the Transitional Assistance Benefit Program. This Program provides supplementary income over and above Unemployment Insurance Benefits for workers certified by the Automotive Adjustment Assistance Board.

Source of Funds—Vote 1 (\$349,999)—Payments under the Adjustment Assistance Benefits Program (Textile Workers) have been less than expected.

NATIONAL HEALTH AND WELFARE

Vote 1b—To authorize the payment of a grant of \$250,000.

Explanation—It is proposed to pay an additional grant of \$250,000 to the United Nations Fund for Drug Abuse Control in 1971-72 instead of 1972-73. This grant was originally provided within the 1972-73 Estimates.

Source of Funds—Vote 1 (\$249,999)—Funds are available due to certain reductions elsewhere in the Program.

SECRETARY OF STATE

Vote 15b—(Also listed in Section A)—To authorize grants totalling \$1,050,000.

Purpose—It is proposed to provide assistance to cultural organizations.

Source of Funds—Vote 10 (\$607,000)—Funds are available from the Bilingualism Development Program due to delays in the signing of agreements with Provincial governments.

—Vote 30 (\$442,999)—Funds are available due to delays in recruitment of qualified staff.

SECTION C

ONE DOLLAR ITEMS WHICH ARE LEGISLATIVE IN NATURE (20 ITEMS INCLUDING 5 ITEMS TO AUTHORIZE DELETION OF DEBTS DUE TO THE CROWN AND 6 ITEMS WHICH ALSO APPEAR IN SECTION A)

AGRICULTURE

Vote L18b—To provide an extension to the vote wording so as to authorize payments from the Race Track Supervision Revolving Fund to reimburse race associations for certain supervisory services provided by them under regulations set out in the Criminal Code.

Explanation—This extension is proposed to enable the Department of Agriculture through the Race Track Supervision Revolving Fund to reimburse race associations for certain services (saliva and urine testing) performed by them as required under the Criminal Code. While these services have been paid for since the establishment of the Fund, a recent legal opinion suggests that there is no obligation on the part of the Minister to do so. The existing Vote wording does not clearly provide authority for these payments to be charged to the Fund and as the Department wishes to continue to do so, a revised Vote wording is requested.

FINANCE

Vote 17b—To authorize the exclusion of the Canada Development Corporation from the provisions of Section 149(1)(d) of the Income Tax Act.

Explanation—This proposed legislative provision will make the Canadian Development Corporation liable for Income Tax in the same manner as corporations in the private sector.

FINANCE

Vote L22b—To authorize the amending of certain legislation which contains international gold value obligations in terms of U.S. Currency.

Explanation—During the post-war years, it has become the practice in Canadian legislation dealing with Canada's membership in certain international financial institutions, to include a "maintenance of value" clause reference to the concept of a gold price fixed in terms of U.S. currency. With the recent undertaking by the U.S. to implement a devaluation of the U.S. dollar in terms of gold, relevant legislation must be amended to clarify the intent of the legislation as provided for in the International Agreements appended thereto and hence incorporated in Canadian law, and to provide for the continued fulfillment of Canada's international obligations in respect of the external value of the U.S. dollar. There is no substantive legislative revision involved.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Vote 5b—To authorize the deletion of certain debts due totalling \$13,117.34.

Explanation—It is proposed to write-off the residual of a second mortgage of \$5,176.73 issued by the Department pursuant to the Indian Off-Reserve Housing Regulations and to delete a loan relating to economic development made under the Indian Act of \$7,940.61.

INDUSTRY, TRADE AND COMMERCE

Vote 10b—To authorize an extension to the vote wording so as to increase the commitment authority by \$50,000,000 in the current and subsequent fiscal years to develop and maintain the technological capability of Canadian defence industry.

Explanation—It is proposed to increase the commitment authority from \$150,000,000 to \$200,000,000 for the current and subsequent fiscal years in order to provide for continued federal support of projects currently being planned.

LABOUR—UNEMPLOYMENT INSURANCE COMMISSION

Vote 5b—To authorize an extension to the existing vote to provide transitional authority for the payment of the Government's contribution to the Unemployment Insurance Fund.

Explanation—When the new Unemployment Insurance Act was prepared a transitional authority was not included to authorize payment of the Government's contribution to the Unemployment Insurance Fund during the period June 27, 1971 to January 1, 1972. This proposed extension provides for the inclusion of that transitional authority.

NATIONAL DEFENCE

Vote 5b—(Also listed in Section A)—To authorize the write-off of certain claims totalling \$18,620.71.

Explanation—It is proposed to write-off three claims each of which exceeds \$5,000.00. These claims con-

sist of two claims arising as the result of servicemen being involved in motor vehicle accidents and a third claim covering an uncollectable balance owing on the purchase by a serviceman of his release from the Forces.

NATIONAL REVENUE—TAXATION

Vote 5b—To authorize the deletion of certain debts and claims totalling \$5,775,305.66.

Explanation—It is proposed to delete certain debts, each of which is in excess of \$5,000. Most of these debts have been designated as uncollectable because the individual is deceased with no assets, or corporations are bankrupt or without assets and further collection expense is not justified.

PRIVY COUNCIL

Vote 1b—To authorize an extension in the vote wordings so as to provide for the payment of the salary of a Minister of State other than a Minister who presides over a Ministry of State.

Explanation—The extension of the vote wording is proposed in order to permit the payment of the salary of the Honourable Patrick Mahoney who is a Minister of State without a Ministry and who has been appointed to work with the Minister of Finance on a continuing review of taxation.

REGIONAL ECONOMIC EXPANSION

Vote 1b—To authorize the reimbursement of the Prairie Farm Rehabilitation Stores Working Capital Advance for the cost of inventory items which have become obsolete.

Explanation—It is proposed to reimburse the Working Capital Advance for the value of inventory items which have become obsolete, unserviceable, lost or destroyed, totalling \$13,404. These stores have accumulated during the period 1965-66 to 1970-71.

SECRETARY OF STATE—NATIONAL LIBRARY

Vote 95b—To authorize an increase \$196,000 in the limit of payments to the National Library Purchase Account for the purpose of acquiring books.

Explanation—Authority is requested to increase the amount of money to be credited to the National Library Purchase Account to provide for the purchase of a collection of books during the current year.

SOLICITOR GENERAL—CORRECTIONAL SERVICES PROGRAM

Vote 5b—(Also listed in Section A)—To authorize the reimbursement of the Industrial and Stores Account Working Capital Advance for obsolete stores amounting \$19,717.23.

Explanation—It is proposed to reimburse the Working Capital Advance for the cost of stores, which have accumulated over the past four years, and which are now being declared surplus to requirements. These stores will be disposed of by the Crown Assets

Disposal Corporation. This Advance Account purchases approximately \$1 million in stores annually.

TRANSPORT—ATLANTIC PILOTAGE AUTHORITY

Vote 110b—(Also listed in Section A)—To authorize the payment of the deficit arising from operations during the period February 1 to March 31, 1972 for the Atlantic Pilotage Authority.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1972.

TRANSPORT—GREAT LAKES PILOTAGE AUTHORITY

Vote 115b—(Also listed in Section A)—To authorize the payment of the deficit arising from operations during the period February 1 to March 31, 1972 for the Great Lakes Pilotage Authority.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1972.

TRANSPORT—LAURENTIAN PILOTAGE AUTHORITY

Vote 120b—(Also listed in Section A)—To authorize the payment of the deficit arising from operations during the period February 1 to March 31, 1972 for the Laurentian Pilotage Authority.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1972.

TRANSPORT—PACIFIC PILOTAGE AUTHORITY

Vote 125b—(Also listed in Section a)—To authorize the payment of the deficit arising from operations during the period February 1 to March 31, 1972 for the Pacific Pilotage Authority.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1972.

TREASURY BOARD

Vote 5b—To authorize the deletion of authority for a reserve to cover 1971-72 retroactive salary increases.

Explanation—Reserves were established in 1968-69, 1969-70, and 1970-71 through the transfer of the unexpended balances from Treasury Board Vote 5. It is now proposed instead to provide for retroactive pay increases for 1971-72 and subsequent years from Treasury Board Vote 5 in use at the time of payment of the retroactive salaries.

TREASURY BOARD

Vote 12b—To authorize the inclusion of employees of the Canadian Wheat Board under the Public Service Superannuation Act.

Explanation—It is proposed to amend the Act establishing the Canadian Wheat Board so as to permit Board employees to be covered under the Public Service Superannuation Act, Schedule A, instead of

the pension plan of the Board. It is contemplated that the Public Service Plan will assume the liabilities of the Wheat Board Pension Plan and absorb its assets.

VETERANS AFFAIRS

Vote 5b—To authorize the deletion of certain debts amounting to \$41,903.30.

Explanation—Authority is requested to delete from the accounts 7 debts due to overpayment of War Veterans Allowances. These debts are considered

uncollectable since the debtors have died leaving no known estates.

VETERANS AFFAIRS

Vote 25b—To authorize the deletion of certain debts totalling \$16,770.76.

Explanation—To authorize the deletion of 2 debts due as a result of overpayments of pensions. These debts are considered uncollectable since the debtors have died leaving no known estates.

TRANSPORT—GREAT LAKES PILOTAGE AUTHORITY

Vote 115b—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TRANSPORT—LAURENTIAN PILOTAGE AUTHORITY

Vote 115c—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TRANSPORT—PACIFIC PILOTAGE AUTHORITY

Vote 115d—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TRANSPORT—ST. LAWRENCE PILOTAGE AUTHORITY

Vote 115e—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TREASURY BOARD

Vote 116—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TREASURY BOARD

Vote 117—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TREASURY BOARD

Vote 118—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TRANSPORT—GREAT LAKES PILOTAGE AUTHORITY

Vote 115b—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TRANSPORT—LAURENTIAN PILOTAGE AUTHORITY

Vote 115c—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TRANSPORT—PACIFIC PILOTAGE AUTHORITY

Vote 115d—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TRANSPORT—ST. LAWRENCE PILOTAGE AUTHORITY

Vote 115e—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TREASURY BOARD

Vote 116—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TREASURY BOARD

Vote 117—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

TREASURY BOARD

Vote 118—(Also listed in Section A)—To authorize the deletion of certain debts amounting to \$112,100.00.

Explanation—Provision was not included in the Main Estimates since the pilotage authorities were not established by the legislation until February 1, 1937.

The Standing Senate Committee on National Finance Evidence

Ottawa, Thursday, March 23, 1972

The Standing Senate Committee on National Finance, to which was referred the Supplementary Estimates (B) laid before Parliament for the fiscal year ending the 31st March, 1972, met this day at 10 a.m.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, may I have the usual motion for the printing of proceedings?

Upon motion, it was *resolved* that a verbatim report be made of the proceedings and to recommend that 800 copies in English and 300 copies in French be printed.

Honourable senators, I would like to table material which has been provided by the Treasury Board in answer to questions which were asked at our last committee meeting on Thursday, December 2, 1971. Is that agreed?

Honourable Senators: Agreed.

Senator Grosart: Mr. Chairman, are we publishing this material?

The Chairman: Yes, copies can be printed.

Senator Grosart: No, but are we including it in the evidence of today's committee meeting?

The Chairman: If it is your wish.

Senator Benidickson: I feel that one compliments the other.

Senator Grosart: I think we should, Mr. Chairman, because very often this material is not available to us anywhere else.

The Chairman: Do you move to have this material printed as an appendix to today's proceedings?

Senator Grosart: Yes, and also for future proceedings.

See Appendix "A", p. 1:32.

The Chairman: We are honoured to have with us today from Treasury Board: Mr. D. B. Dewar, Deputy Secretary, Program Branch; and Mr. B. A. MacDonald, Director General, Budget Co-ordination Group.

I assume that you will be making an opening statement, Mr. Dewar. However, before you begin, do you have any material to distribute to the senators?

Mr. D. B. Dewar, Deputy Secretary, Program Branch, Treasury Board: We have material to present regarding the one-dollar votes, Mr. Chairman.

Senator Benidickson: I am very happy to have this material. This has always been a bone of contention in dealing with supplementary Estimates, particularly when some of these items are legislative in nature. It involves a continua-

tion of legislation from previous years, and sometimes it is voting legislation which is applicable in future years.

The Chairman: That is correct.

Senator Benidickson: I am appreciative of the information which is being made available to us this morning. I could have saved hours and hours of work if this had been provided a few days ago. However, I have had to go through Supplementary Estimates (B) and make queries beside the pages. I would not have had to read so extensively and study the explanations which were given in the estimates committee of the other place. However, when this material is handed to us only a few minutes before our committee meeting, it makes my exercise over the past couple of days rather useless.

I hope that in future the material on these one-dollar items will be made available to us beforehand.

Senator Grosart: Is this material made available to the committee of the House of Commons?

Mr. Dewar: No, sir.

Senator Benidickson: As I have said, we are in another crunch here. The end of the year is approaching and we will soon be into our Easter recess. We do not have much time to do our homework and we are under great pressure.

The Chairman: Perhaps, Senator Benidickson, your chairman can take responsibility for this. I feel it would have been imposing no hardship on Treasury Board to have provided this material in advance of our committee meeting, had the chairman thought to ask for it. I feel it is a good suggestion. Mr. Dewar, if we had asked for this material, could it have been provided?

Mr. Dewar: Yes.

Senator Benidickson: It would certainly eliminate a lot of confusion. I have not had time to read this material in the five minutes I have been here. We have only been assembled ten minutes.

The Chairman: This can be rectified for future occasions.

Senator Grosart: It has been the practice of Treasury Board to provide us with this information for the past year and a half, or perhaps two years.

Senator Benidickson: I had forgotten about that.

The Chairman: This is why I indicated that I would take responsibility for this error. This will be rectified in the future.

Senator Grosart: We are aware of the history of this. We began some three years ago asking questions about these one dollar items, and particularly the objections which were made to legislative amendments. About a year later

Treasury Board agreed that in the future they would provide us with an analysis of these one-dollar items.

I have asked on other occasions whether the Miscellaneous Estimates Committee of the House of Commons are provided with this information. Why are they not provided with this information?

Senator Benidickson: They have never asked for it.

Mr. B. A. MacDonald, Director General, Budget Co-Ordination Group, Treasury Board: The primary reason is that they have not asked for this information. It was provided on one occasion and they made no use of it, that we could determine. The Miscellaneous Estimates Committee called various ministers and deputies from the departments and explored the estimates from a different point of view than does this committee.

Senator Benidickson: This is not new. I was in the House of Commons for twenty years, and in my early years Mr. Stanley Knowles, M.P., opposed very vigorously some of these one-dollar items. This went on for about ten years, and I suppose he found the exercise futile. I have not heard from him recently on this matter. However, the Senate committee has revived these objections.

The Chairman: Perhaps, honourable senators, if that point has been thoroughly dealt with . . .

Senator Grosart: Mr. Chairman, before we leave this, why is it not possible to show these one-dollar items by way of formal amendments to the act? The reason I state this is because there have been cases where a lawyer, in looking at the act, has been completely misled because he has assumed they were available to him in one compilation or in a list of amendments to the act. I remember one case particularly where an act regarding veterans' allowances had been extended by a one-dollar vote in the supplementary Estimates to Newfoundland, and lawyers in Newfoundland had advised their clients that they were not covered by the act. There is no easy method for them to obtain this information to determine whether the act had been amended.

I am also aware of the objections to this situation. It has been said over and over again that legislation is a cumbersome process and it takes a great deal of time. Secondly, some of these items are of a temporary nature.

The Chairman: You are referring only to the ones which are legislative in nature?

Senator Grosart: Yes.

The Chairman: This would come under Item "C"?

Senator Grosart: That is right. I hope we will receive an answer to this question today. It seems to me there could be a formal amendment attached to the supplementary Estimates covering these one-dollar items which would indicate the acts which are to be amended. It would seem to me that this would not delay the passing of supplementary Estimates or the covering of the appropriation bills.

The legislatures have agreed to these amendments in this one-dollar form. I ask why it is not possible to just say,

"The following acts are amended . . ." This would then be included in the index used by lawyers and others, and would seem to me to be a much tidier method.

As to the suggestion that some are temporary, legislation lapses continually. Much legislation is not removed due to lapsing for perhaps 10 years. In view of this I direct the attention of the representatives of Treasury Board to the following: firstly, has this been considered?; secondly, are there good reasons why it cannot be implemented?

Mr. MacDonald: Mr. Chairman, as the senator has pointed out, this route is used in the case of certain amendments to legislation. This matter having been raised in this committee on a number of occasions, I checked the recent revised statutes and cannot say in all cases, but in a considerable number the statutes do incorporate the amendments under the appropriation acts.

Senator Benidickson: How is that done? How are they given section numbers?

Mr. MacDonald: If I may take a case in point, the Trans-Canada Highway Act was extended a number of times through appropriation acts. The section of the act which defines the period during which the act would apply, indicates at the end that it was amended by an appropriation act in such-and-such a year, giving the necessary references.

Senator Benidickson: That is good, but the revised statutes are published only every 10 years.

Mr. MacDonald: In recent years there has developed some hope that publication will be more frequent.

Senator Benidickson: While not personally sure of this, I believe that Senator Grosart is quite right, that these amendments are missed by those who publish law digests for lawyers and other interested parties. They will, of course, keep us abreast of changes made since the last publication of the Revised Statutes. However, this type of legislation is not necessarily promulgated to the law profession or such organizations of veterans and others who are simply interested in the current status of the law.

Mr. MacDonald: We have drawn this matter to the attention of the officials of the Department of Justice. That may have had some effect on what has been done with respect to the Revised Statutes.

Senator Benidickson: Three or four organizations issue information annually as to changes in statute law. Whether they overlook these I cannot say, but they very well could.

The Chairman: When inquiring into a particular act of Parliament, is it not true that on request the department will issue a list of amendments?

Senator Benidickson: Two years later.

Senator Grosart: In my experience, the consolidation which is made available seldom includes these.

The Chairman: One item excludes the Canada Development Corporation from section 149 of the Income Tax Act. It would be interesting to know what happens in that case?

Senator Benidickson: Would CCH make a note of that?

Mr. MacDonald: I do not know. We could suggest to the secretary of the board that he draw this to the attention of the Deputy Minister of Justice.

Senator Benidickson: Well, this has been done year after year. In my opinion, ministers and Cabinet just find it a quick method of sliding these changes through, rather than presenting an amending bill to the house. No matter what we say, they seem to insist on favouring personal convenience.

Senator Grosart: My feeling is that we may be under a misapprehension that this is a necessary short cut. I repeat my suggestion that there should be included in the appropriation bill a statement that: "The following acts are hereby amended ..." because the appropriation bill becomes an act of Parliament. It would merely be a matter of clearly stating the amendment. Another advantage of this would be that it is obvious that these legislative changes made by one-dollar items are not made in language which provides opportunity for proper judicial review of their exact effect. It merely says, "For the purposes of"—usually section so-and-so shall be extended. It is not, however, phrased in statutory language. Normally, we require that an act be drafted by officials of the Department of Justice in the least ambiguous language possible. The language contained here is not unambiguous in the sense of draftmanship.

Mr. MacDonald: I cannot pretend to any expertise. I believe, however, it is in the form similar to the language contained in bills amending sections, deleting words and extending periods.

Senator Grosart: I am not a lawyer, but I am reasonably sure that if my suggestion were adopted and accurate amending wording were drafted, the form of the wording would be considerably different.

Mr. Dewar: Mr. Chairman, if it is the wish of the committee, we will make a particular effort to discuss this with the solicitor of the Treasury and others who are involved. I am sure they have a concern, as does the Department of Justice, that the effects on the legal profession referred to by the senator should be presented.

Senator Grosart: And, of course, the effects on the public.

Mr. Dewar: And the effects on the public. I would like to make one comment, Mr. Chairman, with regard to Section C of this document. Senators will find in glancing through the items involved that very few are other than government housekeeping and financial management operations. I say this not to excuse the process, but to comment that, apart from the item referred to by the Chairman with respect to the Canada Development Corporation, and the Income Tax Act, and perhaps one other ...

Senator Benidickson: The deletion of debts, of course, is similar.

Mr. Dewar: Yes, senator.

Senator Benidickson: Write-off of stores.

Mr. Dewar: These items are not likely to affect the public and not likely to involve lawyers in the problems to which Senator Grosart referred.

Senator Grosart: The effect of legislation is never certain.

The Chairman: Further to Senator Grosart's very worth while points, Vote L22b, on page 30 of the Estimates, could be a very substantive amendment. It could have far reaching consequences, with which Parliament might very much desire to concern itself.

Senator Benidickson: Except that it does not affect the individual citizen very much; it is a matter of balancing the accounts in Treasury.

Mr. Dewar: Mr. Chairman, as senators have probably already realized, this is a vote for the purpose of clarifying the intent in Canadian legislation to continue to fulfill our commitments to these international organizations in terms of our gold obligations to them. The practice has developed in Canada, as in other countries during the post-war period, of expressing in our legislation, including appropriation acts, the value of our obligations in terms of the U.S. dollar equivalent of gold.

With the declared intention of the United States of changing their dollar relationship to gold, we must take legislative action of this kind to re-establish in legal form our obligation to these organizations, at the level to which we intended to maintain it.

The Chairman: So, in other words, our guarantee now is, in effect, 6 per cent to 8 per cent below what it was before, speaking strictly in terms of the present value of the American dollar?

Mr. Dewar: Yes, Mr. Chairman. This has occurred for a rather unforeseen reason.

Senator Grosart: My point is that we might very well have made a different decision, as part of our foreign policy or trade policy. This was not the only alternative decision open to us. We have made this decision, so it is a major legislative change. It is not just bookkeeping; it is a policy decision.

The Chairman: Let us probe a little further. What, for example, is Finance Vote L5, Appropriation Act No 3, 1971?

Mr. Dewar: This was a vote to authorize the Minister of Finance to make contributions to the International Development Association in the three years commencing 1971-72, in the amount of \$150 million U.S. Senators will realize that this is the contribution to the Soft Loan Fund of the World Bank for International Development.

The Chairman: That means that, roughly speaking, the contribution in present-day funds is now somewhere in the neighbourhood of \$162 million. Would that be correct?

Mr. Dewar: At the time the vote was passed, it was estimated in the Blue Book that it was \$153 and some million Canadian dollars.

The Chairman: It would therefore be somewhere in the neighbourhood of \$165 million, would it not?

Mr. Dewar: My arithmetic fails me at the moment.

The Chairman: I am thinking of the 8 per cent devaluation.

Mr. Dewar: The legal authority, as you realize, has been declared in terms of the US dollar, and the dollar equivalent in Canadian terms is simply expressed as an estimate. The US dollar having changed its relationship to gold and to the Canadian dollar, the intent of the vote L22b, which we are discussing, is of course to restore the Canadian dollar equivalent to the original contribution.

Senator Laird: Where would an interested party get a clue as to the existence of this item that we are speaking about, other than from perusing this document? Is there no index anywhere, that would give him a clue that this has happened?

Senator Grosart: That is what we are discussing.

Senator Laird: I know, but let us be specific. There are annotations to acts put out by private law book companies.

Senator Benidickson: Digests.

Senator Laird: Senator Benidickson mentioned digests. In those private publications, is there any indication, in your experience, as to whether or not these things are traceable? I do not know the answer. I am wondering whether you do.

Mr. Dewar: I am not a lawyer. I have had no direct experience of this. To my knowledge, there is no source of accumulated data like this, apart from perhaps the annual statutes.

The Chairman: Senator Grosart, you were talking about having these items come under the appropriations act.

Senator Grosart: I was thinking in terms of an appendix, or an extra section in the appropriate act, saying, "In keeping with the foregoing, the following acts are amended, as follows: ... "I do not think it would delay the process.

The Chairman: It would be an omnibus bill.

Senator Grosart: Yes.

Senator Benidickson: This is an omnibus act on our part.

Senator Laird: Then, Mr. Chairman, it would appear in these private annotations.

The Chairman: What would you think of that arrangement?

