

THE STANDING COMMITTEE

on

PUBLIC ACCOUNTS, 1946-59

by

Robert Armstrong

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Department of Economics and Political Science  
McGill University,  
Montreal.

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O F  
C O N T E N T S

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## P R E F A C E

In 1958, a member of Her Majesty's loyal opposition was elected Chairman of the Standing Committee on Public Accounts. It was this event which made the Public Accounts Committee topical, and provided the occasion for this thesis.

It is my great pleasure to thank Professor J.R. Mallory who read the draft of this work in its entirety.

I wish also to thank the following for their valuable assistance, and for their patience in answering my questions: the former Auditor General for Canada, Mr. Watson Sellar, the Assistant Chief Clerk of Committees, Mr. Antonio Plouffe and the Chairman of the Committee, Mr. Alan Macnaughton.

Robert ArmstrongThe Standing Committee on Public Accounts, 1946-59

The recent history of the Standing Committee on Public Accounts in the House of Commons of Canada is examined against the background of Canadian and British practice and procedure. The procedure and organization of the Committee of Public Accounts in the United Kingdom is described in detail. The Chairman of that Committee is a member of the opposition. The Committee is small. It meets in camera. Through the Permanent Secretaries as Accounting Officers the Committee exercises a continuous control over the executive. The United Kingdom Public Accounts Committee gets its recommendations implemented. The Canadian Committee now has an opposition member as Chairman. It is argued that the Canadian Committee could be made more effective. Following British practice, the Committee ought; be made smaller, hold its meetings in camera, develop an equivalent to the Accounting Officers and get its recommendations implemented.



CHAPTER 1  
PART 1  
PRACTICE and PROCEDURE  
in the  
UNITED KINGDOM

This chapter which is divided into two parts deals with the practice and procedure of the British and the Canadian House of Commons. The chapter will show that while the practices followed at Westminster and Ottawa appear to be quite similar, there are in fact fundamental differences. Special attention will be given to the standing and select committees and to the methods of expediting the public business generally.

Members of the House of Commons, observers of the press and academics are agreed that the methods of dealing with the public business in Canada must undergo drastic revision. The Prime Minister and leading members of his party are showing the lead. They are willing to experiment. They are determined "to improve the effectiveness of the processes of Parliament".<sup>1</sup> In matters of procedure in the House of Commons we have followed the British example, but in almost every instance we differ in some particular from them. In many instances we have not kept up with them. In other instances, by changing the particulars we have made changes for the worse. In hardly any instance can we say that our procedure is more effective than theirs. This is not meant to be a sweeping indictment,

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1. Canada House of Commons Debates, 1958, p.6, from the Speech from the Throne.

but as we are committed to the setting up of committees "in keeping with the British tradition"<sup>1</sup> we must try to understand that tradition and follow it, or having understood it and found it wanting be prepared to experiment further without fooling ourselves that it is the British tradition that we are following.

The two key elements in the procedure of the House of Commons are the 'practice of the House' and the Standing Orders. The standing orders belong to a later date than the practice to which they are amendments.

" The character of practice is well marked. It was leisurely, ceremonious, cumbersome; it was individualistic, giving wide scope to the initiative of members and affording no special facilities to the Government; it was designed to protect the rights of minorities in debate and to encourage opposition to the Executive. Since the formative period of practice lay during the first half of the seventeenth century, when the majority of the House was in chronic opposition to the government of Charles I, it acquired the characteristics of the procedure of an opposition; and it retained these characteristics permanently, in spite of the fact that by the middle of the eighteenth century the establishment of the cabinet system had turned the majority of the House from opponents to supporters of the Government. . ." 2

Unlike the practice of the House the purpose of standing orders is to speed up the process of legislation and get more business through the House. If practice is the "procedure of an opposition," standing orders are the machinery of government.