Mr. MacDonald: It is not a matter that is under our own control. We check the Appropriation Acts to make sure that they add up, and things like that. We could certainly check this out with the Department of Justice, and with the parliamentary officials who co-operate with us on the Appropriation Act. I understand that the suggestion would be for an additional schedule to the Appropriation Act which would say something to the effect that section so and so of—in this particular case it might be the Canada Development Corporation Act—now reads. We will certainly investigate that.

Senator Grosart: I would move that the Treasury Board officials be requested by the committee to report on the feasibility of handling it in this way. I will leave it to you to word it.

The Chairman: How would you like to word it, senator? I think it is important.

Senator Benidickson: I would preface it by saying, "Notwithstanding our preference, where appropriate, for actual amendments to the bills themselves"—this is not good language, but this is what I have in mind—"our preference still is that the bills be amended when you are introducing legislation of consequence."

The Chairman: It would have that effect, as I understand it.

Senator Grosart: Might I be allowed to move my motion later?

The Chairman: Is it agreed?

Hon. Senators: Agreed.

The Chairman: Would you second that, Senator Benidickson?

Senator Benidickson: Yes.

The Chairman: Perhaps we can now proceed.

Senator Benidickson: I think we are still on the document.

The Chairman: It might be worthwhile to hear the opening statement of the officials and then come back to the document. At that stage, I presume you would want to be more detailed in your examination.

Senator Benidickson: When perusing the document—I have already said it explains many things that I was up in the air about when I simply read the Blue Book, Supplementary Estimates (B)—I am also impressed with the fact that you have taken pains to provide us with this good summary, which I appreciate, although it would have been more helpful to us had it been presented to us three days ago. In looking through the one-dollar items, it seems to me that it would take no more printing in the Blue Book, Supplementary Estimates (B), to say what you have said by way of explanation in this document, particularly with the "A" section of the document, the one-dollar items authorizing transfers from one vote to another within a ministry to meet a certain increased cost. In this supplementary document, which came into our hands only this morning, you explain why it was possible to take money from elsewhere in the department in order to provide everything but one dollar for the new proposed expenditures.

It would hardly enlarge this Blue Book, which I call Supplementary Estimates (B), if the explanation given in this new document had originally been incorporated in it. In this latest document it is stated that the reason for the additional expenditure is that a vessel went aground; and there is extra money unexpended up to March 31, 1972 to meet this additional expenditure as a result of a building in British Columbia not proceeding.

The Chairman: I think your point is understood, senator. Perhaps we could ask the officials for the answer.

Mr. Dewar: Thank you, Mr. Chairman. I believe the Senate, House of Commons, and the government are dealing with a question of a spectrum of choice. There is no doubt that the explanation given in this latest document would be helpful for a better and clearer understanding of the offsets, as we call them, the sources of additional funds on \$1 items.

Senator Benidickson: They are all fairly brief.

Mr. Dewar: Some of them are briefer than others, senator. I think it is a matter of decision and judgment as to how far this should go. If you think of it in terms of the supplementary Estimates book I think we might find ourselves with a bit of a narrative running through a lot of items which could turn a legislative document into a highly descriptive commentary.

Senator Benidickson: That might be so, but I also want to compare it with the pages and pages and hours and hours filled by parliamentarians in the committees of the two houses in asking questions as a result of the explanation in the Blue Book being inadequate. There have been eight volumes printed of the proceedings which took place on the other side, and there will be some here. I feel a good part of those proceedings could have been eliminated if a line or two extra by way of explanation had been put into the Supplementary Estimates (B) book.

The Chairman: It may be that if we move towards the concept of Senator Grosart's motion we will satisfy that very valid point, senator.

Senator Benidickson: I am not so sure of that, Mr. Chairman. I find a trend in most bills contrary to my earlier experience. We used to have a full explanatory note on the right-hand page, but this practice is today, more often than not, abandoned.

The Chairman: It is sometimes clearer if there are no explanatory notes.

Senator Benidickson: Well, we certainly do not see them today. It used to be the custom that we did get in layman's language, on the right-hand pages of the proposed statute, explanatory notes. We do not get those in bills these days, in most cases.

Mr. Dewar: If I may make one additional comment on this point, Mr. Chairman. We continually have in mind the problem of better communication with Parliament on these matters. Senators will be aware of the changes made in recent years, and I am sure it has already been noted by the committee that this is helpful in stating the activity distribution of estimates and giving a better example of the purposes for which the funds are asked. At the other end of the spectrum, senator . . .

Senator Benidickson: That was what was promised, but after carefully reading Supplementary Estimates (B) I do not feel it has been accomplished.

Mr. Dewar: If I might just suggest, senator, this is what we reach—a book like this which my notes are in—if we go

to the other end of spectrum. It is a balanced judgment as to what should be incorporated in the Supplementary Estimates book, which I think we shall have to continue.

Senator Benidickson: I think it is still too terse or ambiguous.

The Chairman: If there are no other views on that particular point, we will pass on to the opening statement.

Mr. Dewar: Thank you, Mr. Chairman. I do have copies, if it is the wish of honourable senators to have them distributed.

The Chairman: Is it your wish, honourable senators?

Hon. Senators: Agreed.

Mr. Dewar: Mr. Chairman and honourable senators, the supplementary Estimates you have before you are the second and final supplementary Estimates for the fiscal year 1971-72 now drawing to a close. As you will see from the summary of the totals on page 5 of the shall Blue Book these estimates are made up of:

\$185 million for budgetary expenditures along with

\$151 million in non-budgetary expenditures—in other words, loans, investments and advances—which Parliament is being asked to vote. The Estimates also contain net changes in amount of

\$98 million in statutory items for a grand total of \$434 million.

The total of all Estimates presented to Parliament this year, then, amounts to \$15,195 million for budgetary items and \$1,279 million for non-budgetary items.

A few large items account for most of the amounts involved in the supplementary items. These items are:

\$20 million to recoup the Agricultural Commodities Stabilization Account for deficiency payments paid on hogs.

Senator Benidickson: Was there not also a large item in there relating to barley?

Mr. Dewar: Yes, sir.

Senator Benidickson: It was not as big as this.

Mr. Dewar: I will get to that later, senator. It is under a different department.

Continuing the large items: \$12 million under the Canadian International Development Agency to provide aid for rehabilitation and reconstruction in East Bengal.

\$145 million for loans to developing countries. This is not really an increase in loans as I will explain later.

\$40 million being an upward revision in the amount forecast as payable in equalization payments to the provinces.

\$92 million for a revision in the forecast of payments to Quebec under the Established Programs (Interim Arrangements) Act, principally because of higher hospital services costs and higher welfare costs.

\$11 million to the Canadian Wheat Board for losses incurred in the operation of the barley pool account for the crop year ending July 31, 1971.

Senator Benidickson: One is Agriculture and the other is Trade and Commerce.

Mr. Dewar: That is correct, sir.

\$68 million for payments to producers for wheat to increase their returns from wheat going into domestic consumption.

\$25 million in additional funds for the Local Initiatives Programs under the Department of Manpower and Immigration.

\$25 million for a revision in the forecast of Canada Assistance Plan payments which the federal government makes to the provinces in sharing their welfare costs.

\$15 million to the Ministry of Transport to cover the cost of three ferry vessels originally financed under a loan vote in 1968-69.

\$20 million to the National Capital Commission to cover the acquisition of certain lands and structures owned by the E. B. Eddy Company.

There are also some reductions in forecast amounts of statutory items noted in these estimates. In particular, there is a \$55 million reduction from the \$80 million originally established as a limit under the Employment Support Act set up to reduce the unemployment effects that were expected to flow from the 10 per cent United States surcharge. There is also a reduction of \$18 million in the amount forecast as payable to the Unemployment Insurance Commission as the government's contribution. This amount is no longer payable with the coming into full effect of the new Unemployment Insurance Act.

Senator Benidickson: The government will probably have a greater obligation under the new act.

Mr. Dewar: Yes, that is right, sir. It is as the result of the timing of the introduction of the new legislation that this amount of \$18 million occurs.

I should also mention that the \$145 million for loans to developing countries . . .

The Chairman: I am sorry, but may I interject for a moment? Why would the government have a greater obligation under the new act?

Senator Benidickson: The benefits are greater and the contributions are greater.

Mr. MacDonald: Mr. Chairman, under the old act, the government made a matching contribution which was essentially one-fifth of the total amount; two-fifths were supplied by the employer, and two-fifths by the employees. It was made on a current basis, that is, the 1971-72 contributions were made in 1971 and 1972. However, under the new legislation, the government pays all of the cost of benefits for unemployment over 4 per cent. It pays this amount in arrears. Whatever costs arise in the year 1972 would appear in the 1973-1974 estimates based on actual unemployment experience. In a sense this is a somewhat deceptive figure which is shown here.

Senator Sparrow: How does the fund finance itself in the interval?

Mr. MacDonald: There is a provision in the legislation whereby the Minister of Finance can make repayable advances to the Unemployment Insurance Account to meet any deficiency in the amount needed to pay benefits and meet administrative costs.

The Chairman: How does the government determine the amount which is payable for unemployment in excess of 4 per cent?

Mr. MacDonald: This legislation is sometimes complex. However, it permits taking into account unemployment in the various regions and a number of factors of this kind. I am not familiar with the Act in detail.

The Chairman: Thank you.

Mr. Dewar: I should mention that the \$145 million for loans to developing countries replaces an item for \$172 million for the same purpose that was in the Main Estimates for 1971-1972. That is, the provision for these loans is being reduced by \$27 million to offset most of the amount provided in the supplementary Estimates this year—both these and the ones of last December—for special aid grants occasioned by the needs arising out of the incidents in what used to be called East Pakistan. As the members of the committee probably know, the Canadian government establishes an aid target each year covering all loans and grants to developing countries and international financial agencies who provide other loan funds to these countries. The reduction in loans to offset an increase in grants is designed to keep us within the target for 1971-1972.

Finally, these estimates contain some one-dollar items, 39 in all. Twenty of these are concerned with the provision of authority to transfer money, already approved in a previous appropriation act of this year, from one vote to another.

The others are concerned with: other amendments to previous appropriation acts or other legislation; the deletion of debts when the amounts exceed \$5,000 which is the statutory limit on executive power to delete debts; authority for the payment of grants for which funds already exist but which had not previously been brought to the attention of Parliament.

Honourable senators will notice that there are more than 39 items listed in the document dealing with one-dollar items. This is because some of the same items appear in more than one category.

Senator Benidickson: Regarding the item on deletion of debts, as I recall reading the Supplementary Estimates (B), there were other items concerning write-off of stores which were obsolete. These were not one-dollar items. They were gross items, were they not?

Mr. Dewar: No, Senator Benidickson, in items of that kind, an amount is appropriated to write-off those stores.

The Chairman: I wonder whether Mr. Dewar has finished his statement?

Mr. Dewar: Yes, Mr. Chairman.

Senator Grosart: Regarding the last item, which deals with Canadian International Development Agency, I wonder why it is necessary to make this provision, because when I read the Main Estimates I find that last year \$150 million was approved for the same purpose and, apparently, only \$81 million was spent. Can you give us the figures regarding the backlog, if I may use that term, of approved expenditures which have not yet been spent? I am not being critical. I am aware of some of the reasons why they do not spend all of the money in one year. Of that figure of \$172 million, how much money is on hand at present?

Mr. Dewar: I think Mr. MacDonald will be able to give us some of these figures. However, before he does, I am sure that all honourable senators will be aware that both on the loans and the grants side of the aid program we are dealing with non-lapsing accounts in the sense that each year the estimates vote money into the accounts which may be spent either at the time or in future years.

Senator Grosart: This is the reason I asked that question, because non-lapsing accounts of this kind are unusual.

Mr. Dewar: Yes, that is quite right. I am sure we have some information available. I do not know how up to date it will be.

Mr. MacDonald: The only information we have here now deals with the grants side and not the loans side of the aid program. It indicates that there is \$83 million authorized and unspent as of March 31st, 1971. I do not have the balance on the loans. We could obtain that information and supply it to you.

Senator Grosart: I would appreciate that very much, because a few years ago almost the total annual appropriation for the year had not been spent and was on hand.

Senator Croll: That is \$81 million out of how much?

Senator Grosart: The figures are not exactly comparative. The actual expenditures for the years 1969-1970 were \$81 million and the approved estimates for the years 1970-71 were \$150 million; but they are relatively the same.

Mr. Dewar: If I may, Mr. Chairman, I do not feel we are dealing with a question of \$81 million out of some larger figure because over a period of years Parliament appropriates money into the non-lapsing fund both on the grant side and on the loan side. It accumulates over the years. So the outflow in any one particular year must be measured against the accumulation on either the grant or the loan side. My information is not statistical in nature. However, the situation which Senator Grosart has described regarding the slow outflow of money as against the amounts which have been voted is changing and has been over the past year or two. I believe we are now in a situation where incremental additions on the loan side in any one year is approximately balanced by the outflow. On the grant side, we have been close to that situation for a number of years since grants are used for payments of services such as to Canadian teachers, or technical advisors. They use this appropriation as they would use an appropriation on a normal vote which was not nonlapsing.

Having said this, I would be more than happy to provide you with up to date information.

Senator Grosart: I think this is necessary for several reasons. Underdeveloped countries complain because we appropriate an amount which does not get transferred to them. Another reason is that in the OECD comparative statements, which indicate the level of aid from developed countries to underdeveloped countries, they use actual expended figures. Therefore, very often Canada shows up rather badly in that type of comparison, because OECD does not give us credit for what we are committed to spend. That would be a more important figure in the long run than what we actually transfer in any one year.

Mr. Dewar: I believe, Mr. Chairman, that we have succeeded now in obtaining the agreement of OECD to produce data on both aspects. However, it is quite correct that in the past the Canadian statistics have tended to appear not so good as those of some other countries, for the reason mentioned by the senator. In addition to that, the nature of our aid differs from that of some other countries where the outflow in dollar terms is faster, but one might think that the quality of the aid is different.

Senator Grosart: That, of course, is another and larger question, because, certainly, our own loan program is probably still the softest in the world.

The contingencies vote has been discussed here and elsewhere many times, and the type of development of this fund has come under considerable criticism. I notice that there are some quite fundamental changes dating back to the last supplementaries. Could you explain to us now—as I know you have done elsewhere, Mr. Dewar—the exact status and purpose of the contingencies vote now? Would you do this particularly in relation to the negation of the reserves for retroactive salary increases?

The Chairman: That refers to Vote 5b on the last page of the one-dollar items.

Mr. MacDonald: This goes back to 1968-69, when we had difficulties in collective bargaining in reaching settlements in the expected year. I believe it was in that year that authority was obtained in the supplementary Estimates to set up as a reserve the balance remaining in the contingencies vote. The money was there for the purpose of meeting expected costs of retroactive salary adjustments arising out of the first round of collective bargaining. These agreements, however, were much delayed and I gather that the government was rather unwilling to in effect inflate the Estimates year after year. Therefore, in that and subsequent years the contingencies vote has contained a provision to establish these reserves, showing the amount transferred to the reserve as an expenditure of the year in question.

This practice has been subjected to considerable criticism, so the effect of this item in the supplementary Estimates is to negate the provisions of the main Estimates from 1971-72. Therefore no reserve will be set up at this year end. The main Estimates for 1972-73 do not contain a provision to set up a reserve. In other words, the practice of establishing reserves has been discontinued.

The balance remaining from all reserves, dating from the establishment of the first, was \$40 million at the end of January 1972. Current demands remain outstanding against that figure. These consist of payments which will

be made with respect to collective bargaining agreements recently concluded.

Senator Grosart: For what type of unforeseen requirements has this fund been used in the past?

Mr. MacDonald: The hard core of the vote is roughly \$50 million or \$60 million per year. Last year the largest demands made on it were for the student summer employment programs, which were essentially covered in subsequent supplementary Estimates. We have occasionally met forest firefighting costs. Initial payments under relief items to Bangla Desh, which were mentioned earlier, were made.

We instruct the departments to include in their Estimates a certain per cent of their current year salary costs as a provision against any general salary increases. Any amount over and above this per cent will be met from the contingencies vote. Year after year something like the major portion of the contingencies vote is used for that purpose.

Senator Benidickson: I cannot recall the item in Supplementary Estimates (B), but I remember yesterday reading at least one which votes a replacement of something drawn from the contingencies fund. Are there other items of that type?

Mr. MacDonald: There would be quite a number.

Mr. Dewar: A good example is the forest firefighting cost. Last summer in the territories was very bad for forest fires, which exceeded the provision in the departmental votes.

Senator Benidickson: So, through supplementaries, the gross of the contingencies fund is returned in substantial part to what it was at the beginning of the fiscal year?

Mr. Dewar: Yes, senator, for that type of item that is correct.

Senator Grosart: What is the constitutional nature of the access of the government to that fund?

Mr. MacDonald: I suppose it lies in the actual wording of the vote, which is very broad.

Senator Benidickson: It is in the original Estimates.

Mr. MacDonald: If it is of any relevance, I compared the size of the contingencies votes throughout the years with the size of the vote portion of the Estimates. It has tended to remain constant, or to decline. If I may exclude those amounts which related in those years to setting up reserves to meet retroactive salary costs, it stayed fairly constant, while the size of the Estimates has increased. Looking ahead into the 1972-73 Estimates, one or two items which might in other years have appeared as provisions in the contingency vote, such as students summer employment and something to do with bilingualism, have been set up as separate votes in order to keep the contingencies vote down to its usual level.

Senator Grosart: Has Treasury Board itself complete authority to withdraw funds from the contingencies vote for a specific purpose?

Mr. MacDonald: For the use of the Treasury Board itself, as a department?

Senator Grosart: No, I should say Treasury Board in the larger or Cabinet sense.

Mr. MacDonald: All withdrawals from the contingencies vote are subject to approval of the Treasury Board and are the subject of a formal submission to it.

Senator Grosart: I refer now to the short-fall of \$55 million in the appropriation in the Employment Support Act. It would seem to me that the contingency for which the \$80 million was provided continues to be ongoing. Will there be further provision in next year's Estimates, or is the problem over?

Mr. Dewar: Mr. Chairman, under the terms of the Employment Support Act approved by Parliament, the grants were to be provided, if I may quote, as follows:

... to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect

The United States surcharge having been discontinued on December 19, applications now being received are with respect to unemployment resulting from other causes. I am afraid I am not being very clear on this.

Senator Grosart: I get your point. The reason I ask this question is that at the time it was brought in, it was made clear to us that this did not apply, from the government's point of view, merely to the United States; that there might be other—I have forgotten the phrase—actions of a like effect. If the situation arose again, would money be found in the contingency fund? This act of Parliament has not been repealed.

Mr. MacDonald: In effect, the act, as it is written, makes provision only for the year 1971-72. The payments would not be possible under that law after March 31 of the current year.

Senator Croll: How much was expended?

Mr. Dewar: The forecast expenditure is \$25 million. Not all of that has been expended to this date, because some applications relating to the period before December 19, are still under study.

Senator Grosart: The short fall is \$55 million.

The Chairman: That vote was increased, was it not, from its original amount?

Mr. MacDonald: No, Mr. Chairman; it was always \$80 million, plus about \$300,000 for administration.

The Chairman: Are there any further questions?

Senator Grosart: The total figure which we have on page 5 of this year's expenditures—which also appears in the statement—is once again not the total spending of the government for the year. We went into that at a previous session. Can you tell us what is the total spending figure of the government?

Mr. MacDonald: Mr. Chairman, I think there are several totals.

Senator Grosart: That is what worries me.

Mr. MacDonald: The first thing one might add is non-budgetary expenditures—loans, investments and advances made under other statutes. There add to a figure of \$800 million to \$1 billion. They embrace loans under the National Housing Act, the Farm Credit Corporation Act and so on. You would have to go on and add disbursements out of superannuation accounts, and disbursements out of certain non-lapsing funds which are shown in the accounts. There is a definition of government expenditures in the National Accounts, but that would not satisfy you because it treats the Post Office as a public sector. We do not have a figure on total government expenditures in those terms.

Senator Grosart: Are you working on it?

Mr. MacDonald: No, sir, other than to explain the difficulties, as we have attempted to in the return that was made.

Senator Grosart: I think it is desirable to do this. It seems to me that we should be told what is the total outflow of expenditure by the government.

Mr. MacDonald: In the Treasury Board we do not have the resources. We do not do economic analyses. In the statistical sense, it is the function of Statistics Canada, and of the Department of Finance. We are more of a consumer of statistics.

Senator Grosart: I would imagine that in reaching, say, a figure of \$16.4 billion, you would want to relate it in the larger context, to all spending. There must be a connection between the two.

Senator Hays: May I ask an unrelated question?

The Chairman: Before you do, senator, on pages 5, 6, 7, 8, 9 and 10 of the document that is being printed as an appendix to these proceedings, which are answers provided by Treasury Board to some of the questions asked in our examination of Supplementary Estimates (A), Treasury Board deals with the feasibility of providing a complete list of outstanding loans, investments and advances, with particulars. It also deals with the feasibility of providing the committee with the total of the government spending program, with as much of a breakdown as possible, as compared with the previous year and the Gross National Product. Perhaps that should be examined by honourable senators and be the subject of discussion at our next meeting. Are you working on your motion, Senator Grosart?

Senator Grosart: I have to leave to keep an appointment. However, I will have the motion typewritten and brought down to you.

Senator Benidickson: Are we starting in the Blue Book, or have we finished with the one-dollar items? Some of the explanations in this morning's document explaining the one-dollar items, answer some of the question marks that I put in the Blue Book, Supplementary Estimates (B), and some may not.

Then we have the third document, which is the mimeographed statement that was given us. I do not recall that I had marked for query a request for an explanation of the barley item.

Are we going to go through the Blue Book item by item? If so, when we come across these items in reading the Blue Book, Supplementary Estimates (B), we can deal with our questions at that time.

The Chairman: It is not generally the approach of the committee, senator, to go through the Estimates item by item. If you have any questions to raise, please feel free to do so.

Senator Benidickson: Then I shall have to turn pages. Some are answered by this paper handed to us this morning. Apparently, it is not the practice here to go through the Estimates department by department, page by page, such as is done by the Estimates Committee of the other place.

The Chairman: Generally, our approach to the Estimates, and the approach of this committee, has been along the lines that we have been discussing today—methods of presentation. We tend to leave to the other place the detailed examination of the Estimates, unless honourable senators have a question about a particular item.

Senator Benidickson: I have those on a separate page.

The Chairman: It has been the stance of this committee that it tends to duplicate the work of the other place. Our function is probably to be found in two main areas: an examination of a particular program or department in detail; or a general economic examination of the type that we made under the heading of Growth, Employment and Price Stability.

Senator Benidickson: I note that only certain departments with items in Supplementary Estimates(B) had departmental officials, other than officials from Treasury Board, before the committee of the other place. There is printed, of course, the general discussion of Treasury Board's overall statements; and then another session, I note, dealt with Energy, Mines and Resources. I have not read that particular one, but I am sure it is covered. However, from that point on, alphabetically, we have Environment. I do not think the Minister of the Environment was before the committee of the other place.

In order not to breach what the chairman says has been our practice, I have a question by reason of the explanation of the one-dollar items. Under the one-dollar items, 20b, Environment—and I reiterate I do not feel this is too lengthy to be incorporated in the Blue Book . . .

The Chairman: That point has been noted, senator.

Senator Benidickson: You will find under Environment Vote 20b, (e), there is an expenditure of \$75,000 for sportsmen's shows and publicity. My question also relates to the next paragraph, (f), and I am curious as to whether these are foreign sports shows, or not.

Mr. Dewar: If I may, sir, the reference to sportsmen's shows, according to the information we have received from the department, is that this is a specific requirement

of \$25,000, of the total of \$75,000 shown, for a sportsmen's show in Vancouver at which the department will have a display.

Senator Benidickson: You will see by looking at paragraph (f) under the head "Emergency Assistance to the Province of Ontario" an additional \$50,000 to the \$1,360,000 in the main Estimates. My question is: Do paragraphs (e) or (f) refer to moneys which have already been provided federally by the Department of the Environment to help combat those problems that have arisen as a result of the discovery in the lakes of northwestern Ontario of what is considered an excessive mercury content?

Mr. Dewar: Yes, senator, the \$50,000 item additional to the funds previously provided under the main Estimates does refer to that.