It is a tribute to the patience of Ministers or perhaps to

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1. Ibid., p.35 Mr. Diefenbaker, speaking during the Throne Speech debate.
  2. In Gilbert Campion and others, Parliament: A Survey, London, 1955; Gilbert Campion, "Parliamentary Procedure, Old and New." p.142.

forebearance of members that any public business was done at all in the eighteenth century. Ministers had to compete for time as ordinary members and there was no way of being sure they would not be stopped by a multitude of forms and complex motions. While it was true as Balfour had said that "one could debate the state of Europe on the motion from the chair that the candles should be lighted"<sup>1</sup> the possibility of using the forms of the House for delaying proceedings was seen and in 1717 it was ordered:

"that when the House or a committee of the whole House, shall be sitting, and daylight be shut in, the serjeant at arms attending the House do take care that candles be brought in without any particular order for the purpose." <sup>2</sup>

It was clear after 1832 that the House itself would have to do something about reforming its own procedure. Till then procedural development had been "by way of precedent and casual improvisation".<sup>3</sup> Select Committees were set up at frequent intervals to examine and report on different methods of conducting the business of the House. In the fifty years after the Reform Act seven such committees were appointed.<sup>4</sup> The recommendations of the committees which were adopted by the House became Standing Orders. The challenge of Irish obstruction gave real impetus to these reform movements. The measures adopted to defeat Parnell have a modern look. When Speaker Brand on his own responsibility interrupted

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1. W.C. Costin and J. Steven Watson, The Law and Working of the Constitution: Documents 1660-1914, London 1952, Vol., 2, p. 226; from the evidence of Mr. Balfour before the Select Committee on Public Business 1914.
  2. Quoted by K.R. Mackenzie, The English Parliament, Harmondsworth, 1951, p. 135.
  3. Ibid., p. 130.
  4. Ibid.

the debate on the motion for leave to bring in the Protection of Person and Property (Ireland) Bill<sup>1</sup> and thus ended the sitting of "above five days" there was no other way to stop debate. This was the "coup d'etat" of 2 February 1881. In the following February Speaker Brand explained his action to his Cambridgeshire Constituents:

" It might not be generally known that the House of Commons had no power whatever to close a debate, so that it was actually at the mercy of small minorities, who on various grounds might desire to obstruct the business of the House . . . . Neither the House nor the Speaker could close a debate, and as long as members rose and presented themselves to speak the debate must go on." <sup>2</sup>

After the "coup" of 1881, drastic restrictions on debate, such as the closure, were introduced. It was seen that not only must the evils of obstruction be overcome, but that positive steps were necessary so as to allow a greater volume of legislation to be considered. The pressure of public business was crushing. The problem was partially solved by what Campion calls the "purging" process, that is "the relieving<sup>3</sup> the House of business that can be done by smaller bodies." These "smaller bodies" are the standing committees of the House. They have grown from two<sup>4</sup> in the 1880's to four in 1907, six in 1919 and "as many as shall be<sup>5</sup> necessary" in 1947.

When dealing with the practice and procedure of the House of Commons it is important that we understand the prestige and authority of

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1. Ibid., p.137.

2. Costin and Watson. Documents 1660-1914. vol.,2 pp.435-436.

3. Campion, op.cit., p.158.

4. Mackenzie, op.cit., p.142.

5. Campion, op.cit., p.158.

Mr. Speaker. The prestige and authority of this purposely exalted position overflows on to the chairman of the standing committees. The essential point is that the Speaker is an impartial figure. It is "the general confidence of the House of Commons in the impartiality of the Speaker (that) has been used since the 1880's as the basis of a new and restricted procedure of debate."<sup>1</sup> It is interesting to note that when closure was first introduced by Mr. Gladstone in 1882, that the Speaker was given the power to move, on his own initiative, that the question be now put.<sup>2</sup> It is now customarily moved by the Government Chief Whip, but the motion will not be accepted by Mr. Speaker unless he is convinced that the motion is not "an abuse of the rules of the House or an infringement of the rights of the minority". As Campion remarks: "it may fairly be said that what prevents the closure from being used to destroy freedom of debate is that it cannot be imposed without the Speaker's acquiescence".<sup>3</sup> The Chair also has the power to select certain amendments for discussion.<sup>4</sup> This power is known as the kangaroo closure.

The chairman of the standing Committees have and wield similar power. They do so with the full confidence of the members because their impartiality is unquestioned. They have acquired, in these matters, the status and power of the Speaker. The chairmen of the standing committees are not elected. They are appointed by Mr. Speaker from a special panel of members of the House called the Chairmen's panel. The members of the panel

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1. Campion, op.cit., p.153.