Senator Hays: Of the 37 per cent of the Gross National Product collected in taxes from all levels of government, do you have a percentage breakdown of that used by the federal government, the provincial governments and municipal governments?

Mr. MacDonald: We could supply that. I would not want to rely on memory, but it is available in the national accounts.

Senator Hays: Is the amount used by the federal government decreasing?

Mr. MacDonald: In a relative sense it is decreasing, yes. The more informative way in which to look at those figures, of course, is to realize the federal government is essentially a transfer agent for much of its expenditure.

Senator Hays: I realize that.

Mr. MacDonald: I believe certain figures in the national accounts are presented net of transfers, first, from the federal government to the provincial governments, and then from the provincial governments to the municipal governments. We will supply those figures.

Senator Hays: My other question is this: With respect to this \$20 million which is going to the stabilization account for the deficiency payment on hogs, do you have the formula governing the distribution of that?

Mr. Dewar: Senator, I can only speak to this in fairly general terms. It arises, as I am sure senators are aware, from price falls as a result of a hog surplus, and the way it operates under the act is that a base price is arrived at on the average of the previous ten years and then the Governor in Council establishes a prescribed price which is frequently 80 per cent of the base price.

I cannot tell the committee with certainty if this was, in fact, the formula used with hogs. I do not have that information with me.

Senator Hays: I believe that is the correct formula. The information I am after is how it is broken down. For example, I believe the number eligible for deficiency payment is 200. Now, of the 200 hogs, is there a class or category on which the farmer receives payment, or does he receive it on all marketable hogs that he would ship?

Mr. Dewar: I do not know in sufficient detail the operation of this program to answer your question senator, but if it is the wish of the committee we will obtain that information and provide it to the committee.

Senator Hays: It is my understanding that if one's application for such payments is not received by March 31, then he will not be able to participate. There is some confusion as to the claim that a hog raiser is allowed to make. For example, he might sell feeder hogs, marketable hogs, or other categories. In other words, if a sow is worth so much, a marketable hog is worth so much. Is it tied to grade?

Mr. Dewar: We will contact the Department of Agriculture and obtain that information as quickly as possible, senator.

The Chairman: Is that satisfactory, senator?

Senator Hays: Yes.

The Chairman: Let us just go over what we are to be provided with.

Mr. MacDonald: I have a note to provide information on unspent balances under International Development loans, and the details on the formula for hog deficiency payments under the Agricultural Stabilization Act.

The Chairman: Yes, and the third item, I believe, is the relative percentages of expenditures by the various levels of government.

Mr. MacDonald: Yes.

The Chairman: Were there any other items, honourable senators? There is a fourth item I should like to have. We have had this in the past and it has proved to be useful. I am referring to the write-off of National Revenue. There is a write-off of \$5.7 to \$5.8 million of claims which essentially arise, I gather, out of uncollectible taxation debts. I believe it has been our approach in the past to have a list of those write-offs.

Mr. Dewar: I can give you some information on that by category, Mr. Chairman. The complete list comprises a huge book.

The Chairman: It seems to me that what we did in the past was establish a minimum figure; it may have been \$100,000; in other words, we would only be interested in the major write-offs. In the past, write-offs in excess of \$100,000 were provided.

Mr. Dewar: I believe we can compile such a list, senator.

The Chairman: Would that be a lengthy list? In the past it has been a rather short one.

Mr. MacDonald: May I examine our records, Mr. Chairman, and if it seems unduly long I might take the liberty of phoning you to see whether you want it or not. I rather feel it will be short.

The Chairman: It is really the major ones we wish to look at.

Mr. MacDonald: We would list them by category of reason.

Senator Isnor: That is a good question, Mr. Chairman. I should like to know the basis on which the department arrives at a decision to write-off a debt.

The Chairman: For the most part, senator, according to what we have found in the past, a write-off results from a taxpayer being deceased or bankrupt.

Senator Benidickson: And in the case of some overpayment to veterans' pensions or veterans' allowances.

The Chairman: That is another item, senator, but it is of a similar nature. The one we are dealing with is taxation.

Mr. Dewar: The categories I have listed here are in accord with what the chairman said. It is comprised of deceased taxpayers with no estate or bankrupt companies.

Senator Beaubien: How would you assess a debt if he has no estate? Would that be income tax he did not pay?

The Chairman: If he had a debt by virtue of either estate tax, income tax or some form of taxation, and then he died without any assets in his estate. Is that not so?

Mr. Dewar: That is right.

Senator Beaubien: You cannot levy an estate tax, if he dies with nothing.

The Chairman: But it may be a previous claim for income tax.

Senator Benidickson: I am still trying to stay within your broad history of examination. On External Affairs, page 20 of Supplementary Estimates (B), under "Activity to be Supplemented", comes "Foreign Operations." That takes up only part of the line for printing purposes, and it does not satisfy anyone who wishes to know where we are expanding and why we are expanding. But you, in the document you presented this morning, make it very easy for us to understand. I think you could have done that in the Blue Book. You say this is basically for setting up a diplomatic mission in Algeria. That information could have been put right here in the Blue Book or in the supplementary Estimates, and we would not have been worried about it.

Again, on the principle that was raised earlier this morning, on page 22, also under External Affairs, referring to Vote L26b, we get into the field of legislation for years backward and forward. You will find there the phrase "subsequent fiscal years". If I followed Senator Grosart's questioning properly this morning with respect to international aid, there is a form of continuing pool for unspent funds. Is this a vote of that nature? Then there is another one that relates to legislation that we are continuing with respect to something we promised or committed ourselves to in 1968-69. Those kinds of things we would call legislative, would we not?

Mr. Dewar: Yes, sir, it is a legislative item.

Senator Benidickson: On page 24, under Grants, you are dealing with something based on authority that goes back to Appropriation Act No. 2, 1965.

Mr. Dewar: Yes, sir. That \$12 million item, for example, is a payment into the special account established by the Appropriation Act of 1965, which is the form of carrying in a non-lapsing way the funds voted for grants.

Senator Benidickson: Non-lapsing way? I see. But we are simply giving more money on the principle of the legislation of 1965?

Mr. Dewar: That is right, senator. If I may comment on Vote L26b, that involves a request for Parliament to give authority for \$145 million of additional loan funds which may be spent in this or in subsequent fiscal years.

Senator Benidickson: There is another one-dollar item under Finance on page 30, Vote L22b. It is only a one-dollar item, but it is very confusing because it refers to Appropriation Act No. 4, 1969. I am sure the people whose job it is to inform the public annually of law changes do not look at Appropriation Acts.

The Chairman: I think that point and the other points you have made will be reflected in our report to the Senate, Senator Benidickson.

Senator Benidickson: Would you be able to provide later some detail about the fairly substantial and increasing—and I think properly increasing—expenditures under the Department of Indian Affairs and Northern Development as indicated at the bottom of page 34? On that page, without any detail or explanation, it says that the general item, Community Affairs, will be \$110 million. Could we have an explanation of the purposes and of the type of expenditures provided by that very large appropriation?

Mr. Dewar: There is a description, senator, in the main Estimates book of what Community Affairs covers. The amount you refer to is an additional provision under that activity.

Senator Benidickson: On page 40 there is a reference to last fall's legislation, \$80 million. When you put something in brackets, like that \$55 million which is in brackets, it means that the \$55 million of the \$80 million was not utilized or will not be utilized in the current fiscal year. Is that what it means?

Mr. Dewar: That is correct.

The Chairman: That is covered in the statement, Senator Benidickson.

If I may interrupt for a moment, Senator Grosart has just given me a copy of his motion. Perhaps, if I read it to you, we could vote on it now. It reads as follows:

Moved:

In the opinion of the committee it is desirable that any amendment to an existing Act of Parliament be made by a separate amending Act of Parliament, other than an Appropriation Act, and that the present practice of amending legislation by \$1 votes in the main and supplementary Estimates is unsatisfactory for several reasons, including the fact that such amendments are not systematically reported either in law reports, digests or other sources of information readily available to the legal profession and the public.

It is recognized, however, that there may be cases where separate amending acts for each and every legislative amendment now made by Appropriation Acts would unnecessarily add to problems of time and timing in the already over-burdened parliamentary legislative processes.

The committee, therefore, recommends that consideration be given to the formalization of the amending effects of such \$1 votes in Appropriation Acts by explicit amendments to the existing acts concerned in a separate schedule to any Appropriation Act where such amendments are required.

That motion has been moved by Senator Grosart and seconded by Senator Benidickson. Is there any discussion on the motion? Is it agreed that it should carry?

Hon. Senators: Agreed.

The Chairman: The motion is carried.

Senator Grosart: Mr. Chairman, perhaps you should ask the witnesses whether, in general, that motion meets, shall I say, their convenience.

The Chairman: That is a good suggestion, senator.

Mr. MacDonald: From my knowledge of the subject, it sounds conceivable, but we would really have to discuss it with the Department of Justice and the legislative authorities attached to parliament.

Senator Grosart: The operative word is "consideration"?

Mr. MacDonald: Yes.

Senator Benidickson: On page 42, under Industry, Trade and Commerce, I was curious about the last paragraph, which refers to contributions for the purpose of defence export sales. That is a one-dollar item. I recently heard, on a phone-in program on national TV, General Allard questioned very severely about the extent to which we in Canada provided financial assistance and encouragement for the export of defence products that might make their way to Vietnam, and so on. What kind of firms receive contributions of this type? Have we a list of them, or could it be provided?

Mr. Dewar: The reference on page 42 refers back to Vote 10b on page 40, which has to do with a change in commitment authority under the program. If I may, I would like to point out that this program supports developments in Canadian defence industry for the purpose of defence export sales or civil export sales. Without commenting on the point you have made, senator, let me say that the same industrial firms may in fact be operating in the field of civil exports sales as well. One thinks of things like aircraft, for example. I do not have the information that you are specifically seeking, in terms of the firms involved. I think this is something the Department of Industry, Trade and Commerce would have to comment on. Generally we are talking about secondary industry, which may be operating in the field of producing equipment or technologically advanced vehicles that could fall under both the defence and civil use category. However, I think any listing of the firms or categories of firms would have to come from the department.

Senator Benidickson: On page 50 there is a large item gross, not a large item net, under the Department of National Defence. We slide over the transfer in this form of report of \$15,400,000 that was apparently available in the department somewhere else. It is a large amount of money. I just make the point that it would take very little more printing to give the information that you have provided this morning under National Defence, in which you say very briefly, but adequately, that funds are available due to production and delivery delays and cost changes. What is in the blue book is not very helpful.

There are several places in the Supplementary Estimates, as on page 52, where you say "New capital projects (Information only—no appropriation required)". For instance, under National Defence you give some detail, which I am glad to see, of these capital projects approved. For what reason do you put that kind of item in the supplementary Estimates? It is in several places, as in Public Works and some other places.

Mr. MacDonald: When the form of the Estimates was changed in 1970-71 the minister and officials from the Treasury Board met with the Public Accounts Committee of the other place, and I believe discussed the new Estimates with this committee as well. Under the heading of "Information" a number of changes were made. For instance, the listing of grants and contributions, the break-out of the Civil Service in terms of the classifications, are all provided in the main Estimates. In the case of capital projects, although the size of the capital vote for a department may be established in main Estimates, some projects are not yet approved by the Treasury Board. This is a listing of new capital projects that have, as it were, reached a stage where they could be particularized in the supplementary Estimates but were not at that stage in the main Estimates.

Senator Benidickson: Then, as production proceeds, we will be asked to vote simply what is the estimated amount for the subsequent fiscal year.

Mr. MacDonald: You will see in the main Estimates a table which talks about the current . . .

Senator Benidickson: 1972-73?

Mr. MacDonald: Yes. It is current estimated cost. It will talk about expenditures to date, expenditures expected in the new year and expenditures in future years. An attempt is made to provide a fairly updated list of major capital construction and acquisition.

Senator Benidickson: Referring to the Health, Insurance and Resources Program on page 54, I am surprised that there is apparently an under-expenditure under the Medical Care Act. My reading in recent times may have been faulty, but I have the recollection that everybody was complaining that the doctors' bills that had been received under this scheme were accelerating at an amazing pace, each province was worried about the problem, and we were even going to impose a maximum acceleration in future years for post-secondary education, and perhaps for this. Why would there be an under-estimate on something that, if my understanding is correct, has been jumping forward in leaps and bounds?

Mr. Dewar: The fact is that the \$581 million forecast as the requirement . . .

Senator Benidickson: It is a small percentage, I guess; of the total.

Mr. Dewar: . . . is now considered to have been too high a number. The reason for the reduction in forecast expenditure is that final settlements in respect of the 1970-71 year is somewhat lower than expected, mainly because of lower than estimated costs retroactively in the Province of Quebec.

Senator Benidickson: I return to the question of legislation. On page 56 we have Vote 30b, Welfare Services. You would, I think, regard that as a legislative item, would you not?

Mr. Dewar: Yes.

Senator Benidickson: Again I say that the figures, without some explanation, are scarcely adequate for a poor parliamentarian who is not an accountant, because he has to add up all those items that are not going to be expended. There are five in the paragraph, and they total the fairly substantial sum of \$2,863,000. However, in heavy print we are only directed to the net of \$477,000. That is the kind of thing I find difficult.

The Chairman: If I could just interject there, it is one of the things that bothers me. You say that is a legislative item?

Mr. Dewar: Yes, it is.

Senator Benidickson: It is extending the statute.

The Chairman: That is right. We have been tremendously concerned in this committee about legislative items, but we have always confined ourselves to the one-dollar votes that give rise to legislative items.

Senator Benidickson: I do not now see the difference. This is relatively new.

The Chairman: I am wondering if under the heading of legislative items we should include not only the one-dollar items but other items where there is an appropriation.

Senator Benidickson: That is the motion we have already passed.

The Chairman: I am not sure that it is.

Senator Benidickson: It could have special attention.

The Chairman: It refers to just one-dollar item votes.

Senator Benidickson: No, because this is an example of an extension of an act, the authority of an act.

The Chairman: I agree with you, senator.

Senator Benidickson: It is not a one-dollar item, I agree.

The Chairman: I am saying that the motion we passed was for one-dollar items. I wonder if that ought to be extended to deal with other items.

Mr. MacDonald: It probably should.

The Chairman: Are there many items of that nature.

Mr. MacDonald: They are relatively rare. You may remember that on one occasion we attempted to provide a rather more exhaustive listing than the one-dollar listing, on anything that could be in any sense construed as being legislative in the Estimates; the committee expressed a preference for returning to the one-dollar listing.

Senator Benidickson: Again, I am trying not to confine myself to details of expenditure, although beyond the point that I think in a few words more pointed information could be given from time to time, although not invariably, I find in the Supplementary Estimates (B) that in connection with an expenditure you also have a column showing the additional man years authorized that will result from the expenditure. On that basis, it would seem pertinent to ask representatives of Treasury Board if they have figures which would show either the growth or reduction of the Civil Service as of this date, or the nearest date, they could provide as it would compare to the year immediately previous.

Mr. MacDonald: There are comprehensive tables in the main Estimates.

Senator Benidickson: On what page would you find that?

Mr. MacDonald: It would be table 8 in the main Estimates which you have before you.

Senator Benidickson: The main Estimates?

Mr. MacDonald: Yes, it would show over a period of three years the authorized level and the actual strength of the civil service at key points.

Senator Benidickson: I do not recall having seen that. What is the amount to be added to this figure as a result of the appropriations we are being asked to pass this morning? How many more bodies are involved in this figure?

Mr. Dewar: We do not have the aggregate sum.

Senator Benidickson: Every now and again in the Estimates I see it indicates one body, four bodies, fifteen bodies. But you have not totalled all those amounts.

I did not have time to read through as far as page 72 on Secretary of State this morning, and perhaps you have given us these details, but under the item "Arts and Cultural Support", under the heading "Activity to be Supplemented", the additional amount which is being requested this year is \$1,050,000. How is this amount being spent?

Mr. Dewar: The \$1,050,000 relates to assistance which is being requested for three cultural organizations: \$500,000 to the Shaw Festival towards the cost of construction of a new theatre . . .

Senator Benidickson: That is in Stratford?

Mr. Dewar: No, that is at Niagara-on-the-Lake, Ontario; \$250,000 for Jeunesses Musicales du Canada towards the cost of moving from Montreal to its facilities at Mount Orford, Quebec, and for refurbishing its facilities to make it a year-round theatre. \$300,000 is for Théâtre du Nouveau Monde towards the purchase and refurbishing of a theatre in Montreal.

Senator Benidickson: While this is a one-dollar item, I think you have omitted in your document, under the heading Secretary of State, any details of the work which was not done in 1971-72 which makes it possible to have this convenient offset of \$1,049,999.

Mr. Dewar: Senator Benidickson, if I may, there is a reference to the source of funds in the document which we have tabled.

Senator Benidickson: As I have said, I did not have time to look for it.

Senator Laird: Where is it? I have been looking for it.

Mr. Dewar: The page is not numbered. It is Section "A" on the fifth substantive page, vote No. 15b, Secretary of State.

Senator Benidickson: Yes, thank you.

There are three sections which are not marked by page numbers under Section "S"—at the bottom of page 84 under Solicitor General you are asking for additional funds of \$75,000. I do not think the Solicitor General appeared before the committee of the other place this year. They are requesting a grant for that department, and it has been approved by your office, for \$75,000 for rehabilitation of inmates. Can you indicate to which after-care agencies this sum will be provided?

Mr. Dewar: Senator, I do not have a list of the agencies. However, we are told that, for example, it may be the John Howard Society.

Senator Benidickson: They have received grants in the past. But there are some new agencies that are performing this type of work, and one which I am particularly interested in is in Ottawa. I was wondering whether that was one of the agencies included in this list?

Mr. Dewar: I will obtain that list for you Senator if you wish.

The Chairman: Do you wish to have that list, Senator Benidickson?

Senator Benidickson: Yes, please.

The Chairman: Is that a long list?

Senator Benidickson: It is only for an amount of \$75,000.

The Chairman: I am wondering if we should limit the amount on the lower items.

Mr. Dewar: Mr. Chairman, the \$75,000 is a supplementary increment to a base of \$335,000 mentioned in the earlier estimates.

Senator Benidickson: Then I ask you, why is that not indicated when a column is provided for previous estimates?

Mr. Dewar: The larger figure, which I have indicated, would be part of the Estimates detailed at the top of page 84.

Senator Benidickson: You mean the figure of \$63 million?

Mr. Dewar: Yes, although we do not indicate the base in the previous Estimates column at the bottom of the page.

Senator Benidickson: Since the main Estimates and Supplementary Estimates (A) were prepared, a decision has been made to provide \$75,000 to after-care agencies. Some of these agencies may have been assisted in the main Estimates. I am curious to know if there are some new agencies on that list; and, if so, which?

The Chairman: What are we being asked to provide then?

Mr. Dewar: If it is the wish of the committee, we will request a list of those agencies which are receiving support and the total amount of support.

The Chairman: Is that for the total of \$370 million?

Senator Benidickson: Yes, and specifically what the amount of \$75,000 would cover.

Mr. Dewar: Yes.

Senator Benidickson: On page 88 under the heading "Supply and Services", I have heard about departments obtaining computers and Treasury Board taking over supervision in order to avoid duplication and an excess in capacity of various types, and an attempt has been made in the field of information to centralize the operation and eliminate the large information bureaux which exist in every conceivable department. This does not seem to have accomplished very much.

What control have you exercised in the matter of departmental purchases of computers, and to what extent, if you have made an inquiry, do you feel that the computers that have been purchased and do exist but are not in a central place like Supply and Services and are in departments themselves—what percentage of each day are those expensive computers utilized? Have you made a study of that?

Mr. Dewar: There are two points I would make in reply to that question. The first is that if the departments are to obtain computers by rental or purchase they must, of course, come to Treasury Board for the authority to do so. This sets up a procedure of review. Secondly, we recognize the problem of underutilization. There has been a major study underway of this problem the results of which I hope will begin to appear in the near future. The purpose will be to create a better centralized direction of the planning, acquisition and use of computers throughout the government including the central computer services.

Senator Benidickson: You have a responsibility in this respect, being the overall economic representatives of Cabinet and Parliament. Has the Minister of Supply and Services any responsibility for this? If a department does not want to use Supply and Services, can it go out, subject to your approval, and have its own computer?

Mr. Dewar: The Department of Supply and Services has a responsibility only to supply service in this field if asked. The Treasury Board operates as a control agency.

Senator Benidickson: To try to avoid duplication and underutilization?

Mr. Dewar: That is correct.

Senator Bourque: Referring to page 28, Department of Finance, Contracting-Out Payments Program, I find the figure of \$91,945,000. Total Budgetary Expenditures is also put down as \$91,945,000, but I think the Quebec Government got a total of \$256,400,000. Under the heading of the Supplementary Estimate this figure of \$91,945,000 is correct, but, as I say, I think the Quebec Government got \$256,400,000.

Mr. Dewar: That is correct. What we have here is a revision in the supplementary Estimates to the forecast of payments under the statute that was given in the main Estimates. The main Estimate forecast was \$164,000,000 and we are now revising that upward by reason of later information, by \$91,000,000 to \$256,400,000.

Senator Bourque: But then the total budgetary expenditures would not be \$91,945,000. That figure might be misleading.

Mr. Dewar: Perhaps it refers to total budgetary expenditures expressed in this Supplementary Estimate.

Senator Bourque: You see, I think the federal government paid \$256,400,000.

The Chairman: I think, senator, you would have to look at the column to the right. The three columns added together, the previous Estimate of \$164,455,000 plus the Supplementary Estimate of \$91,945,000, make \$256,400,000 which is on the right-hand side.

Senator Bourque: That is how I figure it too, but then you see the total budgetary figure is \$256,400,000.

The Chairman: That is correct, and that is under the heading "This Supplementary Estimate", and what is intended there is the total of this particular Supplementary Estimate.

Senator Bourque: Well, I think that the "Total Budgetary Expenditures" there under the explanation does not give the true explanation because, in fact, the federal government paid \$256,400,000, and that might mislead a lot of people into thinking that they had only paid \$91,945,000.

The Chairman: So you would like to see the \$256,400,000 alongside the figure of \$91,945,000.

Senator Bourque: Yes, because they got \$256,400,000.

The Chairman: Thank you, senator.

Senator Manning: Mr. Chairman, on page 44, dealing with the Department of Industry, Trade and Commerce, we find a supplementary Estimate of \$68,000,000 as "Contributions to Price of Domestically Consumed Wheat" Does that all pertain to the new two-price system?

Mr. Dewar: Yes.

Senator Manning: Is there any information available with respect to the formula that is indicated in the quotation from the regulations on that page? There is a reference, for example, to designated areas and to certain acreage restraints. Is that all spelled out somewhere where we can get it?

Mr. Dewar: The information is available from the Department. We have obtained a copy of the statement made by the Minister on this point, and if you wish I can give the committee some information from this as to the method of distribution.

Senator Manning: Well, we can get it from the Department of Agriculture.

Mr. Dewar: Yes, sir, but it is in fact from the Department of Industry, Trade and Commerce.

The Chairman: Did you want that information, Senator Manning?

Senator Manning: No, I can get it from the department.

The Chairman: Treasury Board can provide it to the committee.

Senator Manning: Well, if they can do that, so much the better.

Another question comes to mind as a matter of curiosity. On page 76, dealing with the Secretary of State, the National Film Board shows a supplementary Estimate of \$703,000. The main item of this is \$664,000 for the production of films and other visual material. I am just curious as to why, in this type of operation, there would be a need for a supplementary of this kind, because this is not the type of operation where emergency situations come up, or where there are unforeseen reasons for having to expand during the year. What would prevent the making of a total estimate at the beginning of the year and staying within it? I agree this is not a large amount, but it seems to me that it is hard to relate an emergency or an unforeseen situation to this type of operation.

Mr. Dewar: Mr. Chairman, this would not be explainable in terms of contingency or emergency, but rather in terms of program change. These would be changes decided on by the government on the proposal of the Film Board made sometime during the year. To be somewhat more specific, the films involved in the \$664,000 figure are a number of informational films on federal government departments which it was decided should be done since the main Estimates were prepared. Secondly it concerns the production of films on Canadian ethnic groups as part of the government's policy on multi-culturalism. This was decided upon subsequent to the preparation of the main Estimates for 1971-72.