2. Mackenzie, op.cit., p.138.

3. Campion, op.cit., p.153.

4. Ivor Jennings, Parliament, 2nd ed. Cambridge, 1957, p.240.

are chosen irrespective of party. It may happen, and does that an opposition member may preside over one of these committees.<sup>1</sup> These standing committees are committees, in Wheare's phrase, "to legislate".<sup>2</sup> It is the Minister in charge of the bill who leads the committee. The chairman concerns himself with questions of order and the conduct of business. We see that there is a separation from party control of important questions of order and fairness<sup>3</sup> in debate.

In all but one of the standing committees of the United Kingdom House of Commons, legislation only, is under consideration. The purpose of the committees is to speed up the process of legislation by permitting four or five bills to be proceeded with simultaneously thus leaving the House free for other business. The exception to the legislation only rule is the Scottish Standing Committee. This committee unlike the other committee may take the second reading of exclusively Scottish bills and it may even deal with Scottish estimates. One cannot compare the Scottish Standing Committee with the others. It is not so much a way of saving time as it is an attempt<sup>4</sup> "to satisfy the desire of the Scots to regulate their own affairs." It is "a kind of little Scottish House of Commons inside the House of Commons of the United Kingdom."<sup>5</sup>

The other standing committees are designated by the letters of the alphabet "A", "B", "C", "D", and "E". The Standing Orders provide that

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1. K.C. Wheare, Government By Committee, London 1955, pp.125-126.

2. Ibid., p. 119.

3. Ibid., p. 124.

4.-5. Ibid., p.161.

that there shall be as many of these committees as are necessary to cope<sup>1</sup> with the business. These committees each have a membership of fifty. It is recognized that there is not much possibility of more than five meetings at any one time. The committees are non-specialist in character. They do not deal with one type of bill rather than another. Committee membership is not static. Each committee is set up with a nucleus of twenty members with thirty more added for any one bill. The composition of the committees reflects party strength in the House. The only thing that does not change in these committees is the relative strength of the parties during the consideration of a particular bill. The number of opposition members, for example, will be fixed at a certain figure but the members themselves will not be fixed. The committees adjust their membership to give scope to members with special knowledge or interest with the result that members follow bills in which they are specially interested to<sup>2</sup> the committees.

The Standing Orders of the House of Commons now require that when a public bill (other than a bill for imposing taxes, or a Consolidated Fund or an Appropriation Bill, or a bill for confirming a provisional order) has been read a second time, it shall stand committed to a standing committee<sup>3</sup> unless the House otherwise order. Under the Labour Government the only exceptions to the above rule, apart from those contained in it, were; bills that it might be necessary to pass quickly, "one clause" bills not requiring detailed examination in committee and any bill of first-class constitutional

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1. Ibid., p. 120.

2. Ibid., p. 135.

3. Ibid., p. 120.

importance (eq. the bill for the Parliament Act.)<sup>1</sup>

The present Government in the United Kingdom has adopted the practice of referring all major Bills to the Committee of the whole House.<sup>2</sup> The Conservatives had objected to the great nationalization measures being taken in the standing committees so they have no fondness for the machinery. It must be said that there is probably not the same need for it as during the reconstruction period, but it is still in existence.

Bills go to standing committee after they have been given second reading, that is after they have been approved in principle. The stage taken in the standing committees is called the "committee stage". The committee stage is one of great importance in the legislative process. Up to this time it would have been out of order to discuss the details of the proposed bill. Now, in committee, amendments to the detailed provisions of the bill will be permitted. The committee stage has been described by Redlich as the place where "the fate of a bill is really decided its ultimate form . . . settled in the clash of parties and opinions or by the compromises made between them."<sup>3</sup> The standing committees in the House of Commons of the United Kingdom are places of debate the object of which is "to arrive at decisions upon special questions of substance and to settle the essential points of detail one by one."<sup>4</sup>

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1. Herbert Morrison, Government and Parliament, A Survey from the Inside, London, 1954, p. 209.

2. Jennings, Parliament, p. 270.

3. Josef Redlich, The Procedure of The House of Commons, London, 1908, Vol.,3, p.92.

4. Ibid.



The standing committees are committees of party men. They are dealing with matters where party differences exist. The standing committees are like miniature committees of the whole House. There is Government and Opposition, and members vote on party lines.

" There is nothing very surprising in this. The standing committees are dealing with legislation and legislation is a step and often the last step in the process of the formulation of policy. They are therefore in the area where party differences are expected to show themselves." 1

In the standing committees members face each other across the floor of the committee room. Government members are on the Chairman's right, Opposition members on his left. The Whips are on, for a majority must be at call and a quorum kept.