Senator Manning: Well, Mr. Chairman, I think that practice of approving that type of expenditure during the year is rather unsound. These things are never so urgent that they cannot wait and be embodied in the regular Estimates for the following year. It is the kind of thing that in the aggregate can throw your Estimates out considerably if the practice is accepted that if something becomes desirable then it also becomes urgent. In my view, it very rarely is urgent. I think that from the control standpoint of Treasury Board, that is a point which should be insisted upon.

Mr. Dewar: I have no particular comment on that except, perhaps, the observation that, as I am certain Senator Manning is well aware, we are dealing here with quite a long time-span between the preparation of the main Esti-

mates and the completion of the fiscal year to which they pertain. Main Estimates are, in effect, locked-up, printed and tabled approximately four months before the fiscal year commences. There is therefore approximately 16 months or more between the printing and tabling of the main estimates and the end of the fiscal year. Without in any sense arguing against the very good point that has been made, specifically with reference to cases such as this, I think it is a fact that government programs will sometimes change, or priorities shift which, of course, is the reason for such supplementaries as these.

The Chairman: Have you anything to add, Mr. MacDonald?

Mr. MacDonald: No, except that the length of the budgetary cycle is a factor. An expenditure may not be urgent if it is a matter of a few months but over a matter of a year and a half it acquires a degree of urgency.

The Chairman: Do you consider that the particular item mentioned by Senator Manning is of that degree of urgency?

Mr. MacDonald: The difficulty is that we operate on a one-year appropriation basis. If a department is to undertake an expenditure within a year, provision must be made for the funds and the bills must be paid within that year. There is first a question of the urgency of making such films in a particular year. Then there can be no question as to the urgency of the funds once the decision has been reached to make the films, because there is no method of carrying costs over into succeeding years.

Senator Benidickson: On page 96, under the heading "Transport", Vote 45b, I believe it was stated with reference to one of your documents provided only this morning that this is a transfer to something that will be an expenditure for something that in 1968-69 was included in the loan category. What was the justification or philosophy in 1968-69 of including it in loan, rather than construction of building? You would wish to spend so much in 1968-69 and so much in 1969-70 and so on?

Mr. MacDonald: This is really the adjustment of a previous supplementary Estimates item.

Senator Benidickson: But did I not hear you say that in the previous years it was included under the heading of "Loans"?

Mr. MacDonald: That is correct.

Senator Benidickson: What was the philosophy that caused it to be included under "Loans" at that time when now it is thought that it is more properly an expenditure, with which I agree?

Mr. MacDonald: I believe it is an admission of a mistake in approach in the first instance. This item was criticized by the Auditor General and this is an adjustment to correct the accounts.

Senator Benidickson: There are two illustrations on the same page referring to ferries, which I believe strongly support my suggestion that adequate detail, without becoming undue detail, would be very helpful to a par-

liamentarian. Its absence simply means that we have to carry out unnecessary investigations. It would be simple in the first instance to state, as is stated in the document supplied only this morning, with reference to an item that is almost \$17 million, the details as to where this ferry is located. It is not contained here, but there is an empty line where it could easily have been printed.

The last item on the same page is "Ferry Services: Modification and refit of vessel." Most of us did not know where this vessel operates, but it is indicated in the document presented this morning. It would have been so easy, and there is plenty of space for the printer to include its location. I found, after some diligence in session No. 8, page 34, of the House of Commons Estimates committee that this vessel plies from North Sydney to Port aux Basques. Someone from another part of the country may not know that and we are curious with respect to these matters. Our curiosity is aroused when even a refit is worth \$1,250,000. We may find a need for such a ferry in our own territory.

Is it agreed that Votes 5b and 12b contained in page 104, under Treasury Board, are legislative items of some consequence?

Mr. MacDonald: Vote 5b is an amendment to a previous appropriation act.

Senator Benidickson: This relates to the contingencies fund, in connection with which Senator Grosart earlier inquired regarding its purposes and method of utilization. Does Vote 5b contain anything that would in any way alter the explanation you gave earlier this morning?

Mr. MacDonald: No.

Senator Benidickson: Do you think it simply covers it?

Mr. MacDonald: That is correct.

Senator Isnor: Is that the vote dealing with the specified per cent in respect of salary increases?

Mr. MacDonald: Yes.

Senator Isnor: Is it a wise policy to put into the minds of employees that provision is made for an additional per cent increase in salaries?

Mr. MacDonald: I heard the explanation given by the President of the Treasury Board, I believe at this committee. We have a problem in the legislation which makes it necessary to provide payments of funds within no more than 90 days after settlement is reached. In view of that, the budgetary cycle and the times at which these settlements take place, we must provide somewhere in the Estimates for funds sufficient to meet these costs as they arise.

We have the alternatives of providing the total amount in the Treasury Board's contingencies vote, the total in departments or part in Treasury Board and part in departments. We have chosen the third alternative.

The wisdom of forecasting increases in salary is a matter on which I cannot comment.

Senator Isnor: It appears to me that you are extending an invitation to thousands of employees to ask for an increase in salary of a stated per cent.

Senator Beaubien: They will ask for it anyway.

Senator Isnor: That is their business, but for the employer to suggest to them that provision is made for it appears to me to be unwise. Will the employer suggest that?

Senator Benidickson: The employer is suggesting that he expects it.

The Chairman: It seems to me that in examining that from the past, the board has obfuscated the precise amounts to a fair extent. As a matter of fact, I recall that the minister did not want to give, and did not give us any details on the amount of the contingency reserve as it related to retroactive salary payments, on the grounds that negotiations were at that time going on and to do so would indicate the stance of the Treasury Board in respect of those negotiations. We did not press him any further for the information. I suppose it is a trade-off between what is good accounting and what is exposing your hand prior to negotiations. Do you have anything further on that, senator?

Senator Isnor: Thank you very much for your answer, Mr. MacDonald.

Senator Benidickson: I should like to reinforce the criticism of legislation by one-dollar items. I think a gross example of what is improper is probably at the bottom of page 104, under Vote 12b. I very much dislike this word "notwithstanding" what the statute said, what Parliament has passed and what the public know and what is in the Revised Statutes, "notwithstanding that", that the public, the employees of the Canadian Wheat Board are going to be transferred from one category of the Public Service Act to another. What has one dollar got to do with that?

The Chairman: I think we are going over that ground again. That really is the essence of the motion that has already been passed by the committee.

Senator Benidickson: I am just putting it on the record as a gross example of what we are confronted with.

The Chairman: Yes, but I do not think you expect another answer from the officials on it?

Senator Benidickson: No.

The Chairman: Thank you, senator, for your very comprehensive examination. Are there any further questions? It would be my proposal to formulate a report reflecting the examination the committee has made, and to present it to the Senate. Is it your wish that the report be left in the hands of the chairman?

Hon. Senators: Agreed.

The Chairman: Honourable senators, before we adjourn, may I say we have before us the Estimates for the fiscal year ending March 31, 1973.

Senator Benidickson: This is the end of the year. I did make a note to ask the question. Should we assume properly that this is the last supplementary Estimates that we will be asked for with respect to 1971-72?

Mr. MacDonald: To our knowledge, at least, sir.

The Chairman: That is not a promise.

Mr. MacDonald: It is probably a practical fact.

The Chairman: The Main Estimates have been referred to us by the Senate and we will be examining those in due course.

Rather than make a general examination of the Estimates, we have tended to be more specific in our examinations. I have been giving consideration to an examination of the adequacy and accuracy of unemployment statistics and the definition of "full employment" as it is presently used as a means of measuring the slackness or tightness of the economy.

What is worrisome is that the Economic Council defined "full employment" as 3 per cent; it is now talking about 3.8 per cent. In our report on Growth, Employment and Price Stability we referred to figures of 4 and 4½ per cent. It is becoming more and more apparent that the single figure of unemployment can be extremely misleading with regard to the slackness or tightness in the economy. While the government and the central bank do not necessarily exercise their policies on the basis of that figure, it is nevertheless the figure that is most often taken into account by parliamentary oppositions, by the mass media and the public generally. They use that figure to create pressure on a government or a central bank to take appropriate actions in respect of the tightness or slackness of the economy.

If, indeed, due to changes in the make-up of that statistic, full employment is not something in the neighbourhood of 3 or 3.8 or 4 or 4½ per cent, it may be that we could find ourselves, and do find ourselves, in a situation of trying to stimulate an economy that has already been very badly over-stimulated. Perhaps we should attack the problem of unsatisfactory unemployment in a different manner.

Such an examination might be very worthwhile, especially in a climate in which we have a number of people suggesting that the only way out of our dilemma is some sort of incomes policy or price and wage controls. I think we will want to know more precisely the methods by which we should determine the tightness of our economy.

It may well be that even today at 5.7 per cent we may be very close to a situation of extreme tightness and as a result of extreme inflation.

There is an American study which I have read which indicates that at 4 per cent full employment—their target—2.6 per cent of the married men will be unemployed, 7 per cent of the females will be unemployed, and 12 per cent of the teenagers will be unemployed.

This study points out that, as the teenagers and females constitute an ever-increasing proportion of the number of people participating in the employment market, this very fact means that the definition of "full employment" may be becoming less and less reliable. Indeed, the tendency to lump unemployment under one figure is a very dangerous one—in other words, we say a single percentage is what unemployment is.

The author of this study—and there are a number of studies in this direction—indicates that we should have a number of figures to look at.

I throw that out as an indication of the way my mind is working regarding the sort of study we might undertake in respect of the Estimates.

Senator Benidickson: I was wondering if you would consider working on a special reference, an extension of the reference of the committee that did such good work last year under your chairmanship. This kind of thing may require more staff than we normally rely on.

The Chairman: It would indeed.

Senator Benidickson: I do not know whether it is specifically proper to deal with it under Estimates. I know that fiscal policy has something to do with it. I wondered if you would consider making a motion, as you did before, for a particular reference on this very important point which you have so well outlined.

The Chairman: The point is well taken, senator. The study on Growth, Employment and Price Stability arose the same way, out of the Estimates.

Senator Benidickson: But you had a motion.

The Chairman: As a matter of fact, we did not. We later had a motion because the Supply bill came down, and we had to pass the Estimates. We were forced, by the effluxion of time, to have a special motion, and we did that.

Senator Benidickson: Is there anything in the rules of the Internal Economy, Budgets and Administration Committee whereby special reference is better enabled to provide expert staff than a standing committee?

The Chairman: No, we have no problem that way. The reason that I would like to continue to do it under the main Estimates is that in another year, perhaps next year, I would like this committee to take on the function, under the main Estimates, of a very detailed and intensive examination of expenditures, either under a program or of a department.

Senator Benidickson: We did that the year before last on Indian Affairs.

The Chairman: I am thinking of something considerably more detailed than that. For that reason I would like to keep our examinations under the wing of the main Estimates, so that if we shift to the detailed type of examination that I am thinking of, we would not create a situation in which there is more opposition than I would expect, either from Treasury Board or from the department concerned.

Senator Isnor: How about a conflict of study between your suggested committee and that of Senator Croll?

The Chairman: I beg your pardon, senator?

Senator Isnor: Would there be a conflict of study between your suggested committee work and that of Senator Croll?

The Chairman: In respect of what—poverty?

Senator Isnor: Yes.

The Chairman: I think not. In any event, if there were, I would avoid it.

Senator Isnor: They have broadened theirs to take in employment, have they not?

The Chairman: They have certainly made a form of economic examination in the course of formulating the report. That is quite right. I do not think that we would impinge on each other in this respect. As I say, if there is any chance of this happening, I would avoid it.

Senator Isnor: I think it should be given very careful thought. It could create the impression in the minds of the public, if submissions are going to be made on unemployment to a greater extent than at present, that you might perhaps be encouraging it.

The Chairman: That is what I want honourable senators to think about before we embark on such an examination; in other words, whether or not it is contemporary, whether it is wise, and whether it will produce anything.

The reason why I would like to make the examination—I am speaking personally; I want to hear what honourable senators think—is that if the statistic that we are using, the single statistic, is misleading us into believing that there is slack in the economy when, in fact, there may not be, we will tend to continue to try to stimulate an economy which may not be able to take that stimulation. The result might be an unemployment figure which seems high, and may well be high, and inflation. We would have the twin problems. The trade-off would become extremely bad. If that happened over a period of time, those who were calling for wage and price controls would obviously and definitely win their point. We might then undertake wage and price controls for the wrong reason.

I have no objection to undertaking wage and price controls if for the right reason, and if they are effective. If they are for the wrong reason, they will tend to be ineffective, and the danger then is, if they are ineffective, that they will be continually tightened, and we run the risk of having virtually no economic freedom at all.

The main reason why I would suggest such an examination is to make sure that we do not embark on such an exercise without knowing exactly what are the statistics and what sort of trade-off we are really trying to achieve.

Senator Isnor: I think you would have to take into consideration the principle adopted by other countries. At the present time we compare the situation with other countries.

The Chairman: In fact, senator, we do not. There is only one country in the world with which Canada is able to compare its unemployment statistics, and that is the United States. The definitions that are used in all the other major countries bear almost no relation to the definitions used by Canada and the United States.

Senator Benidickson: That is one reason why they can say their unemployment is one per cent or 2 per cent.

The Chairman: Quite right.

Senator Beaubien: That is a good reason for examining our figures and studying them carefully. I think it is a very good idea.

APPENDIX "A"

Ottawa, Ontario.
K1A OR5
February 8, 1972

Senator D. D. Everett,
The Senate,
Room 259-E,
Ottawa, Ontario.
K1A 0A6

Dear Senator Everett:

Attached are replies to questions left unanswered at the time Mr. Osbaldeston and I last appeared before the National Finance Committee.

I hope the length of time I have taken in preparing the replies has occasioned no inconvenience. The delay arose because of a series of circumstances affecting my ability to reach the sources of some of the information I needed.

Yours sincerely,

Bruce A. MacDonald,
Director General,
Budget Coordination.

c.c.: Senator A. Grosart

RESPONSE TO REQUEST FOR INFORMATION
SENATE NATIONAL FINANCE COMMITTEE
RE: SUPPLEMENTARY ESTIMATES (C) 1971-72

Subject

Automotive Adjustment Assistance Program

Answer

1. This program was set up under authority of an item which appeared in Supplementary Estimates (C) 1965-66.

Industry Vote L27c

Loans, in the current and subsequent fiscal years and in accordance with terms and conditions prescribed by the Governor in Council, to assist manufacturers of automotive products in Canada affected by the Canada-United States Agreement on Automotive Products to adjust and expand their production; such loans to be made for the purpose of acquisition, construction, installation, modernization, development, conversion or expansion of land, buildings, equipment, facilities or machinery and for working capital; and to authorize notwithstanding Section 30 of the Financial Administration Act, total commitments of \$20,000,000 for the foregoing purposes during the current and subsequent fiscal years.

2. Items in subsequent Estimates have extended the program to apply to "material suppliers and tooling manufacturers" and increased the amount available for loans from the original \$10 million to \$107 million:

Estimates	Year	Vote	Amount
Supps. C	1965-66	L27c	10.0
Main	1966-67	L35	8.6
Supps. A		L35a	6.4
Main	1967-68	L60	30.0
Main	1970-71	ITC, L15	5.0
Main	1971-72	ITC, L20	15.0
Supps. A		ITC, L20a	32.0
Total			107.0

3. The interest charged is 2 percent higher than that charged to Crown Corporations and the latter varies with the general rate of interest.

4. There is no provision for forgiveness and there are no cases of delinquency.

5. The Department feels that disclosure of recipients' names and of particulars as to individual loans would breach the confidential relationships under which the loans were entered into.

Subject

Expected deficit given Supplementary Estimates (A).

Answer

The Minister of Finance forecast a budgetary deficit of \$1,000 million on October 14, 1971.

Subject

Carrying costs of the Public Debt during the 1960's.

Answer

	Interest on the Public Debt (Millions of Dollars)
1960-61	757
1961-62	803
1962-63	882
1963-64	954
1964-65	1,012
1965-66	1,077
1966-67	1,156
1967-68	1,270
1968-69	1,442
1969-70	1,676

Subject

Employment Support Act

Answer

The questions about this Act have been overtaken by events in that the United States surcharge has been dropped. The following particulars have been taken from a press release of the Department of Industry, Trade and Commerce dated January 19, 1972.

All Applications for grants relating to the United States surcharge under the Employment Support Act, were to be forwarded to the Employment Support Board on or before January 31, 1972.

The Act, which was introduced in the House of Commons on September 7, was designed to provide employment support grants for Canadian plants affected by import surcharges or similar trade restricting measures imposed by foreign countries.

Under the Act, grants were available only for the periods during which the import surcharges or other trade restricting measures imposed by foreign countries were in effect. The United States 10 per cent surcharge was terminated as of December 20, 1971. Consequently, no grants relating to the United States surcharge can be made for any period beyond December 19, 1971.

Since its inception last October, the Board has received some 800 applications for assistance totalling approximately \$24 million in support of 27,000 jobs. To date (January 19) the Board had approved applications totalling \$4.73 million in support of 12,316 jobs.

"Up to \$80 million was earmarked in the Consolidated Revenue Fund for possible grants during the current fiscal year. When the Board has ruled on all applications received to January 31, 1972, the total amount of grants is expected to be substantially below that figure."

Subject

Feasibility of providing a complete list of all outstanding loans, investments and advances with particulars.

Answer

Volume 1 of the Public Accounts for the fiscal year ending March 31, 1971 lists the balances outstanding on loans, investments and advances. The relevant schedules are on pages 10-7 to 10-16 which cover departmental working capital advances (Schedule C); loans to the provinces or their agencies from the Canada Pension Plan Investment Fund (Schedule D); Domestic Advances, Loans and Investments (Schedule E); External Loans and Investments (Schedule F); and Inactive Loans and Investments (Schedule H).

Fairly extensive explanatory notes are provided with respect to items listed in these schedules.

The explanatory notes do not, however, go far enough to satisfy the interest expressed by some members of the Committee. A study of the testimony shows this interest to extend to:

- type of loan (mortgage, preferred stock or other security)
- name and class of debtor (individual, municipality, corporation, government, etc.)
- rate of interest
- repayment or amortization schedule and conditions
- forgiveness provisions
- statutory authority under which each loan was provided (this item suggests possible classification)
- repayment experience.

The best single source of basic data on these matters would appear to be the files of the Government Accounting Branch of the Department of Supply and Services.

(This is the Branch which puts together the Public Accounts.) The Department has advised that no compilation of the information specified now exists and that its compilation in a form suitable for presentation and use by the Committee would be a major undertaking for which additional manpower resources would be necessary.

Subject

Feasibility of providing to the Committee "the total of the Government Spending Program with as much of a breakdown as possible, as compared to the previous year and as compared to the Gross National Produce".

Answer

The quotation above is from the remarks of the Chairman (page 23:23 of the proceedings) as he summed up a long discussion. From the discussion it is apparent that the members of the Committee who participated wished a report on government spending that embraced not only the outlays shown in Estimates but in addition:

- all loans, investments and advances which are not required to be included in Appropriation Acts and therefore do not currently appear in Estimates
- The outlays by funds such as the Canada Pension Plan Investment Fund and the Unemployment Insurance Fund
- all the expenditures of Crown Corporations like the Canadian National Railways
- all or at least government-financed expenditures of Panarctic and like organizations in which the government holds shares.

The information sought would be expected to cover a coming year as well as one not quite finished or just finished. Given this fact alone, the information requirement goes much beyond anything now brought together.

In addition, a full assessment of the spending program would require very complete information on resources, both current cash balances and expected revenues, whether in the nature of taxes, the nature of return on investments, or any other source.

If the total scope of government expenditures were thought of as a great circle, then as its centre would be a smaller circle making up the budgetary expenditures of a non-statutory nature and some non-budgetary expenditures. This smaller circle is what appropriation acts are concerned with. There would be a series of concentric rings around this smaller circle adding together to make up the whole.

The small circle

1. budgetary expenditures requiring inclusion in appropriation acts
2. non-budgetary expenditures requiring inclusion in appropriate acts

The concentric rings

3. budgetary expenditures of a statutory nature (presented in Estimates for information purposes only)

4. non-budgetary expenditures authorized under statutes other than appropriation acts
5. payments of pensions and benefits from government employee pension accounts and funds such as that of the UIC and the CPP
6. loans to provinces and provincial agencies out of the CPP Investment Fund
7. expenditures of Crown Corporations financed from their own operations or from loans obtained from sources other than those listed above
8. tax revenues the Federal Government collects on behalf of the provinces.

Only the first three items above fall within the scope of the Estimates.

There would be very serious conceptual problems to be solved in developing this gross picture of government expenditures. Only some of these problems come immediately to mind.

(a) Most of the receipts of the Unemployment Insurance Fund and the Canada Pension Plan Investment Fund come from employees and employers. To what extent are the disbursements from these funds to be considered "government" expenditures?

(b) Crown Corporations vary greatly in their dependence on the government for funds. Page 1, 2 of the most recently published Public Accounts lists 31 Crown Corporations and other bodies who were only partially dependent or not at all dependent on the government in the year the Accounts covered. They vary from the Company of Young Canadians whose independence consists only in being able to draw on unexpended balances of funds paid into its account from previous years' appropriations; through the CNR which borrows money from the government and other sources and receives government subsidies and compensation for its operating deficit; to Polymer which currently does not even borrow money from the gov-

ernment. Reference was made on the Committee discussions to Panarctic which is not a Crown Corporation at all but, like Telesat, a public corporation in which the government is a major shareholder.

(c) Should this gross picture of government expenditures be conceived on an accrual or on a cash basis, or should it be conceived as partly on one basis and partly on the other? The accrual basis can provide a better measure of the government's impact on the economy since payments under a cash basis may take place after the event. But the accrual approach is not consistent with the government's financial systems prescribed in the Financial Administration Act.

(d) Crown Corporations do not all have the same fiscal year. Given the availability of detailed forecasts from all Corporations, forecasts would have to be adjusted to a common base, probably the government's fiscal year April to March.

(e) There would be a number of adjustments necessary to the Estimates and other figures to make certain they relate to the same base. For instance, a few items in Estimates provide for authority to spend in future years while most do not. Occasionally, Estimates are used to authorize write-offs of loans by charging the balance of the loan as a budgetary expenditure. But since no cash is involved, this item would not correspond in substance to the other items.

The development and maintenance of a system to provide the complete picture of government expenditures, which has been only sketched here, would require additional manpower resources; possible institutional changes; the setting up of new flows of information; and a great deal of cooperation from a number of government departments and Crown Corporations. It is not possible without further study to derive any firm estimate of the new manpower resources required, but even the very preliminary outline of the concepts that is given here suggests that the task would certainly require the equivalent of a small new economics division, say of six to ten professionals.

Published under authority of the Senate by the Queen's Printer for Canada

Available from Information Canada, Ottawa, Canada.



STANDING SENATE COMMITTEE
FOURTH SESSION—TWENTY-EIGHTH PARLIAMENT

1972

THE SENATE OF CANADA

PROCEEDINGS

OF THE

STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

Issue No. 2

TUESDAY, JUNE 20, 1972

Complete Proceedings on the Main Estimates laid before
Parliament for the fiscal year ending March 31, 1973

REPORT OF THE COMMITTEE

(Witnesses:—See Minutes of Proceedings)

APPENDICES "A" AND "B"



STANDING SENATE COMMITTEE
ON NATIONAL FINANCE

The Honourable Douglas D. Everett, *Chairman*

The Honourable Senators:

Aird	Isnor
Beaubien	Laird
Benidickson	Langlois
Bourget	Manning
Bourque	*Martin
Buckwold	McDonald
Croll	McLean
Desruisseaux	Méthot
Everett	Molson
*Flynn	Nichol
Fournier	O'Leary
(<i>Madawaska- Restigouche</i>)	Paterson
Gélinas	Phillips
Grosart	Sparrow
Hays	Walker—27.