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The standing committees have no witnesses. Officials are present in the room, but they cannot be questioned by the members. The Minister in charge of the bill leads the Committee. He must answer the questions of the Opposition. His own supporters will be quiet for the most part and the debate will be between the Minister and two or three members of the Opposition. The committee stage puts the Minister to a severe test. The bill is dealt with clause by clause. Difficulties will have to be met with knowledgeable replies. Because the committee does not hear witnesses the Minister who is a member of the committee will have to consult his advisers as the debate goes on. He will not be an expert on the whole bill.

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1. Wheare, op.cit., p.122.

2. Ibid., p. 128.

" But he can aim to be a good general practitioner; he can get it up carefully and explain it in language which he understands and which he intends members of the committee to understand. That is the merit of the system. It is not enough that officials should know what a bill means or that they should be able to explain it to each other. They should be put to the test of explaining it to a minister in such a way that he can expound and defend it before the Opposition in a committee, clause by clause." 1

Mention has already been made of the closure and the kangaroo closure and now we must consider that delightful weapon, and its use in standing committees - the guillotine. The guillotine which in various forms has been used by the House since the 1880's is a kind of closure by compartment. The House passes an allocation of time order and under this the bill must be reported by a certain date. Within this date there may be fixed times by which certain clauses or groups of clauses must be passed. Before 1947, the guillotine did not apply to the standing committees.<sup>2</sup> The Labour Government streamlined the standing committees and as they determined to send major bills to the committees they felt that the guillotine logically followed. It seems clear that the guillotine was introduced to the committees because the Labour Government was fearful of obstruction, having experienced it in 1929-1931. If the guillotine was necessary it was going to be a fair guillotine. Herbert Morrison has expressed his dislike of the procedure and is of the opinion that it is justified only in periods of real obstruction and national emergency.<sup>3</sup>

" . . . unless there is genuine co-operation and fairness in its application

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1. Ibid., pp. 127-128.
  2. Campion, op.cit., p. 159.
  3. Op. cit., p. 213.

the Guillotine can make a mockery of the legislative process.<sup>1</sup> The element of fairness and reasonableness in the use of the guillotine is in this; once the Government decides that a bill it has referred to a standing committee is to be passed by a certain date, it makes an Allocation of Time Motion in the House. Through its majority this Motion becomes an Order. The bill must be reported out by a certain date. Within this deadline the detailed allocation of sittings to the parts of the bill is worked out by a sub-committee of the standing committee, consisting of the chairman and seven members of the committee itself, nominated by Mr. Speaker. The Opposition are represented on this committee. They may decide how to use the available time. The Government members will have no desire to force the committee to spend its time one set of clauses rather than another. Within the over-all time limit the Opposition will largely decide how the time is to be apportioned. Having so decided they will know exactly how much time is available to them.

The reasonable use of the other types of closure is assured by leaving the greater part of the discretionary power involved in their use with the Speaker or the Chairmen. The guillotine is different in that it gets its power from the Government majority. It can be used with less restraint. The Opposition was fearful and suspicious when it became part of the standing committee procedure. The Government was determined to increase the legislative output. Campion called the introduction of this procedure into the rules of the House "the last turn of the Screw".<sup>2</sup>

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1. Ibid.

2. Ibid., p. 159.

The standing committees coupled with the guillotine are a kind of ultimate weapon in the governments procedural arsenal, but their use till now by both Labour and Conservative governments has occasioned no alarm. Both parties have guillotined major bills. Labour used this procedure on the Transport, Iron and Steel and Town and Country Planning Bills. The Conservatives guillotined the Licensed Premises in New Towns and the Housing Repairs and Rent Bills.<sup>1</sup> The use of standing committees has not deprived the Opposition of any of its essential rights. They do not lose anything that they have in the House. The Government will have its way, but that is to be expected. There is no other way. Even with the guillotine it can be said that,

" . . . generally speaking the proceedings on these five guillotined Bills do not modify the conclusion which can be drawn from the study of the working of standing committees as a whole namely, that there is adequate opportunity for a good discussion of the clauses of a bill, and that this opportunity is, as a rule, well taken by the Opposition in its conduct of the debates." 2

Far from reducing the stature of the Opposition the standing committees have enhanced it. " . . . indeed it may be suggested that for the efficacy of standing committee proceedings a responsible opposition is even more important than a responsible government."<sup>3</sup>

The Opposition loses nothing in the standing committees. In fact, it gains something because it is forced to concentrate its attack on the more important clauses or parts of a bill. The new restricted

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1. Wheare, op.cit., p. 152.

2. Ibid., p.152-153.

3. Ibid., p. 154.

rules of debate affect only one aspect of the public business. The new rules are rules to speed up the process of legislation. It is principally in the legislative function of the House that the traditional facilities for debate have been restricted. It must be remembered that no financial business is conducted in the standing committees. It is taken in the whole House, and

" through the conduct of its financial business the House undertakes the criticism of the whole range of administration; the Opposition obtains most of its opportunities to discuss government policy." 1

So it is that "the restrictive effect of the modern standing orders is  
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confined to a part only of the field of parliamentary debate."

" . . . there remains a great block of business taking up on the average half the time of a normal session, the discussion of which is used for the criticism of government policy . . . . It retains the characteristics of the traditional practice of the House, free of restrictive standing orders and serving the purposes of the minority . . . . it is worth noting that of the whole field of parliamentary business a considerable portion remains which is governed by the spirit of the traditional procedure rather than by the standing orders." 3

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1. Ibid., p. 143.

2. Campion, op.cit., p. 166.

3. Ibid.

PART 11  
PRACTICE and PROCEDURE  
in  
CANADA

In order to discharge its legislative function more efficiently the United Kingdom House of Commons has adopted a highly sophisticated procedure. This modern procedure was necessary if the machinery of parliament was to bear the loads placed upon it by the desire on all sides for increased governmental activity. It was the necessary response in a unitary state to the demands of twentieth century government. Canada; with a federal system, fewer people, narrower responsibilities, still conducts its business with a procedure of another time and another era. Changes will have to be made. The methods for dealing with the public business that were suitable when government expenditures were less than twenty million dollars are not suitable when expenditures reach thirty times that amount. We are told that by 1980 our population will increase to approximately 27<sup>1</sup> million. With this as a "plausible" number the federal budget may well hit the ten billion dollar mark. There is less urgency about this matter in Canada than there was in the United Kingdom, but even in Canada changes are overdue. In a missile age, rules that are "the<sup>2</sup> last surviving relics of the age of wood, wind and water" are no longer adequate.

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1. Final Report Royal Commission on Canada's Economic Prospects, Ottawa, 1957, p. 10.
  2. J.R. Mallory, "The Election and the Constitution." Queen's Quarterly, Vol., 64, 1957-58, p. 479.

Since 1867 the House of Commons has made minor changes in the rules on three occasions; in the 1880's, in 1927 and in 1955.<sup>1</sup> The most recent changes have not been very far reaching. Their result has been to curtail debate to a certain extent, and save some time in the House. The two major, general debates in the session were limited by the new rules. The Debate on the Address in Reply to the Speech from the Throne and the Budget debate are now limited to ten and eight days respectively. Since 1955 speeches in the committees of the House have been limited to thirty minutes. By far the most interesting and most promising reform made in 1955 was the one that limits motions to go into the committee of supply to six in any one session.

It is an axiom of parliamentary government that grievances precede the granting of supply. It is facinating to see how this works out in the procedure of the Canadian House of Commons. On a Wednesday, Thursday or Friday the Government could call the order for supply and on these days the Speaker left the Chair "without question put" and the House was automatically resolved into Committee of Supply.<sup>2</sup> To make sure that grievances would be heard before supply was considered, let alone granted, the estimates of a department went unconsidered unless they had been "entered for consideration" on a previous Monday or Tuesday. On a Monday or Tuesday when the Government wished to go into the committee of supply it was necessary that "the question be put". Mr. Speaker did not automatically leave the Chair. The Minister of Finance would move that "the

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1. Paul Fox, "Canada - A New Parliament with New Rules," Parliamentary Affairs, Vol., 10, 1956-57, p. 402.

2. Most of this information on the "Supply Rules" is from How Parliament Works, a publication of the Queen's Printer, Ottawa, 1957, by E. Russell Hopkins.