(Quorum 7)

**Ex officio member*

TUESDAY, JUNE 20, 1973

Complete Proceedings on the Main Estimates laid before
Parliament for the fiscal year ending March 31, 1973

REPORT OF THE COMMITTEE

(Witnesses:—See Minutes of Proceedings)

APPENDICES "A" AND "B"

Order of Reference

Minutes of Proceedings

Extract from the Minutes of Proceedings of the Senate of Thursday, 24th February, 1972

"With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending the 31st March, 1973, in advance of Bills based upon the said Estimates reaching the Senate.

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier
Clerk of the Senate

1. The Main Estimates for 1972-73 amount to \$15,787,000,000 compared with the Main Estimates of 1971-72 which amounted to \$14,377 million. Of the total of the Main Estimates for 1972-73, \$7,640 million are statutory expenditures which represent funds for which the Minister has no authority. In addition to these amounts are \$8,147 million in non-statutory expenditures. The change in the total of the Main Estimates for 1972-73 is \$1,410 million or 9.7% in comparison with the Main Estimates of 1971-72. The rate of change in GNP for 1971-72 was 10.1% and for 1972-73 it is 10.5%.

2. Statutory expenditures for 1972-73 are \$7,640 million compared with \$7,640 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72.

3. Your Committee noted that a change in the method of accounting for Unemployment Insurance Commission payments had resulted in a one year reduction in the Estimates of \$181 million which is composed of \$111 million in government grants and contributions and \$70 million in operating expenditures. The effect of this change in accounting is to reduce the total of the Main Estimates by some \$181 million. Your Committee recommends that in future the change in accounting procedure be effected in the year-to-year comparison of total expenditures brought more clearly to the attention of the reader.

4. Attached to this report is a table which compares the expenditures for 1972-73 with the expenditures for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72.

1. The Main Estimates for 1972-73 amount to \$15,787,000,000 compared with the Main Estimates of 1971-72 which amounted to \$14,377 million. Of the total of the Main Estimates for 1972-73, \$7,640 million are statutory expenditures which represent funds for which the Minister has no authority. In addition to these amounts are \$8,147 million in non-statutory expenditures. The change in the total of the Main Estimates for 1972-73 is \$1,410 million or 9.7% in comparison with the Main Estimates of 1971-72. The rate of change in GNP for 1971-72 was 10.1% and for 1972-73 it is 10.5%.

2. Statutory expenditures for 1972-73 are \$7,640 million compared with \$7,640 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72.

3. Your Committee noted that a change in the method of accounting for Unemployment Insurance Commission payments had resulted in a one year reduction in the Estimates of \$181 million which is composed of \$111 million in government grants and contributions and \$70 million in operating expenditures. The effect of this change in accounting is to reduce the total of the Main Estimates by some \$181 million. Your Committee recommends that in future the change in accounting procedure be effected in the year-to-year comparison of total expenditures brought more clearly to the attention of the reader.

4. Attached to this report is a table which compares the expenditures for 1972-73 with the expenditures for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72.

5. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72.

6. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72.

7. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72.

8. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72.

9. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72. The total of the Main Estimates for 1972-73 is \$15,787 million compared with \$14,377 million for 1971-72.

Minutes of Proceedings

Order of Reference

Tuesday, June 20, 1972.

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 2.00 p.m. to consider the Main Estimates laid before Parliament for the fiscal year ending March 31, 1973.

Present: The Honourable Senators Everett, *Chairman*; Beaubien, Bourget, Bourque, Croll, Grosart, Isnor, MacDonald, Molson, O'Leary, Paterson and Walker—(12)

On motion of the Honourable Croll, it was *Resolved* that 800 copies in English and 300 in French of these proceedings be printed.

On motion of the Honourable MacDonald, it was *Resolved* that letters dated April 26 and May 18, 1972, from Mr. Bruce A. MacDonald, together with answers to questions relating to Supplementary Estimates (B), 1971-72, be printed as appendices (A and B) to these proceedings.

WITNESSES:

Treasury Board:

Mr. D. B. Dewar, Deputy Secretary (Program Branch);

Mr. B. A. MacDonald, Director General, Budget Co-Ordination Group.

The Officials of Treasury Board undertook to supply answers to several questions relating to the Main Estimates 1972-73.

It was unanimously *Agreed* that the drafting of the Report be left in the hands of the Chairman and presented at the earliest opportunity.

At 4.00 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Gérard Lemire,
Clerk of the Committee.

Report of the Committee

Tuesday, June 20th, 1972.

The Standing Senate Committee on National Finance, to which were referred the Estimates laid before Parliament for the fiscal year ending March 31, 1973, has in obedience to the order of reference of Thursday, 24th February, 1972, examined the said Estimates and reports as follows:

1. Your Committee was authorized by the Senate, as recorded in the Minutes of the Proceedings of the Senate of 24th February, 1972, "to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending the 31st March, 1973, in advance of Bills based upon the said Estimates reaching the Senate."

2. In obedience to the foregoing, your Committee held one meeting on the Estimates and heard evidence from Mr. D. B. Dewar, Deputy Secretary, Program Branch, Treasury Board, and Mr. B. A. MacDonald, Director General, Budget Co-ordination, Treasury Board.

3. The Main Estimates for 1972-73 amount to \$15,749 million as compared with the Main Estimates of 1971-72 when the amount was \$14,352 million. Of the total of the Main Estimates for 1972-73, \$7,640 million are statutory in nature while \$8,109 million represent funds for which Parliament is asked to provide authority. In addition to these amounts there are \$790 million of non-budgetary items. The change in budgetary expenditures as contained in the Main Estimates of 1971-72 and 1972-73 is \$1,397 million or 9.7%. In the past there has been interest in your Committee in comparing the rate of growth in expenditures and the rate of growth in GNP. The most current figure we have is for the rate of change in GNP between 1971 and 1972, and that was 9.1%.

4. Statutory expenditures account for almost 50% of the total in the Estimates. These cover some very large payments, such as the interest on the public debt, fiscal transfer payments to the provinces and payments to the provinces under shared cost programs. Statutory expenditures rose by \$549 million or 7.7% between the Main Estimates of 1971-72 and these for 1972-73.

5. Your Committee noted that a change in the method of accounting for Unemployment Insurance Commission payments has resulted in a one year reduction in the Estimates of \$180 million which is composed of \$111 million in government grants and contributions and \$69 million in operating expenditures. The effect of this change in accounting is to understate the amount of the budgetary expenditures by some \$180 million and your Committee recommends that in future the changes in accounting procedures that affect the year to year comparison of Estimates be brought more clearly to the attention of the reader.

6. Attached to this report is a list which compares the disaggregated differences between the Main Estimates for 1972-73 and the total forecast expenditures for 1971-72. It is to be noted one of the largest increases is to be found in Health and Welfare

which is partially composed of an \$84 million increase in Medicare costs and a \$100 million increase in hospital care costs.

Respectfully submitted.

D. D. Everett,
Chairman.

Schedule to Report

	Main Estimates 1972-73	Forecast Expenditures 1972-72	Differ- ence
(Millions of Dollars)			
Health and Welfare	3,831	3,653	178
Economic Development and Support	2,241	2,289	(48)
Public Debt	2,160	2,035	125
Defence	1,947	1,900	47
Fiscal Transfer Payments	1,307	1,396	(89)
Transportation & Communications	1,110	1,035	75
Internal Overhead	951	828	123
General Government	795	696	99
Education Assistance	667	573	94
Foreign Affairs	372	319	53
Culture & Recreation	368	324	44
	15,749	15,048	701

Detail

Health and Welfare — up \$178 million

Main increases in:

Medicare	84 million
Hospital Care	100 million
Canada Assistance Plan	47 million
Housing and Urban Renewal	35 million

(Note: There is an offsetting decrease here of \$111 million because there are no budgetary contributions to UIC in 1972-73)

Economic Development — down \$48 million

Assistance to Industrial Research
and Innovations 27 million

Many small increases

(Note: Shows a decrease in total because the following items included in 1971-72 Expenditures not repeated in 1972-73 Main Estimates.)

Capital Assistance for	
Training Facilities	76 million
Local Initiatives	120 million
1971 Census	24 million
Hog deficiency payment	22 million

Defence — up \$47 million

Ceiling adjusted, mainly to allow for pay parity.

Fiscal Transfers — down \$89 million

1972-73 less than 1971-72 because of the termination of the estate tax at the federal level and, accordingly, the provincial share.

Transportation and Communications — up \$75 million

Increases in almost all components, the largest is for Post Office — \$42 million.

Internal Overhead — up \$123 million

Public Works Accommodation 22 million

Public Service Bilingualism 25 million

Public Service Pensions and	
Medical Plans	58 million
General Government — up \$99 million	
National Revenue	31 million
(Taxation 21; Customs & Excise 10)	
Royal Canadian Mounted Police	23 million
Territorial Governments	14 million
Consumer Services (including	
Food and Drug)	12 million
Education Assistance — up \$94 million	
Payments to the Provinces,	
— Post Secondary Education	80 million
— Bilingualism	10 million
Student Loans Program	4 million
Foreign Affairs — up \$53 million	
Grant Assistance to developing	
countries	36 million
External Affairs Department	10 million
Culture and Recreation — up \$44 million	
Canadian Broadcasting Corporation	26 million

Fiscal Transfer Payments	1,307
Transportation & Communications	1,110
Internal Overhead	951
General Government	792
Educational Institutions (Federal)	694
Foreign Affairs (Federal)	618
Culture & Recreation	588

The total for 1972-73 is \$2,111 million, which is \$111 million more than the total for 1971-72. The increase is due to increases in almost all components, the largest being for Post Office (\$42 million).

Medicare	84 million
Hospital Care	100 million
Capital Assistance Plan	47 million
Maintenance and Repair Program	53 million

(Note: There is an offsetting decrease in the total for 1971-72 because there are no payments for the 1971-72 Main Estimates.)

Economic Development — down \$44 million

Assistance to Industrial Research and Innovations 27 million

(Note: Shows a decrease in total because the following items included in 1971-72 Main Estimates are not reported in 1972-73 Main Estimates.)

1. Your Committee noted that a change in the method of accounting for employment insurance Commission payments has resulted in a one year reduction in the Estimates of \$180 million which is composed of \$111 million in government grants and contribution and \$69 million in operating expenditures. The effect of this change in accounting is to understate the amount of the budgetary expenditures by some \$180 million and your Committee recommends that in future the changes in accounting procedures that affect the year to year comparison of Estimates be brought more clearly to the attention of the reader.

2. Your Committee noted that a change in the method of accounting for employment insurance Commission payments has resulted in a one year reduction in the Estimates of \$180 million which is composed of \$111 million in government grants and contribution and \$69 million in operating expenditures. The effect of this change in accounting is to understate the amount of the budgetary expenditures by some \$180 million and your Committee recommends that in future the changes in accounting procedures that affect the year to year comparison of Estimates be brought more clearly to the attention of the reader.

3. The Main Estimates for 1972-73 amount to \$25,745 million as compared with the Main Estimates of 1971-72 when the amount was \$24,325 million. Of the total of the Main Estimates for 1972-73, \$1,640 million are statutory in nature while \$24,105 million represent funds for which Parliament is asked to provide authority. In addition to these amounts there are \$700 million of non-budgetary items. The change in budgetary expenditures as contained in the Main Estimates of 1971-72 and 1972-73 is \$1,327 million or 5.5%. In the past there has been interest in your Committee in comparing the rate of growth in expenditures and the rate of growth in GNP. The most current figure we have is for the rate of change in GNP between 1971 and 1972 and that was 9.1%.

4. Statutory expenditures account for almost 50% of the total in the Estimates. These cover some very large payments such as the interest on the public debt, fiscal transfers to the provinces and payments to the provinces under shared cost programs. Statutory expenditures rose by \$349 million or 7.7% between the Main Estimates of 1971-72 and those for 1972-73.

5. Attached to this report is a list which compares the disaggregated differences between the Main Estimates for 1972-73 and the total forecast expenditures for 1971-72. It is to be noted one of the largest increases is to be found in Health and Welfare.

The Standing Senate Committee on National Finance Evidence

Ottawa, Tuesday, June 20, 1972

The Standing Senate Committee on National Finance, to which was referred the Estimates laid before Parliament for the fiscal year ending 31st March, 1973, met this day at 2 p.m.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, I should like to table two letters. The first one is from Mr. MacDonald, Director General, Budget Co-ordination, Treasury Board, regarding questions that were asked at the last meeting of this committee on Supplementary Estimates (B) for the fiscal year 1971-72.

The second letter is again from Mr. MacDonald, dated May 18, giving information requested by honourable senators at the last meeting of this committee on Supplementary Estimates (B) for the fiscal year 1971-72.

Do I have your approval to table these documents?

Hon. Senators: Agreed.

The Chairman: Do I have your approval to have them printed as appendices to today's Proceedings?

Hon. Senators: Agreed.

The Chairman: The first letter will be printed as Appendix "A", and the second letter will be Appendix "B".

(See Appendix "A", p. 23 and Appendix "B", p. 26).

The Chairman: Honourable senators, we have with us today: Mr. D. B. Dewar, Deputy Secretary, Program Branch, Treasury Board; and Mr. Bruce A. MacDonald, Director General, Budget Co-ordination, Treasury Board. I expect that honourable senators will wish Mr. Dewar, if he so wishes, to make an opening statement.

Mr. D. B. Dewar, Deputy Secretary, Program Branch, Treasury Board: Mr. Chairman and honourable senators, the main Estimates for 1972-73 total \$15,749,000,000 in budgetary expenditures. About one-half of this amount—\$7,640,000,000—is statutory in nature in that it follows from legislation previously passed by Parliament and still in force. The remaining \$8,109,000,000 will require authorization under new appropriation acts. Authority is also sought through these Estimates for loans in the amount of \$790 million.

The main Estimates for 1971-72 contained \$14,352,000,000 in budgetary expenditures. The year-to-year change, therefore, has been \$1,397,000,000 or 9.7 per cent.

In the past this committee has been interested in comparing the rate of growth and expenditures with the rate of growth in the gross national product. The most recent figure we have is for the

rate of change in the GNP between 1971 and 72, which was 9.1 per cent. I have no forecast of the rate of change between 1972 and 1973.

Senator Isnor: Is the 9.1 per cent an increase over the previous year?

Mr. Dewar: Yes, sir, the rate of change of GNP from 1971 to 1972.

As is usual, statutory expenditures account for almost 50 per cent of the total Estimates. These cover some very large payments, such as the interest on the public debt, fiscal transfer payments to the provinces, and payments to the province under shared cost programs. Statutory expenditures rose by \$549 million, or 7.7 per cent, between the main Estimates of 1971-72 and these for 1972-73.

There is a small addition this year to the amount of information contained in the Estimates. There are several instances in which programs generate revenues. In the past the only information supplied in the Estimates has consisted of an entry stating the total estimated revenue to be credited directly to the program itself and the total to be credited to general revenues. In these Estimates we show, for the first time, detail by type as to the actual source of the revenue, such as revenues from sales of permits, the proceeds of sales, and fees for services.

The Chairman: Would you like to give us an example of that, Mr. Dewar?

Mr. Dewar: If senators look at page 2-12, under the Department of Agriculture, following the left-hand column down, within the research program, underneath the black type "Total Estimates—Total des prévisions", you see "Less—Receipts credited to revenue", and there is a breakdown there of "Proceeds from Sales," "Rental of Houses" and "Other". This is the detail by nature or source of the receipts that I had in mind.

The Chairman: Could you give us more detail of that detail?

Mr. Dewar: No, we are unable to do so. Perhaps the department could provide some information, if they were questioned.

The Chairman: It would be strictly departmental information?

Mr. Dewar: Yes.

Senator Grosart: In general, what would those sales be? Have you any idea?

Mr. Dewar: Mr. MacDonald happens to know, if he may speak now.

Mr. B. A. MacDonald, Director General, Budget Co-Ordination, Treasury Board: I used to work in the Department of Agriculture, The Research Branch has flocks of chickens that produce eggs, and the eggs are sold to packers. There are also products that arise from experiments of various kinds, entirely edible food, which is sold; and some revenue is credited to the vote. Some is credited direct to the Consolidated Revenue Fund.

Senator Grosart: How would the distinction be made? You say other sales would go to the Consolidated Revenue Fund?

Mr. MacDonald: Each case in which there are any revenues from sales, or from any source, which are credited to a vote in these Estimates requires words in the vote to that effect. In some cases the revenue that is associated with the program is in no way related to the operations of the program; it does not come under the heading of revenue that can be generated, as it were, by the program, and there is no logic at all in crediting to the vote. That usually goes to the Consolidated Revenue Fund directly, rather than as an offset to the estimated cost of the program.

Senator Grosart: With respect to this innovation, crediting or offsetting these, is the fact new or is just the reporting new?

Mr. MacDonald: The detail is new but the fact is not.

The Chairman: The fact is the same?

Mr. MacDonald: The fact is the same.

The Chairman: The agricultural program was once developing an animal called the "cattalo", a cross between a buffalo and a cow, I guess. It was supposed to be hardy enough to stay outside, but it was mean and nobody could get near enough to it to do anything with it. Presumably they sold off the cattle to whoever would buy them. Would that be the sort of thing that would be included?

Mr. MacDonald: Presumably. I do not know about the particular instance.

Mr. Dewar: If I may finish this statement, Mr. Chairman. I will be happy to try to answer any questions senators have about the contents of this Blue Book. I am sure you will appreciate that on most matters of detail I would have to refer you to the department concerned or, if you prefer, arrange for the supply of the information later in written form. Thank you, Mr. Chairman.

The Chairman: Honourable senators, before we begin questioning, I might say it has been our mode of questioning in examining the Estimates not to question so much the detail of the individual estimates, which is something the other place does in a vast series of meetings, but to question more the mode of reporting. That is not to say that senators, if they feel like asking specific questions, are not more than entitled to do so. That has, however, been the mode of questioning.

Senator Grosart: My first question is about the total figure that Mr. Dewar gave us, which is the budgetary figure of

\$15,749,300,000. I come back to the point I have raised earlier, that this is not a realistic figure of total federal government expenditures. I think it is fair to ask that it be related to total government expenditures.

The closest I have been able to come to a figure is found on page 50 of the successor to the White Paper, "Economic Review," where under the heading "Federal Government Revenue Expenditure and Position—National Income and Expenditure Account Basis" I find a figure under "Expenditure" of \$17.368 billion. This is \$2 billion more than we are dealing with in the Estimates. Would you account for that difference? I know it is accountable.

Mr. Dewar: I would like, if I may, to make one comment on why this kind of situation exists. Then perhaps Mr. MacDonald could comment on the nature of the numbers themselves.

I think senators will appreciate that what we have here in the Blue Book is the summation of the requests to Parliament for the voting of appropriations. This book does not include, except on a reporting basis, items that have already been authorized by Parliament for expenditure under other acts, either prior appropriation acts or other statutes. This is, I think, the major reason why one finds that the amount requested of Parliament in this book differs from a report of the total public expenditures. It relates, of course, to the purpose for which the book is assembled. I wonder if Mr. MacDonald would comment further on the specifics of the senator's question.

Senator Grosart: The reason I ask the question is that I see the Blue Book figure repeated over and over again, even by economists, as the total expenditure of the federal government.

Mr. MacDonald: I imagine the total figure you quoted there would be the figure for the prior fiscal year, 1971-72.

Senator Grosart: That is right.

Mr. MacDonald: I believe it was \$17,368,000,000.

Senator Grosart: That is right.

Mr. MacDonald: A difference of about \$2 billion. Some of that does in fact appear in the form of loans in estimates. In fact, in 1971-72, taking into account both the main Estimates and Supplementary Estimates, there were \$1.3 billion in loans. I should also mention that in any case there is usually a shortfall from estimates to expenditures. It has been calculated to be of the order of one to one and a half per cent, so I am not able to account in total for these figures.

The other major items would be the advances made by the government under the National Housing Act to the Central Mortgage and Housing Corporation; under the Farm Credit Corporation Act for farm loans; under the Export Development Act for loans, and so on. There is a relatively small number of items, amounting usually to something less than \$1 billion, over and above what is accounted for in the these Estimates under the budgetary expenditures and loans, investments and advances.

Senator Grosart: Just for the record, Mr. Chairman, I should like to ask Mr. MacDonald if I would be correct in taking these items from page 144 of the "Economic Review", where I find \$856 million of the difference apparently accounted for under the heading of "Financing of Lending Institutions, including Central Mortgage and Housing, Farm Credit Corporation, Export Development Corporation, Municipal Development and Loan Board." Then in the same table there are loans to other Crown corporations, including Atomic Energy of Canada, St. Lawrence Seaway, Air Canada, Canadian National Railways and others amounting to \$501 million.

Mr. MacDonald: Some of the items in the second category are in the Estimates, senator. Some of the Crown corporation acts do not provide authority for the Minister of Finance to lend money, and this authority has to be sought in the Estimates, but other than for the few who are in this list that you mention, the difference is accountable for by loans such as to Air Canada and CNR, and to the financial intermediaries, as they are referred to. There may also be something about foreign exchange transactions in that list you referred to.

Senator Grosart: This is dealt with in other tables. Foreign exchange is usually the final item. I find there is usually a sub-total excluding foreign exchange transactions, and then there is a second total including that.

Mr. MacDonald: Yes.

The Chairman: Senator Grosart, have you finished that line of questioning?

Senator Grosart: Yes.

The Chairman: Senator McDonald has a question.

Senator McDonald: Mr. Chairman, I notice in the tables of total estimates, page 1-16, main Estimates, 1962-63, the figure \$6 billion odd. Ten years later the figure is \$15 billion odd. What is the relationship of the \$6 billion odd to the gross national product, compared to the expenditure of \$15 billion odd ten years later? What percentage of the gross national product is represented by these two figures over the period of ten years?

Mr. Dewar: I believe we have some information on that, senator.

Mr. MacDonald: The gross national product in 1962 was \$42.3 billion. The gross national product in 1971, which is the latest year for which we have figures, was \$92.1 billion.

The Chairman: That covers from 1962 to 1971?

Mr. MacDonald: That is 1962, when it was \$42.3 billion, and 1971, when it was \$92.1 billion.

The Chairman: Thank you.

Mr. MacDonald: I have not calculated the actual percentages. I understand that the federal government expenditures have risen as a portion of GNP over that period, but I have no calculations.

Senator McDonald: The figures we have before us would not indicate that; they would indicate that they have lessened: Forty-two vis-à-vis ninety-two in a nine-year period.

Mr. MacDonald: There is some difficulty in the straight comparison over that period of time, senator, because of what has happened to some kinds of transactions. There have been transfers of tax points to provinces in lieu of direct payments. So, the figures for 1962 on expenditures and those for 1971 on expenditures are not truly comparable because they do not encompass the same area.

Senator McDonald: Do you have any percentages over that same period for total government expenditures—Not just the main Estimates?

Senator Grosart: I can give them to you. They are in the White Paper.

Senator McDonald: I know they are in there.

Senator Grosart: From 1961 to 1971 the revenue increased on an average of 11.8 per cent and the GNP on an average of 9 per cent. That is all governments.

Senator McDonald: That is all governments, yes, but that is not the figure I want. What I want is the expenditures of the national government, only, over that period. I do not necessarily want the amounts, but what has happened as a percentage of gross national product over the last ten years. Has the total amount, or the total percentage, of our gross national product being spent by the national government increased or decreased over the past ten years?

The Chairman: Is that on goods and services, or does that include transfer payments as well, senator?

Senator McDonald: The total expenditures, including transfer payments.

Senator Grosart: Mr. McDonald has indicated the difficulty of answering that because of the transfers. It is a meaningless figure in view of the transfers. The relationship of GNP to total expenditures of all governments is the only way you can come to a realistic figure.

Senator McDonald: I am quite aware of your concern, Senator Grosart, but what I want from the witness is the information I have asked for. I do have the figures for transfer payments, and I am quite capable of subtracting one from the other to find out why we need more and more of the taxpayers' money to run this nation, whether it is at the municipal, provincial or federal level. I want to find out, really, where this tremendous growth is taking place. This is what I am aiming at. I should like the answer from the witness, if he has the information with regard to the national government's total expenditures, including transfer payments.