House resolve itself into Committee of Supply." This motion was debatable. In this way an opportunity was made to air grievances. Before 1955, only the estimates of one department could be "entered for consideration" following the motion to go into supply. There were many departments and each of the motions was debatable. The rule of relevancy did not apply. Getting into supply itself was interminably delayed because each of these motions was amendable. Many days were spent debating want of confidence in the Government before the vote was even taken on the motion to go into supply. By 1955, the Canadian House found this procedure somewhat long. In that year:

"it was . . . formally provided that there be no more than six motions to go into supply: that only two days of debate would be permitted on any such motion (including any amendment or sub-amendment thereto): and that the estimates of six departments, to be named by the Government could be "entered for consideration" when the first of the six motions is carried, the estimates of three departments on each of the next four occasions, and the estimates of any remaining departments on the final occasion." 1

The effect of this rule is that there are now twelve days devoted during the session to debate the motion that the House go into supply. These days are really opposition time during which they may raise any grievance they wish. The Standing Orders further provide that the unused portion of any two-day debate may be carried forward and "added in whole or in part to the two-day allowance for debate on the next or any subsequent one of the . . . six motions to go into supply." 2 These new supply rules are a Canadian adaptation of the United Kingdom provision of

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1. Hopkins, op.cit., p. 41.

2. Canada, Standing Orders of the House of Commons, 1955, S.O. 56, 4, b.



twenty-six days (in total) for the consideration of supply. It has been realized at Westminster that the estimates cannot be given any detailed consideration in a committee of the whole House so the attempt is no longer made. The Canadian rule is a half way approach. There is a limitation on the number<sup>1</sup> of days which may be spent debating motions to go into supply, but in the Committee of Supply itself there are no restrictions on debate. Practice has been to allow a general discussion on the affairs of a department on the first item of that department's estimates.<sup>1</sup> The result is that no serious attempt is made to examine the estimates in detail. There has also been criticism of the timing of the two-day debate themselves. The leader of the opposition, Mr. Pearson remarked during the first session of the present parliament:

"Mr. Speaker this is the fifth of the six supply motions we shall have this session, and I must confess that it is unfortunate that five of them will have been exhausted after today or tomorrow; because it looks as if we will now be here for some weeks. I think it was the intention when standing orders were changed dealing with this matter that these supply motions would be spread as evenly as possible over the session. I am not blaming anybody at the moment for this situation but it does mean that after this supply motion has been exhausted we will have one only during the rest of the session. There may be very important developments during that time which would normally be raised by the Opposition on going into supply, when such questions could be raised or grievances could be aired." 2

It is clear that the new supply rules have not resulted in a more diligent consideration of the estimates. Nor do they go far enough

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1. Hopkins, op.cit., p. 42.

2. Canada, House of Commons Debates, 1958, pp. 2207-2208.

towards meeting the demands of the Opposition for more time to debate Government policy. A possible solution to both these difficulties might be to increase the number of two-day supply motion debates from six to ten, or even twelve, and give up any attempt to consider the estimates in detail in the House itself. The estimates could be dealt with in a Select Committee. It would be up to the Opposition to decide when to take these days. To allow the Opposition to spread these days out, or save them up if it wished, it would be necessary "to enter for consideration" the estimates of all the departments on the first supply motion. There is no objection to this and indeed there is one fact which recommends it. As it is now the estimates committee must wait until the estimates of a particular department are "entered for consideration" before they may examine that department's estimates. If a government did not want the estimates of a particular department examined, they could, under the present rules, "enter them for consideration" on the last supply motion, thus making it difficult if not impossible to bring them before the Committee. To make the estimates committee really effective, it would be necessary to empower it to examine such of the estimates entered for consideration as it deems fit. This would have the effect of freeing the committee from proceedings in the committee of supply.

Of the rule changes in 1955, it is only those dealing with supply that have been seriously criticized. The other changes have been accepted as being not only necessary, but overdue. The most significant thing about the new rules is that they impose an over-all limitation of time on each of the traditional debates; on the motion for an Address in Reply, on the six motions to go into Committee of Supply and on the

motion to go into Ways and Means to consider the budget resolutions. Within the over-all time limits there are in all three cases certain fixed times by which the question must be put on the subamendment, the amendment and the main motion itself.<sup>1</sup> With these rules there is the acceptance of the motion of allocation of time. In the procedure of the House of Commons this is a modern idea. It is a break with the "practice of parliament," which practice the Canadian rules for the most part reflect.