Mr. MacDonald: I do not have that information with me, senator. We could obtain it and supply it. I could say that there have been some calculations about what is referred to as revenue elasticity—the elasticity of the federal government's expenditures to the gross national product—which indicate that the expenditures have gone up at a marginally faster rate than the revenues. Some of the explanation for this is sought in the transfer of health costs from the private sector to the public sector. Our own quick calculations on it indicate that, at least over these past five years or so, the health costs are sufficiently large to account for the fact that the rate of growth in government expenditures as compared to gross national product has been greater than one. Without these medical expenditures the elasticity would have been about one; with the medical expenditures it is about 1.2.

Senator McDonald: Of course, this is an arguable figure, when you attempt to transfer what you would estimate health care costs to be, which might have happened without government and health insurance plans. There is a lot of dispute on the amount of money involved under a system where you do not have a national health plan vis-à-vis a system where you do have one, and I am one of those who are convinced that the nation's expenditures on health are much greater because of health insurance than they would have been if health insurance had never come into existence. If you could supply me with the information I am seeking, even at a later date, I would find it very helpful. I would like to do a little research on this point.

Mr. Dewar: I think we can get those figures for you quite soon.

Senator Bourget: could you also get the figures regarding the increase of the expenditures of the federal government compared to the increase in the expenditures of the provincial governments and the municipalities, combined?

Mr. Dewar: Yes, sir.

Senator O'Leary: What percentage of the \$790 million for loans, investments and advances would be grants? Would they be all interest-bearing, revenue for the government, or are some of them not in that category?

Mr. MacDonald: Senator, all are interest-bearing loans, but a substantial part are loans to developing countries, where the interest rates are rather favourable, over a long period of time, and when there may be some forgiveness.

Mr. Dewar: Perhaps I could comment on that. Some of the loans to developing countries in fact have zero interest, so it is not quite accurate to say that these are all interest bearing. I think that apart from that area, which makes up some \$200 million of the \$700 million odd, nearly all of the loans would be interest bearing, at some rate.

Senator O'Leary: I was not thinking of developing countries: I was thinking of domestic loans. On these loans to the Canadian Broadcasting Corporation, do you really expect to collect the principal? And if you do not, what are they? They are grants.

The Chairman: Are there any write-offs in these existing loans or previous loans to the CBC?

Mr. MacDonald: No, senator, the loans are not written off; they are carried as liabilities of the CBC.

Senator O'Leary: Are they carried as liabilities or assets?

Mr. MacDonald: As liabilities of the CBC.

Senator O'Leary: But assets of the government, even though the government might not believe in its heart that it is ever going to get the money back? How old would some of them be?

Mr. MacDonald: I do not know how old some of the capital loans to the CBC are, but they have been going on for quite a number of years, certainly for over five years, and some of them longer.

Senator O'Leary: They are for deficit purposes?

Mr. MacDonald: No, senator, the payments for operating deficits are made by budgetary expenditures.

Senator O'Leary: How often have repayments been made? Have you ever collected anything in the way of getting back the principal of the loan?

Mr. MacDonald: I am not fully aware of the amounts received in repayment of principal of loans since that form of loan was given to the CBC. However, I should like to be in a position to give written information to the chairman in answer to that question.

Senator Walker: How can they ever make a payment, since they are getting into debt every year? They go into deficit every year.

Mr. Dewar: The budgetary provision for the CBC includes their operating deficit, and the cost of the loans they receive for capital; and I think the senator's comment is quite correct.

Senator McDonald: They are grants; the only loans are for capital, is that right?

Mr. Dewar: The loans are for capital.

Senator McDonald: And all of their operational deficit is written off as a grant?

Mr. Dewar: That is right, including this estimate.

Senator Grosart: Is it a grant or a contribution?

Some Hon. Senators: Oh!

Senator Grosart: There is a distinct difference.

Mr. MacDonald: Yes, in the sense that it is a payment to the Canadian Broadcasting Corporation for operating expenses in providing broadcasting services. I believe it is neither a grant nor a contribution, in the strictly technical sense.

Senator Grosart: Then we have another category to learn.

Senator McDonald: Why the distinction between ordinary loans for capital expenditures and whatever term you want to use, the government contribution, for operation? As it seems to me, if you make a contribution, whether you want to call it a grant or something else, for their deficit on operating account, how can

anyone pay back a capital loan, if they are constantly being provided, annually, with capital moneys to pay their operating deficit? If you do not have an operating surplus, how are you going to pay a capital loan back?

Mr. MacDonald: Senator, this subject has been before the Public Accounts Committee of the other house on two or three occasions and the successive deputy ministers of finance, who have had the operational responsibility in the matter of loans, have defended the practice with respect to the CBC and other agencies such as the National Capital Commission, on the grounds that it leads to the presentation of a clearer financial picture. I am really not competent to speak on the subject to any great extent, but we could provide you with the arguments presented.

Senator MacDonald: I have read them. They are not very convincing. That is the only comment I will make.

Senator Croll: Can I turn now to the Auditor General? Have you a copy of his report before you?

Mr. Dewar: No, I do not.

Senator Croll: Oh, my! I would have thought you would have memorized it. There is no use in my reading it. You remember the reference to the weakening of parliamentary control? The Auditor General says, at page 22 of his report:

Reference was made in paragraph 47 of our 1970 Report to the inclusion in the 1969-70 Estimates of amounts which were not required to meet expenditure coming in course of payment during that year. Nevertheless they were recorded as expenditure of the year under the authority of special wording in the several vote texts in the Appropriation Acts.

Then he refers to the CBC, the National Harbours Board and some others. How do you explain that? This is a repetition which comes before us time and again, these same observations, as I recall, on other occasions, perhaps not in the same amounts.

Mr. MacDonald: Are we referring still to the loans, senator, to the Treasury grants?

Senator Croll: No, I am referring to parliamentary control. I have left loans.

Mr. MacDonald: I believe these are references to various non-lapsing funds.

Senator Croll: Yes.

Mr. MacDonald: The argument used in that connection is that authorities, for non-lapsing funds have been specifically spelled out in votes of Parliament. Appropriation acts have provided authority for the establishment of reserves arising out of appropriations of one year to be carried into the next. In summary, Parliament has approved these reserves.

Senator Croll: He quotes the Financial Administration Act:

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

This is quoted from the act. You say now that they carry over?

Mr. MacDonald: Well, sir, the Appropriation Act usually provides that. The Appropriation Act is also an act of Parliament, which is specific; and the opinion that we have had from legal authorities on this is that the specific authority supersedes the general authority of the Financial Administration Act.

Senator Croll: Would not the Auditor General be aware of that opinion?

Mr. MacDonald: It has been communicated to him, sir.

Senator Croll: It has been communicated to him? I cannot find any reference, but I will look over it.

Senator Grosart: Looking at the overall increases in the Estimates this year, where do they occur in broad categories? For example, in the last fiscal year the large areas of growth were transfers to the provinces, capital outlays and transfers to persons. These areas show very large jumps from 1970 to 1971. What is the situation this year in those areas?

Mr. Dewar: I am not sure whether we can speak to it in those categories. If I could refer you to the next page in your book, page 1-32, where there is a Summary of Budgetary Estimates for 1972-1973 by function, I am able to comment on the contents of each of those functions and what the major elements of change are as between the two years, if you wish.

Senator Grosart: I was going to come to that in further detail in the next table, but it would be useful. For example, "Fiscal Transfer Payments" is not broken down in this functional table as between transfers to provinces and transfers to persons.

Mr. MacDonald: Fiscal transfers in this sense are all to the provinces.

Senator Grosart: This is where the difficulty arises. We are presented over and over again in these Estimates with these confusing terms. A fiscal transfer is just as much a transfer to persons as is any other type of transfer, and it is used in that sense. The reason I make that comment is not to be found in the Estimates themselves, but is to be found in the document which is very closely related to them. If we take the White Paper we find an entirely different set of figures for government "financing" requirements and government "financial" requirements. Now, if anything can be more confusing than that, I do not know what it is. Here again we have the same thing. A fiscal transfer is a transfer to a person just as much as it is a transfer to a province; it is all fiscal. However, I shall not labour the point. You said you would go ahead and give us the ingredients of the functions.

Mr. Dewar: If you wish, senator, I can speak to the major components in each. Beginning at the top with "General Government Services," there is an increase of \$99.3 million as between the

years, and of that sum \$31 million is in the cost of the National Revenue Department, \$21 million in taxation and \$10 million in Customs and Excise. This would include the year when that department was preparing its operations under the new tax laws. \$23 million under "General Government" is an increase to the Royal Canadian Mounted Police, largely in response to increased population and increased commitments across the country to contract provinces. Then, \$14 million of the increase is for the cost of territorial governments, the Yukon and Northwest Territories, and represents, in effect, the deficit of the territorial governments budgets. Then, approximately \$12 million is related to consumer services, including the Food and Drug Program and parts of the Department of Consumer and Corporate Affairs.

On Foreign Affairs, if I may move on to the next one, there is an increase of \$52 million, and of that sum \$36 million is for grant assistance to developing countries. The total foreign aid program rises between 1971-72 and 1972-73 from approximately \$430 million to \$490 million, but that program consists of loans and grants, and the \$36 million increase in the grant portion is within this Foreign Affairs item here. Then \$10 million of the Foreign Affairs increase is also related to the Department of External Affairs and its operations abroad.

Senator Grosart: On that, Mr. Dewar, could you explain the figure you have just given in relation to the figure we find at the bottom of page 1-36, under "Assistance to Developing Countries"? There we have a figure of \$371.6 million.

Mr. Dewar: Yes, sir. That figure of \$371.6 million is made up of two parts under Foreign Affairs: External Relations, which relates to operations of the Department of External Affairs at \$109 million; and "Assistance to Developing Countries," which is the Foreign Aid Program, which amounts to \$262.3 million. Of that \$262.3 million, \$11.7 million is the administrative cost of CIDA and is not, therefore, grant aid as such. Grant aid is represented by \$250 million, and to that you would have to add "Loans to Developing Countries" in 1972-73 to arrive at the total Foreign Aid Program of \$490 million, where loans would amount to something of the order of \$240 million. I do not have all the details of that in front of me.

Senator Grosart: Well, this is the kind of problem I was speaking about. Here you have "External Relations," "Assistance to Developing Countries," and these do not constitute a total figure. I know it is a total figure for the purpose of this book, but this causes endless confusion because people look at this, and I have had it quoted to me that this is our foreign aid figure, when in fact the true figure is way above this. I do not know what we can do about it. For example, what about the International Research and Development centre?

Mr. Dewar: The costs of that centre are included in this figure of \$250 million, since it is funded by a grant payment by CIDA.

Senator Grosart: Then how would you relate the distinction between our multi-national aid and our bilateral aid in this table? Would you say it involves contributions to international organizations? I do not think it can be that.

Mr. Dewar: No, sir. You cannot read that distinction out of this table. "Contributions to International Organizations" can be related to the next line where it says, "Memberships and Support, External Affairs." These are the costs of Canada's share of the budget of the United Nations Organization, NATO and other international organizations to which we belong, and it does not relate to foreign aid.

Senator Grosart: So that the sum of \$262 million is what we could put under "Assistance to Developing Countries," but then we would have to add about that amount again to get the true figure.

Mr. Dewar: That is right, sir.

If I may comment on the other items on page 1-32, under the heading of "Defence" there is an increase as between the two years of \$46 million. This change is made up almost entirely of the cost of what is referred to as pay parity, which is the giving to the members of the armed forces of equal pay entitlements to those given in other parts of the Public Service. I realize I am oversimplifying greatly on this point. One has to study the comparative conditions of service in the two environments, the benefits and disadvantages for servicemen compared to those in the Public Service the remuneration which is necessary to equate conditions in the armed services with those in the non-military Public Service. We have attempted to equalize the two environments.

Senator Grosart: Can we say that the pay and allowances in the armed forces are equal to the pay for equivalent work in the Public Service generally?

Mr. Dewar: It is very close now. I think the process is not complete, but it has been started.

Senator Grosart: Men in the armed services do not seem to think so. However, I suppose they will never think so.

Senator McDonald: I suppose that when you are talking about pay you mean pay and pension. Was there not a pension adjustment as well?

Mr. Dewar: Yes, there is a pension adjustment as well.

Senator O'Leary: We have endeavoured to relate the growth of the national expenditure to the growth of the gross national product. Could you tell me whether the percentage growth of the gross national product over the past 10 years has kept pace with the growth of the net national debt?

Mr. MacDonald: I regret to say that we do not have that figure, Senator O'Leary, but we can obtain it for you fairly readily.

Senator O'Leary: Is it not true that certain expenditures create an overhead which in turn involves further expenditures? What happens if there is a drastic decline in the gross national product over a 10-year period and the overhead and attending expenses remain the same? Does this ever concern the Treasury Board? This may be a matter of policy; I do not know.

Mr. Dewar: Senator O'Leary, I cannot comment on how much it concerns those who worry about policy matters because I cannot comment on how likely it is that this would happen. This would be the kind of problem which essentially would be of concern to the Department of Finance which establishes or at least, recommends economic and fiscal policies. The Treasury Board is essentially concerned with the expenditures budget within the framework set for us by the government.

Senator O'Leary: Is it fair to ask whether the thoughts of the Treasury Board ever conflict with those of the Department of Finance?

Senator Croll: They conflict a great deal.

Mr. Dewar: I think that is a fair comment, Senator O'Leary.

Senator Grosart: As well as with those of the Department of Industry, Trade and Commerce.

Senator Walker: The gross national product for 1962-63 was \$42.3 billion and the figure for the main Estimates was \$6,048,000,000. In 1971-72, the gross national product increased to \$92.1 billion and the main Estimates to \$14,352,000,000. If the main Estimates for the year 1971-72 had been estimated on the same basis as in 1962-63 they would have been roughly \$13,143,000,000. Therefore, the figure has increased by nearly \$1,200,000,000, which indicates that the main Estimates are getting ahead of the gross national product. The figure of \$1,200,000,000 is a tremendous increase. You have indicated that the main Estimates include other items as well which were not included in the year 1962-63. Is there any comparison which can be made between the figures for the gross national product and the main Estimates between the years 1962 and 1971?

Mr. Dewar: Senator Walker, it is difficult to compare the two years on an equal basis. Mr. MacDonald mentioned the introduction of medicare, which I believe was within this period. Therefore, this affects the expenditure for the year 1971, which would not be the case for 1962. This represents a transfer of costs from the private sector to the public sector. This is the kind of factor which makes a comparison on an equal basis very difficult.

Senator Walker: Yes, it does. It makes it impossible to comment intelligently on the increase in expenditures.

For example, let us turn to page 1-32 and refer to the item "Health and Welfare." Health and Welfare is 24.3 per cent of the total budget. What percentage was it in 1962? How can we estimate the tremendous increase every year in the main Estimates? Is there no basis for comparison? Surely, someone has worked these things out?

Mr. Dewar: Senator Walker, I am trying to be helpful. I think the best comment I could make is that this data is available, although not in percentage form. However, one could take the figure for medicare out of the 1971 Estimates and compare the two figures. This could be worked out. Similarly, we have available the data on Health and Welfare for 1964-65, as well as the expenditure under

that function for 1971-72. It appears in this book. This analysis can be worked out. I do not have the results of that analysis at the moment.

The Chairman: You are referring to the book, "How Your Tax Dollar is Spent". It shows the total budgetary expenditure for 1964-65, which is the earliest year for which these figures are available.

Senator Walker: Mr. MacDonald has indicated that there has been a very substantial increase in the budget occasioned by the increase in health and welfare payments. I agree with this. Does this account for the enormous increase in the main Estimates, comparing them to the gross national product?

The Chairman: You might be interested in the figures for 1964-65. The total budgetary expenditure was \$7,218,000,000 for which Health and Welfare amounted to \$1,824,000,000.

Senator McDonald: What is that percentage?

Senator Bourget: That would amount to 25 per cent.

Senator Walker: The chart indicates 24.3 per cent.

The Chairman: It would amount to 25.27 per cent. In 1972-73 the total expenditures are \$15,749,300,000, National Health and Welfare being \$3,831,100, or 24.235 per cent.

Senator McDonald: When did the national medical plan come into being?

Senator Croll: In 1968.

Senator McDonald: That knocks the argument that you have transferred health care from the private to the public sector, into a cocked hat. Health and Welfare costs run about the same percentage of gross national product today as they did prior to the introduction of the health care plan.

Mr. Dewar: Yes, I recognize that.

Mr. MacDonald: A higher percentage of gross national product, but approximately the same percentage of the budgetary Estimates.

Senator Grosart: I might say, Mr. Chairman, that the figures are available. A complete breakdown of comparisons by departments, functions and sectors is published. However, this is really Public Accounts, rather than Estimates.

I wonder if I could suggest that Mr. Dewar carry on with his very interesting analysis of table 4?

Mr. Dewar: The next function in table 4 to which I intended to speak is "Transportation and Communications," for which is indicated an increase of \$74.7 million between the two years. There is an increase generally across this function, which includes the Department of Transport, the Post Office, the Department of Communications and related agencies, but the largest single element

is in the Post Office, where there was an increase of \$42 millions of the \$75 million total.

There is a decrease of \$48.2 millions under "Economic Development and Support." This is rather a special situation, Mr. Chairman.

Senator Walker: You mean because it is a decrease?

Mr. Dewar: Yes, it is caused by a special situation in this function. In fact, there have been increases in a number of areas, such as assistance to industrial innovation and research and development. There are, however, some items in the 1971-72 expenditures which are not repeated in the 1972-73 Estimates. The largest item is \$120 million for the local initiatives program. Another item is the major census of 1971.

Senator Isnor: Mr. Chairman, I would like to inquire with regard to the deficit of the Post Office. What was it last year compared to the two preceding years?

Mr. MacDonald: If I may, senator, the figure that Mr. Dewar quoted was not the deficit of the Post Office but the increase in expenditures. The Post Office is not treated as a crown corporation for which the government pays the deficit. Almost all the revenues of the Post Office are credited directly to the Consolidated Revenue Fund. The expenditures of the Post Office are treated in exactly the same manner as those of any other department.

Senator Isnor: Do you mean to tell me that you do not take into consideration the expenditures and receipts of the Post Office, bearing in mind the increases which went into effect two years ago?

Mr. MacDonald: They are taken into account, but I am pointing out that the expenditures of the Post Office are treated, for purposes of the Estimates, exactly as those of, for instance, the Department of Agriculture. In essence, the total expenditures of the Post Office are budgeted, rather than its deficit.

Senator Isnor: Do you not take into consideration in any way the increases in rates of the Post Office in estimating its receipts and expenditures, to see how they stand?

The Chairman: That is not to say that a separate statement could not be taken off. I believe that Mr. MacDonald is pointing out that for the purposes of these Estimates the general revenue is taken into the Consolidated Revenue Fund. It is not a deficit financing operation. I assume that such a statement was taken off?

Mr. MacDonald: Yes. At page 19-6 of the Estimates the calculation of the deficit for the years 1970-71, 1971-72 and 1972-73 is shown.

Senator Isnor: I wish to find out if it was an advisable move to increase the rates on postage, and what were the net results of those increases. Naturally, when a change is made it is made for profit.

The Chairman: They did not appear to have much effect. The deficit remained approximately the same, decreasing only slightly. It

appears to have been \$95 million for 1970-71, decreasing to \$87 million for 1971-72; and it is estimated that it will decrease to \$71 million this year.

Mr. Dewar: Mr. Chairman, a modernization program is under way in the Post Office, involving increased expenditures, which is one of the factors to which I referred a few moments ago in speaking of the approximately \$40 million increased expenditure in 1972-73 over the previous year for the Post Office. These figures at pages 19-6 and 19-7 indicate that the deficit on the Post Office has fallen somewhat, even in the face of increased expenditures for modernization.

The Chairman: Just a moment. You appear to imply that those increased expenditures are part of that figure. I do not think that is quite true. They are separated out, so that in 1972-73 capital expenditures, grants and contributions are estimated.

Mr. Dewar: The table on pages 19-6 and 19-7 is a continuation of the one on the previous two pages which lists the expenditures of the Post Office. It there takes into account receipts credited to the vote, and other netting items, taking it down to "Total Estimates" at the bottom of page 19-5. From that figure is taken the receipts credited to revenue so show the deficit position. I would suggest that there is a relationship here between the deficit and the expenditures.

The Chairman: By example, the deficit estimated for 1972-73 is \$72 million, or \$71,645,000. That is increased to \$82,487,000 if we take in capital expenditures, grants and contributions.

Senator Isnor: There is a further deficit of \$10 million.

The Chairman: That is correct. There appears to be an operating deficit of \$71,500,000. Add to that capital expenditures of another \$11 million, gives us \$82,500,000.

Senator McDonald: Has not that capital expenditure resulted in a lesser operating loss?

The Chairman: It was hoped that it would. That was the point Mr. Dewar was making. It was hoped that through modernization their efficiency would be increased.

Mr. Dewar: The point I was making is that at the right-hand side of page 19-7 you will observe that the total deficit figure, taking into account operating and capital, was \$100 million in 1970-71; \$95 million in 1971-72, and the figure is estimated to be \$82 million in 1972-73.

Senator Isnor: I do not know whether or not I made my case clear, Mr. Chairman, but there was a difference of opinion when the government increased postage rates. I believe the increase has been reflected in the deficit in the years that followed. I would like to know whether I am right or wrong. I do not know that a large number of firms did away with their mailing lists because of the increase in costs. I wondered whether or not it was a wise move. That is what I wanted to establish.

The Chairman: I doubt whether we can establish that here. We might ask the question of the Postmaster General. It might help you, senator, if I state that the revenue of the department went from \$337 million in 1970-71 to \$480 million, estimated, for 1972-73. That is an increase of \$140 million on a base of \$337 million. A certain amount of that would no doubt include increased volume, but I would also expect that the bulk would be from the increased rates. It seems to suggest that the increased rates have increased revenue. The expenditures of the department and other departments have gone from \$97 million in that year to \$110 million the following year. They are estimated to stay at \$110 million this year. So the conclusion one could draw is that the increase in rates has probably been successful in increasing the revenues of the department and decreasing the deficit.

Senator Beaubien: If salaries went up to \$330 million and the gross is \$480 million, where did the rest of the money go?

Senator Bourget: Where did you get those figures?

Senator Beaubien: I thought the chairman gave us those figures. The rates have gone up from \$300 million to \$480 million.

The Chairman: I am sorry, I gave you the wrong figures. The figures which I gave you do not relate. The \$337 million to \$480 million is the total revenue.

Mr. MacDonald: It is the total revenue which is credited direct to the Consolidated Revenue Fund. There is a further figure of \$30 million in revenue on the preceding page which, under the Post Office Act, is re-spent directly by the Post Office. I suppose it is more correct to say that the total revenues have gone from approximately \$352 million to \$510 million.

The Chairman: The figure I failed to give was the expenditures, which appear to be operating expenditures, on page 1908. They went from \$445 million—correct me if I am wrong, Mr. MacDonald—in 1970-71 to \$493 million in 1971-72, to a figure of \$538 million estimated in 1972-73.

Senator Beaubien: Five hundred and thirty-eight million dollars is the estimate.

Senator Molson: Why does this department have this large section on pages 19-4 and 19-5 "Disbursements from Revenue"? Earlier you were saying, Mr. Chairman, that the revenue was credited to the general funds. Here they have "Receipts credited to the Vote" and "Disbursements from Revenue". Then they have "Receipts credited to revenue". Why would they deal with moneys in these different ways?

Mr. MacDonald: These are provisions of the Post Office Act, which have established the Post Office in a somewhat different situation for expenditure and revenue purposes than other departments. There are, for instance, revenue postmasters, the men who operate out of drug stores and similar small establishments. They are paid directly from Post Office revenues rather than out of the Consolidated Revenue Fund.

Senator Molson: Why should they be?

Mr. MacDonald: I am unable to answer that.

Senator Molson: I just wondered whether you could answer that. It seems to me that there are different types of treatment in this department from almost any other department. They divide their revenues into three different types, all of which have a long list of sources of revenue under those different headings. It seems to me to be a terribly complex method that has grown up like Topsy. I am unclear about it.

Mr. MacDonald: It may well have grown in that fashion, sir. I really do not know.

The Chairman: Perhaps we could return to your list, Mr. Dewar?

Mr. Dewar: Thank you, Mr. Chairman. The next function to which I should like to speak is "health and welfare", in which there is an increase expenditure of \$177 million over the previous year. The main elements of that increase are: \$100 million increase in the cost of hospital care; \$84 million attributable to the increased cost of medicare . . .

Senator Croll: That is \$184 million altogether?

Mr. Dewar: Yes, senator a \$48 million increase in the cost under the Canada Assistance Plan; and \$35 million under housing and urban renewal.

These figures obviously add up to more than \$177 million. There is an offsetting decrease here of some \$111 million because there is no budgetary payment to the unemployment insurance fund in 1972-73 as a result of the nature of the new act.

Senator Croll: There is a saving of \$111 million on that, did you say?

Mr. Dewar: There is an item of \$111 million which appeared in the Estimates of the previous year which does not appear here.

Senator Grosart: It is bookkeeping?

Senator Croll: It is not bookkeeping. It is \$111 million . . .

Senator Grosart: No, but it does not appear in these estimates under the new act.

Mr. Dewar: It results from a different method of financing the government's share of the unemployment insurance expenditure.

Senator Croll: It means the insured paid it instead of the government out of general revenue.

Mr. Dewar: Well, it is a little more complicated than that, if I may say so, sir. It has to do with the fact that the government will, under the new act, make payments into the unemployment insurance fund in arrears of actual experience. In other words, the

payment due to the fund for the cost in 1972 of the government's share under the new act will be paid in 1973 against actual experience, whereas previously the payments were made current.

Senator O'Leary: Does this mean that in that particular area there was a saving to the taxpayer, or does it not?

Mr. Dewar: No, it does not mean that.

The Chairman: It amounts to a free ride for one year.

Senator Croll: It is a different taxpayer, that is all.

The Chairman: It is like paying your tax a year late.

Senator O'Leary: "He who came later."

Senator Molson: Is there any interest involved?

Mr. Dewar: I do not think that will enter into it, sir.

The Chairman: But in strict accounting there has been a change in accounting principles which indicates an expenditure of \$111 million higher than is actually shown.

Mr. Dewar: Lower, sir; the amount of the budgetary estimates is \$111 million lower.

The Chairman: But the actual expenditure is \$111 million higher than is shown.

Mr. Dewar: Yes, sir, that is right.

Senator McDonald: Do you have the percentage increase in the federal government's share of the total cost of hospital and medical care?

Senator Croll: That question was asked in the House of Commons, Senator McDonald, and you will find there is an answer in either yesterday's or today's *Hansard* in that respect.

Senator McDonald: That would be either Friday's or Monday's *Hansard* of the other house?

Senator Croll: Yes.

The Chairman: Do you keep a record of the changes in accounting practices? For example, in a financial statement the auditor, I think, would be required—and perhaps Senator Molson can tell me if this is correct—to indicate any changes of a substantial nature in accounting practices.

Senator Molson: I think it is always stated that they are consistent with the previous year's practices.

Mr. MacDonald: Mr. Chairman, at page 13-16 of the Estimates you will find an explanation as to why the Estimates for the Unemployment Insurance Commission are zero in 1972-73.

The Chairman: Would you care to read that, Mr. MacDonald?

Mr. MacDonald: Yes. It is under the heading "Program Description," and reads as follows:

With the passage of the Unemployment Insurance Act, 1971, there are no 1972-73 expenditures with respect to the Unemployment Insurance Commission to be shown in these Estimates.

Under the Act, the costs of administration are charged direct to the Unemployment Insurance Account and do not require annual appropriations.

In addition, the government's contribution is based on the level of unemployment in a calendar year and made in arrears so that any contribution for 1972 would appear in 1973-74 Estimates.

The Chairman: Would there be any other substantial items of that nature?

Mr. MacDonald: None, Mr. Chairman, except those which may involve transfers of functions between departments. There are no other changes as between 1971-72 and 1972-73 of an accounting nature of that type.

Senator Beaubien: Mr. MacDonald, approximately how much money would be involved in the government's share in the funding of the unemployment insurance fund, depending on the amount of unemployment? Are we talking about \$100 million, or—

Mr. MacDonald: We do not have any figures on this for these Estimates. As you know, it is the cost of the benefits under the Unemployment Insurance Act related to unemployment above 4 per cent and also for benefits related to extended—

Senator Croll: Supplementary benefits?

Mr. MacDonald: Yes, supplementary benefits. Thank you, senator. I do not have the figure for that.

Senator Beaubien: You must have a rough estimate.

Mr. MacDonald: It is a figure of the Unemployment Insurance Commission's which we do not have occasion to use in our work in preparing the Estimates, so I do not know.

The Chairman: Would you like that figure, Senator Beaubien?

Senator Beaubien: Is this the first time that that figure has not been included in the Estimates?

Mr. MacDonald: Yes. Under the old act, as you may recall, there were five shares in the funding of the Unemployment Insurance Fund. Two shares were paid by the employer, two by the employee, and one by the federal government. The one paid by the federal government was on a current basis according to estimates. The new

act took effect at the beginning of 1972, so the new arrangements have obtained only for the first time with respect to this year.

Senator Beaubien: What was the last amount the federal government paid in?

Mr. MacDonald: \$110 million, I believe.

Senator Beaubien: So we are talking about \$110 million or \$115 million?

Mr. MacDonald: I think so.

The Chairman: That is the figure here.

Senator Molson: What are you referring to, Mr. Chairman?

The Chairman: Page 13-17, 1971-72.

Senator Molson: I have \$180 million.

The Chairman: Senator Molson, under "Grants and Contributions, Forecast Expenditures, 1971-72," it is \$110,669,000.

Senator Molson: And the total is \$180 million.

Mr. MacDonald: Under the old act the government also covered the administrative costs to the Unemployment Insurance Commission.

Senator Molson: The difference is the \$180 million.

The Chairman: That is correct, because the same figure shows as a change beside it. That now makes it a \$180 million item.

Mr. MacDonald: Except that under the new act all the costs of administration will be charged directly to the fund and only borne by employers and employees rather than by the government.

Senator Molson: You are reducing the amount of the Estimates from year to year, in this case by \$180 million. That is really the figure we are talking about?

Mr. MacDonald: That is correct.

Mr. Dewar: Under "education Assistance" there is an increase of \$94 million, which is made up of an \$80 million increase in payments to the provinces for post-secondary education, an increase of \$10 million in payments to the provinces under the bilingualism development program, which is mainly for the cost of minority language education in the provinces; and there is a \$4 million cost increase under the student loan program.

Senator Grosart: The main item there is an open-ended program. It has a limit, I believe, but it is basically open-ended.

Mr. Dewar: Yes, it is at this stage.

Senator Grosart: What other open-ended cost-sharing programs are still in effect?

Mr. Dewar: If I may interpret the word "open-ended" to mean, in a sense, a program where the costs are shared and we must share according to a certain formula—

Senator Grosart: "Open-ended" in the sense that the federal contribution is a percentage of the provincial or local expenditure.

Mr. Dewar: The Canada Assistance Plan, Hospitalization Agreements and Medicare would, I think, be the three largest.

Senator Croll: When did education, in that sense, first appear in those large figures? Going back some years, I do not remember any such large figures. How far back can you go? When did it suddenly take a climb?

Senator Grosart: When they passed the act.

Senator Croll: I remember in the time of Abbott there was hardly anything there.

Mr. Dewar: The figures we have here would indicate that essentially it occurs from approximately 1967-68. I cannot recall the date of the legislation on post-secondary education.

Senator Croll: That is the last five years.

Mr. Dewar: Perhaps I can give you some numbers, senator.

Senator Croll: Go ahead. Make me feel bad.

Mr. Dewar: The expenditure on education assistance was \$28 million in 1964-65, \$29 million in 1965-66, \$90 million in 1966-67, \$114 million in 1967-68, \$287 million in 1968-69, \$315 million in 1969-70, \$463 million in 1970-71, \$573 million in 1971-72, and \$667 million proposed in 1972-73.

Senator Grosart: This is basically because of the undertaking of the federal government to fund 50 per cent of the cost of post-secondary education.

Mr. Dewar: Yes.

Senator Grosart: In addition to the other grants.

Senator Croll: A big help to the provinces.

Senator Grosart: That is when the federal government bravely decided to use the word "education".

Senator Croll: You are quite right on that.

Senator Grosart: They put the student loans under the Bank Act; that legislation was under the banking powers.

Mr. Dewar: The next function is "Culture and Recreation", where there is an increase of \$43 million. The largest item involved

there is the payment to the Canadian Broadcasting Corporation of \$26 million. That is, the increase is \$26 million, to a level of, as I recall, \$207 million for operating account.

Senator Molson: Is that culture or recreation?

The Chairman: The \$26 million was for "Jalna"!

Senator Grosart: That is operating only, not capital.

Mr. Dewar: Yes, sir.

Senator Croll: What is the capital, if you have it handy?

Mr. Dewar: The capital would appear under loans: \$26 million.

Senator Croll: Was the \$26 million greater this year than it had been in previous years?

Mr. MacDonald: Somewhere between \$26 million and \$30 million for some years now.

Senator Grosart: Is that officially a contribution or a grant?

Senator Croll: You are kidding, aren't you?

Senator Grosart: I am not kidding. If you look at the book you will find a distinction is made between the two, and a very great distinction. One is subject to audit and the other is not. That is one of the distinctions.

Mr. MacDonald: For purposes of classification of this book, it is treated as a payment to a crown corporation as an operating expenditure, neither as a grant nor a contribution.

The Chairman: Would you continue, Mr. Dewar?

Mr. Dewar: The next item is "Fiscal Transfer Payments", on which there is a decrease of \$88.9 million. The circumstances surrounding that change are that under the new legislation, because there has been a termination of estate tax at the federal level, the provincial share of estate tax is reduced. That is the reason for that decrease.

Senator Croll: Estate tax did not amount to any such sum as that. They said, "The reason we are out of this business is that amounts to nothing." I remember somebody in Alberta telling me it was \$3 million, and they said, "We'll forget about it."

Mr. Dewar: I have a note that it was more than the amount of \$88 million that we are talking about.

Senator Croll: And we walked away from \$88 million in tax?

Senator Beaubien: They gave \$75 million of that \$88 million to the provinces.

Senator Croll: We let the provinces do what they like. Assuming we collected whatever we did, a certain portion went to the provinces? Or was this our own money?

Mr. Dewar: Perhaps I might start again.

Senator Croll: Say it your own way.

Mr. Dewar: The way I should put it is this. The \$89 million decrease under this item is made up of a decrease in payments to the provinces of their share of estate tax, offset by some increase on equalization payments. I do not have the numbers on those two factors, but there is a net decrease of \$89 million, which clearly indicates that the estate tax share of it to the provinces was more than that.

Senator Grosart: It was a *quid pro quo* on capital gains tax.

Senator Croll: We traded it off.

Senator Grosart: Under capital gains you had deemed realization on death. Therefore you had an effective succession duty right there, so the federal government pulled out of it for that reason.

The Chairman: The only figure I know about is that the Ontario revenue from that tax was \$110 million, which therefore would indicate that if three-quarters of the revenue went to Ontario—which was not exactly the case, because they levied their own tax—if that were roughly correct, one-third of that amount would have stayed with the federal government, which in the case of Ontario alone would be something like \$35 million, which would indicate that the \$89 million would probably be the federal share of that.

Senator Grosart: Apart from that, what is now the trend of fiscal transfer payments to the provinces? Is it stable now?

Mr. MacDonald: No, the trend is up. Part of the cost of post-secondary education is covered by fiscal transfer of tax points. This is, I am afraid, another case in which total costs are not reflected in estimates. If you remember, the arrangements with the provinces were that the government would compensate for 50 per cent of the cost of post-secondary education in transferring certain tax points. The money in the Estimates is to make up the deficiency of tax points to meet 50 per cent of the costs.

Senator Grosart: So that we are dealing with fiscal transfer payments here separate from education assistance in the table that Mr. Dewar is dealing with?

Mr. MacDonald: Yes sir. In "How Your Tax Dollar is Spent" there is an indication of the breakdowns of all the payments to the provinces, for whatever purpose.

The Chairman: Except that you do have a separate figure for fiscal transfer payments in that column?

Mr. MacDonald: Yes.

Senator Grosart: Leaving out the post-secondary education payments, what is the trend on the fiscal transfers to the provinces?

Mr. MacDonald: I may take a minute to look at the history here in the Estimates. For 1970-71, there is \$1,043,000,000 and for 1971-72 there is \$1,172,000,000; and for 1972-73 there is \$1,088,000,000. The trend was down in the last two years because of succession duties. The fiscal transfer payments are in a general upward direction.

The Chairman: What would you define as a fiscal transfer payment, then?

Mr. MacDonald: There is a break out of that on page 8.18.

The Chairman: What would your definition be?

Mr. MacDonald: They are payments that are made under the Federal-Provincial Fiscal Arrangements Act, payments under the British North America Act, under the Public Utilities Income Tax Transfer Act, and other statutory authorities. The main one is that under the Federal-Provincial Fiscal Arrangements Act.

Mr. Dewar: Mr. Chairman, I have only two items left on this list of functions. The first is "Public Debt," on which there is an increase between the two years of \$125 million. I must say I am not competent to comment on this item, which would be one on which the Department of Finance can speak best.

Senator Grosart: Was there not a drop last year? The cost of financing of public debt dropped last year—I think it was in the short term rates.

Mr. Dewar: I am not aware of this, senator. The last function, if I may speak to it, is "Internal Overhead Expenses" of government. On this one there is an increase of \$123 million, and this is made up of such items as the accommodation costs of public works, that is, the construction as well as the management, operation and maintenance of buildings, and leasing. There is an increase of \$22 million in that element. There is \$25 million for the development of bilingualism in the Public Service. That is a new vote which you will see in these Estimates under the Treasury Board Department. The third element is the increased cost of Public Service pensions and medical plans, part of which would be a function of changed rates of salary and partly changed costs.

Senator O'Leary: What is the average rate of interest in servicing the public debt? Does it grow from year to year, or does it remain reasonably steady?

Mr. Dewar: I am unable to comment on that. Perhaps Mr. MacDonald would.

Mr. MacDonald: I believe there have been some drops in the last two or three years, in relation to the various movements of interest rates. It either responds to the movement of interest rates, or causes them. I am not sure, but there is a degree of correlation.

Senator Grosart: It is not 5 per cent any more.

Mr. MacDonald: No.

Senator O'Leary: How would the interest rate compare now with ten years ago?

Mr. MacDonald: I really do not know. The figures are in the public accounts each year.

Senator Grosart: Is Mr. Dewar through with table 4?

Mr. Dewar: Yes, sir.

Senator Grosart: I wonder if I might go over some of the same categories in a different way. If we take table 3, we get what I might call an old-fashioned look at the figures; that is, the expenditures by departments and agencies rather than by functions.

This starts on page 1-24. If I am correct, Mr. Dewar, looking at the departments to see what expenditures are up, No. 1 seems to be the Department of National Health and Welfare, which is up \$240 million. That seems to be the department which has the greatest increases in expenditures. Would you just recapitulate quickly what that is? I know you may have done some of it in the functional analysis.

Mr. Dewar: The two biggest items would be hospital insurance, where there is an increase from one year to another of \$100 million, and Medicare, in which there is a change of about \$84 million.

Senator Grosart: You say \$100 million. Did another province come in? Why would there be that jump in one year?

Mr. Dewar: It is just increased costs, I think, senator. I do not believe another province came in during that period.

Senator Grosart: Number 2 in my list would be the Treasury Board. This appears on page 1-31, and the increase would appear to be \$145 million.

The Chairman: Is that the largest increase in expenditure?

Senator Grosart: It is the second largest. I went through them and marked them. I think the largest increase is \$240 million, which is National Health and Welfare; and the second largest, if my marking is correct, is Treasury Board, which is \$145 million. It seems to be No. 2.

Mr. Dewar: I think one item is the \$25 million for development of bilingualism in the Public Service. Another is a new vote which was put into the Treasury Board estimates for this year, the provision of a central fund for summer student employment programs—which in the previous year tended to be voted in Supps. This year we had planned ahead, and for that there is \$62 million.

Senator Grosart: Why was that put under Treasury Board?

Mr. Dewar: The reason for that is that at the time these Estimates had to be printed, which was approximately January, the plan and program for the student employment activity was not yet finalized as to the distribution among departments of funds to hire students.

The government had at that time, however, decided to launch a program of a certain kind at a certain level. The funds were placed in the Treasury Board as the management department, for allocation to other departments as soon as the details were known.

Senator Grosart: It was a sort of second contingency fund.

Mr. Dewar: Exactly, sir, but with the deliberate purpose of revealing the purpose of this part of the contingency operation.

Senator Grosart: No. 3 appears on page 1-29, Regional Economic Expansion, \$79 million.

Mr. Dewar: Yes, the main change here was payments on industrial incentive grants against commitments entered into previously.

Senator Grosart: These would be statutory, then.

Mr. Dewar: Yes, sir, they are. These are the payments that are made when an enterprise comes into production, but the commitment would have been made some years before.

Senator Grosart: Under the various industrial incentive acts?

Mr. Dewar: Yes.

Senator Grosart: No. 4 would appear to be the Secretary of State, an increase of \$85 million. Again that is on page 1-29, Department of Secretary of State.

Mr. Dewar: That is approximately the increase under the post-secondary education payments which come under that department.

Senator Grosart: That is the "Department of Education", that is right? No. 5 would appear to be the RCMP, which I think you have explained. Again that is on page 1-29. There is an increase there of about \$43 million. I think you have explained that to us.

Mr. Dewar: Yes. It is hard to say that it is any single thing. It is increased salaries, a larger operation and a larger population to serve.

Senator Grosart: Yes. Do the RCMP break even on their contracts with the provinces?

Mr. Dewar: No, senator, they do not. I hesitate to use a specific figure, but I think the recovery under contracts is of the order of 50 per cent. I must be guarded in my comments there, however, because I am not sure of the precise figure.

Senator Grosart: So this, in effect, is a subsidy to protection of persons and property in the provinces.

Mr. Dewar: I would not want to comment on that.

Senator Grosart: No. Let me put it this way: From the point of view of the Estimates, it is an allowance; part of the Estimates would provide an allowance for the deficit on the contracts with the provinces?

Mr. Dewar: In effect, yes. The Estimates show the gross expenditure of the RCMP and show as a recovery the payments by the provinces for the contracts, giving in effect what you have described.

Senator Grosart: They must have a balance sheet, with an accounting province by province.

Mr. Dewar: Oh, yes.

Senator Grosart: No. 6 is National Defence, which is plus \$43 million. I think you have explained that as pay increases.

Mr. Dewar: Yes, sir, pay parity.

Senator Grosart: And No. 7 is \$142 million, the Post Office, which you have already explained as well. Those are "the top seven", as I see them, Mr. Chairman. On that basis, Mr. Dewar, does the matter of financial requirements, or financing requirements—I am not sure which term to use—of the federal government come within your purview in making up the Estimates?

Mr. Dewar: No. I remarked earlier that the Department of Finance, essentially, is the adviser to the government . . .

Senator Grosart: Yes.

Mr. Dewar: . . . on fiscal and economic policy and on the financing method. We are involved to the extent that in developing the expenditure plan within whatever framework we are instructed to use, we may be reflecting certain fiscal objectives as well, in the sense of stimulation or, other economic thrusts. But some kinds of expenditures are more effective as stimulation than others. However, if I understand your question correctly, it relates to the method of financing the government's operation and the scale at which the government is to adopt a certain deficit or balanced position. On that kind of thing, no, we are not involved, senator.

Senator Grosart: Just to put it in simple terms, I was thinking rather of the relation between the \$15 billion with which you are concerned in budgetary and non-budgetary items. You are concerned with non-budgetary items. The loans, investments and advances, and so on. This may not be a question you can answer, but I would be interested in knowing if the procedure for the Department of Finance is to say to the Treasury Board, "Here is the limit in your \$15 million". Is that the way it operates?

Mr. Dewar: I do not quite understand the distinction, senator, that you are making between budgetary and non-budgetary.

Senator Grosart: I am lumping them together. Let us say there is \$15 billion for which you are responsible or report in the Estimates.

You come up with a figure of \$15 billion, which is less than the total requirement of the government for the year. For example, the expenditures last year were \$17 billion. Now, one way or the other, you are providing or accounting for or reporting on \$15 billion. And I am not even sure that the \$17 billion is realistic for last year; I think it is more than that.

Mr. Dewar: If I may put it this way, senator, on the advice of the Department of Finance, and other advice that it may take, the government, at an early stage in its operations, will inform us of the amount of budgetary expenditures, and I should add, non-budgetary expenditures as well, that they wish us to plan for.

Senator Grosart: Part of which you merely report on—the statutory part of it, for example.

Mr. Dewar: Yes, sir, but that becomes a sort of unavoidable part when we start to work on it.

Senator Grosart: Yes.

Mr. Dewar: And the \$15 billion figure to which you have referred is part of this job of putting together a package of the size we have been asked to put together, given the priorities that the government has expressed to us for expenditure programs and the demands the departments make known to us.

Senator Grosart: My other question is this: Taking the statutory Blue Book items—and I will use the Blue Book rather than budget—as about half the Blue Book total, is there any structure or mechanism within the procedure of Treasury Board to re-examine the statutory half? In other words, do we assume, “Well, there is an act, so we cannot do anything about it. The act is there and we have to spend this money.”? Is there any procedure whereby we can look at these acts and see whether a particular program should continue?

Mr. Dewar: We do give advice from time to time that such-and-such a program ought to be considered in this fashion. Obviously, it is a question for ministers to decide when and how such changes should be made, but in brief, yes, the cost of statutory programs is at any one moment of time a kind of unavoidable cost. But, naturally, in assessing the total package and the funds available that are discretionary, we are asked from time to time and we do offer advice on possible changes in the statutory area. I would not want to go any further than that.

Senator Grosart: It has often been said by people who are experts in this field that if there is an area of unnecessary expenditure within the Blue Book figures it would be in the area of statutory expenditures, for the simple reason that programs tend to go on and to become self-perpetuating. So I am just wondering if there is any mechanism for an overall look. I am quite sure that as departmental estimates come before the Treasury Board you will examine them in relation to that department, but there seems to be the assumption that, because an expenditure is required by a statute which may be 20 or 30 years old, you cannot do anything about it. This really refers to the application of systems analysis.

Mr. Dewar: Exactly. I am not too sure how I should respond to the word “mechanism,” but this is done.

Senator Grosart: But probably not on an overall basis. On the basis of the individual department as it comes with its requirements, you might say to them, “Well, if you cannot cut your new expenditures or your non-statutory expenditures, maybe you will have to cut some of your statutory expenditures if you want to have the same amount of money.”

Mr. Dewar: It is not done quite that way.

Senator Grosart: Not in writing.

Senator O’Leary: As a simple layman, I should like to ask this question: When an expenditure is authorized by Parliament—and let us say it Public Works—is there any way in which you can note the carrying out of that expenditure? And if you felt that there was extravagance, is there any way in which you can check that extravagance in the carrying out of a program authorized by Parliament?

Mr. Dewar: Yes, I think there is. Parliament, in authorizing a program—if I may develop your idea somewhat, senator—is saying, I think, to Public Works, “We approve that you should build that building,” or whatever it is, “and you have told us your estimate for doing so is so many dollars. On those grounds, we approve.” Now, our function, I think, both before that proposal comes before Parliament and afterwards, is to inquire into its priority, its need and also its cost, nor forgetting its efficiency.

Senator Walker: My understanding is that you go into that in the beginning. As soon as the year starts you go over all the estimates to find out whether or not they are extravagant.