Apart from the three debates mentioned above, there are only two ways in which debate may be curtailed in the House of Commons. There is the "closure" and the "previous question".<sup>2</sup> There is nothing subtle or sophisticated about the use of either of these two measures. They are brutal, awkward and singularly unimaginative. The "Pipeline Debate" showed how inappropriate closure was and what a great political liability its use incurred. It is beyond dispute that some form of closure is necessary. What is clearly needed is some form of "Kangaroo" or "guillotine", but it is precisely here that we run into a unique Canadian difficulty, one which the "Pipeline Debate" again underlined. The problem is this:

" . . . the success of these expedients depends essentially on the impartiality of the Chair. The pipeline debate reminds us of how far we are from placing the Speaker in a position of independence and authority which is essential to free debate in the House." <sup>3</sup>

This is the crux of the problem. Any far reaching changes in procedure will wait on some change in the nature of the Canadian Speakership. It is true to say that modernization of our procedure must begin at Mr. Speaker's Chair.

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1. See S.O., 38, 56 and 58.

2. S.O., 33 and 51.

3. Mallory. "The Election And The Constitution," op.cit., p. 480.

Both on account of their denomination and the diversity of the matters referred to them the standing committees of the Canadian House of Commons come very close to defying description. The standing committees consider bills, examine estimates and hear interested parties. Ministers are present sometimes and sometimes not, even when a bill is being considered. The standing committees are a kind of all purpose committee. The committees most certainly are not "committees to legislate." They are to a certain extent both "committees to legislate" and "committees to scrutinize and control." An important procedural point on which Canadian practice differs sharply from that of the United Kingdom is that in the Canadian House the committee stage of the legislative process is always taken in the committee of the whole. If one looks with some care at the proceeding of the standing committees one might conclude the exact opposite, that is, that the committee stage of some bill is taken in standing committee. Bills are referred to the standing committees, considered there clause by clause and are to all appearances reported back to the House. Yet the bills sent to the committees are not reported back to the House in a manner that would satisfy section 2 of Standing Order 78 which says that all amendments must be reported to the House and the motion for its concurrence in them disposed of before a bill is read the third time. This is not done even when amendments are made in the standing committees. But all is not lost because the committee stage is always repeated in the committee of the whole and the amendments then reported to the House in the normal way. Thus the provisions of the Standing Order are satisfied. Should a bill be referred to a standing committee, and it can only be referred for its committee stage because of Standing Order 77 which says:

" Every public bill shall be read twice in the House before committal or amendment,"

such a bill will in effect have been through the committee stage twice. This procedure is somewhat wasteful of the time of the House, but it does give members a close look at some bills and on occasion gives interested parties a chance to be heard.

Some examples of this procedure are worth citing. In the 1958 session at least three bills followed this procedure. On July 9, on the motion of Mr. Brooks, Bills C-33 and C-34 to amend the Returned Soldiers Insurance Act and the Veterans Insurance Act were referred to the Standing Committee on Veterans Affairs.<sup>1</sup> On August 18 after the committee had finished its consideration of the bills they were put through the committee stage in the House.<sup>2</sup> Also in this session, Bill C-37 An Act respecting the Taxation of Estates was referred to the Standing Committee on Banking and Commerce. After the Committee had reported, Mr. Fleming on August 6,<sup>3</sup> moved that the House go into Committee to consider Bill No. C-37. This Bill also illustrates how a committee which considers a bill can report a bill to the House and yet not report it to the House, that is, within the meaning of Standing Order 78. The records of the committee show that on July 24 the bill was reported to the House with certain amendments.<sup>4</sup> On August 6, in committee of the whole on the first clause of the bill, Mr. Benidickson wondered if the minister would outline

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1. Canada, House of Commons Debates, 1958, pp. 2061-2062.

2. Ibid., pp. 3700-3704.

3. Ibid., p. 3166.

4. Canada, House of Commons, Standing Committee on Banking and Commerce, 1958, Minutes of Proceedings and Evidence. pp. 118-119.

to the committee the changes that had been made as a result of the committee's discussion. Mr. Fleming answered:

" Mr. Chairman I should not have thought that this was the point at which to attempt an outline of the various amendments that the Committee on banking and commerce has proposed in the bill. (Then after giving the list of amendments). Those are the amendments that are recommended by the committee on banking and commerce." 1

It is obvious from this exchange that the bill was not reported to the House in the manner contemplated by Standing Order 78 and commented on  
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by Beauchesne.