Mr. Dewar: Well, sir, if I may say so, that is part of the process of putting this book together, and probably our role of reviewing projected costs is greatest at that stage. After approval has been given, there are still check-points in the system. The department may be required by the executive of government to follow through certain—and I shall repeat the word—check-points. There may be three phases into which this operation will be broken, and they will be asked to report back on their progress and their costs against the plan in each of those phases. There may be certain rules laid down as to the management system to be followed in carrying out this program, and they may be asked to use certain techniques of analysis and management control on the basis of past experience. Beyond all this there are certain regulations, of course, concerning contract approvals which must come to Treasury Board. All of these are directed in a general way at the effectiveness and the efficiency of the manner in which the money is spent both before and after parliamentary approval.

Senator Walker: Then the Auditor General steps in, after it has all been spent, and checks up on whether or not there has been extravagance. You have been speaking to us about checking the performance and how the money has been spent while it is in fact being spent, and then afterwards the Auditor General steps in—or he is supposed to.

Mr. Dewar: Yes.

Senator Isnor: Mr. Chairman, might we put on the record, the estimated net deficit for the present year and the actual deficits of the past three years?

The Chairman: I suppose that would really come under public accounts, senator. I think we can get that for you. That would be on a national accounts basis.

Senator Isnor: Yes.

Mr. MacDonald: I do not have anything on a national accounts basis, but I do have the budget speech of the Minister of Finance in which he refers to the 1971-72 deficit and the forecast deficit for 1972-73.

Senator Isnor: On the same basis?

The Chairman: That is the budgetary deficit.

Mr. MacDonald: The budgetary deficit for 1971-72 is \$600 million, and the forecast for 1972-73 is \$450 million.

Senator Walker: What was the forecast for 1971-72? Was it \$250 million?

Mr. MacDonald: I think at some stage it was forecast to be higher than \$600 million. I am speaking now of the initial forecast. I am reasonably sure that at one stage it was forecast as being higher than \$600 million.

The Chairman: Are there any further questions, senators?

If not, I shall thank the witnesses on your behalf.

The committee adjourned.

APPENDIX "A"

Ottawa, Ontario.
K1A 0R5
April 26, 1972

Senator D.D. Everett,
The Senate,
Room 259-E,
Ottawa, Ontario.
K1A 0A6

Dear Senator Everett:

When the Deputy Secretary of the Program Branch and I appeared before the National Finance Committee, we were asked to supply information on certain questions we were unable to deal with at that time.

The information is respectfully submitted as an attachment to this letter.

Yours sincerely,

Bruce A. MacDonald,
Director General,
Budget Coordination.

RESPONSE TO REQUEST FOR INFORMATION
SENATE NATIONAL FINANCE COMMITTEE
RE: SUPPLEMENTARY ESTIMATES (B) 1971-72

Subject

Unexpended balances on Grant and Loan Authorities for External Aid

Answer

CIDA reports the following tentative balances in the Grant and Loan Accounts as at March 31, 1972.

A. SPECIAL ACCOUNT (Grant Aid)

Carry forward from 1970-71	\$82,598,916.80
Parliamentary Appropriations 1971-72 (includes Supps B) for IDA Sub-Vote	<u>74,828,700.00</u>
TOTAL	<u>\$157,427,616.80</u>

Total commitments (financial encumbrances) as at March 31, 1972	\$112,449,001.03
Total expenditures as at March 31, 1972	67,283,246.18
Unliquidated balance (tentative)	\$90,144,370.62

B. LOAN ACCOUNT (Data for 1971-72 fiscal year)

Carry forward from 1970-71 Parliamentary Appropriations 1971-72	\$345,299,619.56
	<u>145,000,000.00</u>
TOTAL	<u>\$490,299,619.56</u>

Total commitments as at March 31, 1972	331,904,203.74
Total expenditures March 31, 1972 (during 1971-72)	143,378,920.12
Unliquidated Balance*	\$346,920,699.44

C. LOAN ACCOUNT (Historical Data)

(a) Total loans approved by Parliament to and of 1971-72	\$778,000,000.00
(b) Total Value of Master Loan Agreements Entered into	\$770,131,280.70
(c) Total Expenditures to date	
Total as at April 1, 1971	\$287,700,380.44
Disbursements 1971-72	<u>143,378,920.12</u>
Total as at March 31, 1972	<u>\$431,079,300.56</u>

*Note: The unliquidated balances shown are tentative only as further expenditures may occur during April for goods supplied, services rendered, or work done in 1971-72.

Subject

Expenditures of the three levels of Government (net of transfers) as a share of GNP

Answer

- The only data series which gives relatively recent information is the Statistics Canada System of National Accounts. The attached table summarizes this information over the past five years and the bracketed figures indicate the respective shares of GNP.
- Over the five year period government expenditures at all levels as a percent of GNP increased 4.4% from 28.1 in 1967 to 32.5 in 1971. Of this increase the Provinces accounted for more than one half the total, or 2.3%, and the local governments for 1.5%. Federal Governments expenditures increased by 0.6% of GNP during this period.

Current Government Expenditures and their Share of GNP

	1967	1968	1969	1970	1971
	millions of dollars (Per cent of GNP)				
National Accounts					
TOTAL CURRENT GOVERNMENT EXPENDITURES (All Levels) (After Elimination of Inter-government transfers)	18,494 (28.1)	20,671 (29.0)	23,327 (29.7)	26,728 (31.6)	29,967 (32.5)
Federal	8,559 (13.0)	9,249 (13.0)	9,909 (12.6)	11,440 (13.5)	12,525 (13.6)
Provincial	4,361 (6.6)	5,103 (7.2)	6,217 (7.9)	7,140 (8.5)	8,234 (8.9)
Local (Including Hospitals)	5,574 (8.5)	6,319 (8.9)	7,201 (9.2)	8,148 (9.7)	9,208 (10.0)
GROSS NATIONAL PRODUCT (At Market Prices)	65,722 (100.0)	71,388 (100.0)	78,560 (100.0)	84,468 (100.0)	92,126 (100.0)

Source: Statistics Canada, *National Income and Expenditure Accounts*, Cat. No. 13,001

Note: Canada Pension Payments are included under Federal, and the Quebec Pension Payments under Provincial Expenditures

A comparison of Canada's level of government expenditures and that of a number of other countries is presented in the following table, based on recently published OECD information:

National Accounts of Selected OECD Countries

	1968		
	Total Current Government Expend- itures	GNP at Market Prices	Expend- itures as % of GNP
Canada (millions of Cdn. \$)	20,358	68,477	29.7*
United States (millions of U.S. \$)	253,207	876,029	28.9
Japan (billions of Yen)	7,369	51,242	14.4
France (billions of Francs)	215.67	624.29	34.5
Germany (billions of DM)	172.20	529.00	32.6
Sweden (millions of Kronor)	49,476	132,195	37.4
United Kingdom (millions of £)	14,290	42,341	33.7

Source: OECD, National Accounts of OECD Countries, 1950-1968
 *This percentage share is marginally different from the Statistics Canada figure of 29.0% due to OECD's manipulation of figures to achieve comparability between the data from the various countries.

Subject

Formula for Calculating Hog Deficiency Payments

Answer

- Hogs are a mandatory commodity under the Agricultural Stabilization Act, and must be supported at 80% of the average price of the previous ten years.
- The 80% support level for the calendar year (hog year) 1971 was \$24.14 per hundred weight, index 100. The initial average annual price for index 100 hogs at seven major collection points throughout Canada during 1971 was calculated to be \$23.67. However, the Agricultural Stabilization Board recommended that rather than pay the price difference identified, and in order to recognize the increased costs experienced by the hog industry (including the imposition of the U.S. Surcharge), a payment of \$5.00 per hog, index 100 and up, should be made to a maximum of 200 hogs per producer.

- It has been the policy of the Department of Agriculture over the years to actively encourage quality improvement in agricultural commodities. To this end the decision was reached to make deficiency payments only on those hogs with index 100 and over. The Hog Index is a quantitative index measurement ranging from 80 to 112 based on certain physical factors and fat measurements. In 1971, 60.9% of hogs marketed achieved an index of 100 or more.
- Deficiency payments will be made to eligible hog producers up to \$1,000 per producer (\$5 x 200) as applications are processed. Producers have been requested to submit their applications by March 31, 1972. However, claims received after March 31, 1972 may be considered by the Board for payment.

List of Write-offs over \$100,000 of Debts by National Revenue in 1971-72 Supplementary Estimates (B)

	Amount
Deceased - No Estate	
Barnes: Faye, Peter, Lac La Hache, B.C.	\$114,899.61
Luboff: Walter W., Saskatoon	236,778.07
Singer: Emile, St. Sauveur des Monts, Que.	245,498.48
Further Collection Expense not Justified	
none over \$100,000	
Not Residing in Canada	
Steiner: Bandi A.	156,419.91
Corporation Inoperative and Without Assets	
Buckingham Mfg. Co. Ltd. Streetsville, Ont. Re. Income of Quality Bed & Spring Mfg. Co. Ltd.	117,103.31
Claremont Products Co. Ltd. Streetsville, Ont. Re. Income of Midwest Co. Ltd.	203,159.61
Lord Elgin Hotel Ltd., Montreal, Que.	583,440.94
Modern Film Distributors Ltd., Vancouver, B.C.	185,325.77
Quality Bed & Spring Mfg. Co. Ltd. Winnipeg, Man.	107,923.93
Samer Agencies Ltd., Vancouver, B.C.	104,479.91
Seville Souvenirs, Montreal, Que.	237,111.05
Undischarged bankrupt Corporation - no assets and trustee discharged	
none over \$100,000	

APPENDIX "B"

Senator D.D. Everett,
The Senate,
Room 259-E,
Parliament Buildings,
Ottawa, Ontario.
K1A 0A6

Dear Senator Everett:

In submitting the information on certain questions raised at the National Finance Committee proceedings, I neglected to supply the details of the grants paid to After-Care Agencies.

This information is now respectfully submitted, and I wish to apologize for the delay.

Yours sincerely,

Bruce A. MacDonald,
Director General,
Budget Coordination.

RESPONSE TO REQUEST FOR INFORMATION
SENATE NATIONAL FINANCE COMMITTEE

RE: SUPPLEMENTARY ESTIMATES (B) 1971-72

Subject

Listing of the amounts paid as grants to After-Care Agencies 1971-72.

Answer

The following is a listing of the amounts paid from the provision provided in the 1971-72 Main Estimates Vote 5:

Elizabeth Fry Society of Ottawa	\$ 1,800
Elizabeth Fry Society of British Columbia	4,000
John Howard Society of Saskatchewan	11,765
John Howard Society of Vancouver Island	11,555
Catholic Welfare Bureau of Manitoba	2,000
Association des Services de Rehabilitation Sociale, Quebec	76,680
Council of Catholic Charities of Toronto	2,500
Elizabeth Fry Society of New Brunswick	250
Street Haven at the Crossroads, Toronto	1,000
The Inn, Windsor, Ontario	1,000
Salvation Army	15,000
Elizabeth Fry Society, Toronto	3,600
St. Lawrence House, Montreal	3,600
St. Edward's Half Way House	3,600
Winnipeg United Church Half Way House	2,000
John Howard Society of Canada	157,095
Elizabeth Fry Society of Kingston	14,000
St. Leonard's House, Windsor	4,000
John Howard Society of New Brunswick	11,555
Harold King Farm, Keswick, Ontario	2,500
Quo Vadis	3,000
St. Leonard's Society, Prison Art	2,500
	<u>\$335,000</u>

The amount of \$75,000 provided in Supplementary Estimates (B) for payment to After-Care Agencies providing residential services will not be paid out. This amount was provided to cover expected requests from those agencies providing residential services and registered under the Charitable Institutions Act, 1962-63 for Ontario on the basis of \$10.00 per residential day less assistance received from provincial programs to which the Federal Government contributes. Due to the delay in the announcement of the interim policy and the commencement of the Community Task Force Study on residential services, requests were not received as anticipated and therefore the amount was not spent.



Fourth Session—Twenty-eighth Parliament

1972

THE SENATE OF CANADA

STANDING SENATE COMMITTEE

ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

INDEX

OF PROCEEDINGS

(Issues Nos. 1 to 2 inclusive)

(Faint bleed-through text from the reverse side of the page is visible in the background)

Budgetary Deficit
Amounts 1971-72, estimated 1972-73, 1973-74

Canadian Broadcasting Corporation
Loans, grants 1971-72

Education assistance
Expenditures 1969-70, 1970-71

Estimates
Auditor General's Report 2-11
Funding, assessment by Auditor General's Department, Treasury Board 2-12-13
Government spending, total, 1971-72
Presentation, 1971-72
Supplementary
Supplementary
Total expenditures 1-1, 1-3-9

Estimates, Main 1971-72
Civil Service, 1971-72
Solicitor General's Department
Vote 5—Costs to authorized After-Care Agencies 2-23

Estimates, Supplementary (B), 1971-72
Agriculture Department—Production and Marketing
Hog deficiency payments, formula 1-3, 1-5
Contingencies vote, status, purpose, action 1-10
Dewar, D. B., Treasury Board, statement 1-17-18
Employment Support Act 1-20
Environment Department
Vote 20b—Renewable Resources—Conservation 1-4-7, 1-21-22
External Affairs Department
Canadian International Development Corporation
Approved expenditures, back 1-25-27
Vote 1-25b—International Development Assistance 1-5, 1-23

Finance Department
Contracting-Out Payments Program—Standard Payments to Quebec Establishing Programs—Related Arrangements Act 1-8, 1-11
Vote 17b—Canadian Development Corporation 1-14, 1-15

Vote 12a—International gold value obligations in U.S. currency 1-15, 1-22

Development Department
Association of Alberta—

Programs
Vote 12b—International gold value obligations in U.S. currency 1-15, 1-22

Department of Health and Welfare
Vote 12c—International gold value obligations in U.S. currency 1-15, 1-22

Department of Insurance and Resources Program
Vote 12d—International gold value obligations in U.S. currency 1-15, 1-22

Department of Cultural Support—Activity to be undertaken 1-13-25

Programs
Vote 12e—International gold value obligations in U.S. currency 1-15, 1-22

Department of Postage and Telecommunications
Vote 12f—International gold value obligations in U.S. currency 1-15, 1-22

Department of Supply and Services
Vote 12g—International gold value obligations in U.S. currency 1-15, 1-22

Department of Transport
Vote 12h—International gold value obligations in U.S. currency 1-15, 1-22

Department of Treasury Board
Vote 12i—International gold value obligations in U.S. currency 1-15, 1-22

Department of Government Communications—Salary 1-11, 1-15, 1-23-25

Vote 12j—Employer Contributions to Employee Benefit Plans Program—Canadian Wheat Board 1-26-27

Department of Insurance Companies—Statutory governments contribution 1-10, 1-12

Estimates, Supplementary (C), 1971-72
Regulation questions asked Dec. 8, 1971
Adjustment Assistance Program 1-28
Production deficit expected 1-22
Employment Support Act 1-20-21



Fourth Session—Twenty-eighth Parliament
1972

THE SENATE OF CANADA

Prepared

by the

STANDING SENATE COMMITTEE
Reference Branch,

LIBRARY OF PARLIAMENT.

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, Chairman

INDEX

OF PROCEEDINGS

(Issues Nos. 1 to 2 inclusive)

INDEX

- Budgetary Deficit**
Amounts 1971-72, estimated 1972-73 2:22
- Canadian Broadcasting Corporation**
Loans, grants 2:10-11
- Education assistance**
Expenditures 1964-73 2:17
- Estimates**
Auditor General's Report 1971, parliamentary control 2:11
Functions, assessment by Auditor General, Finance Department, Treasury Board 2:12-13, 2:20-21
Government spending, total, problem 1:20-21
Presentation, new method 2:7-8, 2:16
Supplementary capital projects 1:24
Supplementary, one-dollar votes, transfers within Ministry, explanation 1:16-17
Total expenditures 2:7, 2:3-9
- Estimates, Main 1971-72**
Civil Service, growth, reduction, table 1:25
Solicitor General's Department
Vote 5—Grants to authorized After-Care Agencies 2:26
- Estimates, Supplementary (B), 1971-72**
Agriculture Department—Production and Marketing—Hog deficiency payments, formula 1:5, 1:22, 2:25
Contingencies vote, status, purpose, access 1:19-20
Dewar, D. B., Treasury Board, statement 1:17-18
Employment Support Act, short-fall 1:20
Environment Department
Vote 20b—Renewable Resources—Operating expenditures 1:6-7, 1:21-22
External Affairs Department
Canadian International Development Agency
Approved expenditures, backlog 1:5, 1:19, 2:23
Vote L26B—International Development Assistance 1:5, 1:23
Finance Department
Contracting-Out Payments Program—Statutory-Payments to Quebec Established Programs (Interim Arrangements) Act 1:5, 1:27
Vote 17b—Canadian Development Corporation 1:10, 1:15
- Estimates, Supplementary (C), 1971-72**
Replies to questions asked Dec. 2, 1971
Automotive Adjustment Assistance Program 1:32
Budgetary deficit expected 1:32
Employment Support Act 1:32-33
- National Defence Department**
Statutory payments, New Major Capital Projects 1:7, 1:24
- National Health and Welfare Department**
Vote 30b—Health, Insurance and Resources Program
Statutory—Medical Care Act, contributions 1:24-25
- National Revenue Department**
Taxation—Major write-offs, list, rationale 1:11, 1:22-23, 2:25
- Report to Senate, and appendix 1:5-12**
- Secretary of State Department**
Vote 15b—Arts and Cultural Support—Activity to be supplemented 1:7, 1:25-26
Vote 80b—National Film Board—Program expenditures 1:27
- Solicitor General's Department**
Vote 5b—Correctional Services—Grants to authorized After-Care Agencies 1:3, 1:26, 2:26
- Supply and Services Department**
Vote 10b—Services—Computer Services Revolving Fund 1:26
- Transport Department**
Vote 45b—Surface Transportation—Capital expenditures 1:28
- Treasury Board**
Vote 5b—Government Contingencies—salary increases 1:11, 1:19, 1:28-29
Vote 12b—Employer Contributions to Employee Benefit Plans Program—Canadian Wheat Board 1:11-12, 1:28-29
Unemployment Insurance Commission—Statutory—governments contribution 1:10, 1:18
- Vote L22b—International gold value obligations in U.S. Currency 1:10, 1:16, 1:23**
- Indian Affairs and Northern Development Department**
Vote L19B—Loan to Indian Association of Alberta—Community Affairs 1:23
- Industry, Trade and Commerce Department**
Vote 10b—Trade—Industrial—Grants for defence export sales 1:10, 1:24
Vote 29b—Contributions to Price of Domestically Consumed Wheat 1:5, 1:27
- International gold value obligations in U.S. Currency 1:10, 1:16, 1:23**
- Indian Affairs and Northern Development Department**
Vote L19B—Loan to Indian Association of Alberta—Community Affairs 1:23
- Industry, Trade and Commerce Department**
Vote 10b—Trade—Industrial—Grants for defence export sales 1:10, 1:24
Vote 29b—Contributions to Price of Domestically Consumed Wheat 1:5, 1:27
- National Defence Department**
Statutory payments, New Major Capital Projects 1:7, 1:24
- National Health and Welfare Department**
Vote 30b—Health, Insurance and Resources Program
Statutory—Medical Care Act, contributions 1:24-25
- National Revenue Department**
Taxation—Major write-offs, list, rationale 1:11, 1:22-23, 2:25
- Report to Senate, and appendix 1:5-12**
- Secretary of State Department**
Vote 15b—Arts and Cultural Support—Activity to be supplemented 1:7, 1:25-26
Vote 80b—National Film Board—Program expenditures 1:27
- Solicitor General's Department**
Vote 5b—Correctional Services—Grants to authorized After-Care Agencies 1:3, 1:26, 2:26
- Supply and Services Department**
Vote 10b—Services—Computer Services Revolving Fund 1:26
- Transport Department**
Vote 45b—Surface Transportation—Capital expenditures 1:28
- Treasury Board**
Vote 5b—Government Contingencies—salary increases 1:11, 1:19, 1:28-29
Vote 12b—Employer Contributions to Employee Benefit Plans Program—Canadian Wheat Board 1:11-12, 1:28-29
Unemployment Insurance Commission—Statutory—governments contribution 1:10, 1:18

Government Spending Program, Gross National Product, comparison feasibility 1:33-34
 Outstanding loans, investments, advances, list, feasibility 1:33
 Public Debt in 1960's carrying costs 1:32

Information, distribution 1:5, 1:13-14
 Motions
 ...any amendment to an existing Act of Parliament... 1:5, 1:14-16, 1:23-24, 1:25
 Treasury Board, explanation of dollar items 1:13-14

Estimates, Main 1972-73

Agriculture Department
 Revenue, sale of edible food 2:7-8
 Canadian Broadcasting Corporation
 "Jalna", payment 2:18
 Culture and Recreation 2:5, 2:17-18
 Defence, pay increases 2:12, 2:20
 Dewar, D. B., Treasury Board, statement 2:7
 Education Assistance 2:5, 2:17
 Expenditures, breakdown, comparisons
 Departmental 1971-72 2:19-20
 1971-72 2:5-9, 2:11-19
 Fiscal Transfer Payments 2:5, 2:18-19
 Foreign Affairs
 Assistance to Developing Countries 2:6, 2:12
 Health and Welfare 2:5, 2:13, 2:15, 2:19
 Internal Overhead 2:5, 2:19
 Loans, repayment 2:10
 Open-ended programs 2:17
 Post Office
 Expenditures, deficit, revenue 2:14-15
 Public Debt 2:5, 2:19
 Report to Senate 2:5-6
 Transportations and Communications 2:5, 2:13-15
 Treasury Board
 Expenditures, increase 2:19-20
 Unemployment Insurance Commission, accounting procedure 2:5, 2:15-17

Gross National Product

Government expenditures, comparison 1962-72 1:33-34, 2:5, 2:7, 2:9-10, 2:13
 Percentage breakdown, use by all levels of government 1961-71 1:22, 2:9-10, 2:23-25

National Finance, Standing Senate Committee

Estimates
 Main 1972-73, examination procedure 1:29-31
 Presentation, recommendations, study 1:5, 1:13-16, 1:23-24, 1:25
 Functions 1:21

Reports to Senate

Estimates
 Supplementary (B), 1971-72 1:5-12
 Main 1972-73 2:5-6

Appendices

Issue 1
 A—Replies to questions asked, Dec. 2, 1971, Supplementary Estimates (C) 1971-72 1:32-34
 Issue 2
 A—Response to request for information re: Supplementary Estimates (B) 1971-72 2:23-25
 B—Response to request for information re: Supplementary Estimates (B) 1971-72 2:26

Witnesses

—Dewar, D.B., Deputy Secretary (Program Branch), Treasury Board 1:13-27, 2:7-8, 10-21
 —MacDonald, B.A., Director General, Budget Co-ordination Group, Treasury Board 1:14-29, 2:8-19, 22

The Honourable Senators

Chairman:
 —Everett, Donald Douglas (Fort Rouge) 1:13-31; 2:7-10, 13-19, 22
 —Beaulieu, Louis-Philippe (Bedford) 1:23; 2:15, 17-18
 —Benidickson, William Moore (Kenora-Rainy River) 1:13-18, 20-26, 28-30
 —Bourget, Maurice (The Laurentides) 2:10, 13, 15
 —Bourque, Romuald (De Lavallière) 1:27
 —Croll, David A. (Toronto-Spadina) 2:11, 15-18
 —Grosart, Allister (Pickering) 1:13-16, 19-21, 24; 2:7-13, 15, 17-21
 —Hays, Harry (Calgary) 1:22
 —Isnor, Gordon B. (Halifax-Dartmouth) 1:23, 28-31; 2:7, 14, 22
 —Laird, Keith (Windsor) 1:16
 —McDonald, Alexander Hamilton (Moosomin) 2:9-11, 16
 —Manning, Ernest C. (Edmonton West) 1:27
 —Molson, Hartland de M. (Alma) 2:17-18
 —O'Leary, M. Gratton (Carleton) 2:10, 12-13, 19, 21
 —Sparrow, Herbert Orville (The Battlefords) 1:18
 —Walker, David James (Toronto) 2:10, 13-14, 21-22

Published under authority of the Senate by the Queen's Printer for Canada

Available from Information Canada, Ottawa, Canada