The Standing Committee on Public Accounts has not been immune from this procedure. In 1947, the Committee considered Bill No. 22 An Act to continue the Revised Regulations respecting Trading with the Enemy (1943), and agreed to report it with amendments.<sup>3</sup> The Committee reported to the House on May 6 and on May 9 the Bill was considered in the Committee of the whole House.<sup>4</sup> In 1951, Bill No. 25 which was An Act to provide for the Financial Administration of the Government of Canada, the Audit of the Public Accounts and the Financial Control of Crown Corporations was referred to the Committee.<sup>5</sup> The bill was reported to the House where it was dealt with in committee of the whole. Mr. Knowles directed a question to Mr. Sinclair: "Would the parliamentary assistant tell us at this point which sections of the bill

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1. Canada, House of Commons Debates, 1958, p. 3167.
  2. Arthur Beauchesne, Rules And Forms of the House of Commons of Canada, 4th ed., Toronto, 1958, p. 287.
  3. Canada, House of Commons, Standing Committee on Public Accounts, 1947, Minutes of Proceedings and Evidence, Third Report, p. 51.
  4. Canada, House of Commons, Journals, Vol. 38, 1947.
  5. Canada, House of Commons, Standing Committee on Public Accounts, 1951, Minutes of Proceedings and Evidence. p.3.

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were amended by the committee?"

The procedure followed on these bills is not to be criticized out of hand. Some of them dealt with matters of great complexity, and referring them to a standing committee gave members the opportunity for closer study than is possible in the House. Some of the measures affected a special interest group, and their reference made representations possible. We know that the purpose of the committee on veteran's affairs is to enable groups like the Canadian Legion "to yearly place before the members of the House of Commons their views . . . for the betterment of conditions with respect to those who served and their dependents."<sup>2</sup> It is worth noting that the Standing Committee on Veteran's Affairs also considers the estimates of that department. The fact that a committee proceeds in this way, or that the Public Accounts Committee should have a share in the legislative process tends to prove Professor Corry's observation that:

" The Committee system in the Canadian House of Commons has responded to both British and American influences but has developed distinctive features of its own." <sup>3</sup>

One of the features of the committee system in Canada, and one may say that it is a regrettable feature, is that unlike the United Kingdom there is absent that distinction which is almost a conceptual one in that House, that is, the difference between a Standing and a Select Committee. The almost ridiculously partisan atmosphere of the House of Commons has prevented this idea from taking hold. Canadian Committees tend to be looked

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1. Canada, House of Commons Debates, 1951, p. 1989.
  2. Mr. Diefenbaker: Canada, House of Commons Debates, 1958, p. 681.
  3. J.A. Corry, Democratic Government and Politics, 2nd ed., Toronto, 1951, p. 205.

at as places where, no matter what is under consideration there is a government and an opposition side. The government always has a majority<sup>1</sup> because on any vote it must be upheld. This comes rather close to saying that the government because it is the government can do no wrong. It is saying in effect that, we are always right and that if you want to examine the estimates or accounts in a Select Committee then you must be seeking party advantage, otherwise you would be content to examine these things in a Standing Committee and not bother us with such notions as non-party aspects of parliamentary control.

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1. W.G. Weir, "Minding Parliament's Business - The Party Whip," Queen's Quarterly, Vol., 63, 1956-57, pp. 504-505.



## CHAPTER 11

### CANADIAN FINANCIAL PRACTICE

#### and

### PARLIAMENTARY CONTROL

Sir Ivor Jennings has written that, "the history of financial control in Great Britain is long and tortuous".<sup>1</sup> It would be an overstatement to say that the same applied to Canada, yet, though the memorable battles were not fought here, and though our history is not so long the story of financial control is one of some length and if the ways are not winding they are not quite straight and the end is not yet. Beginning with the assembly of the province of Canada, the story of financial control in this country is one of the ups and downs and ups of committees entwined with three great legislative acts. Both before and after Confederation Committees of the House of Commons were active and now they are active again, and some new ones of importance have been added. The legislative milestones are the Consolidated Revenue and Audit Acts of 1878 and 1931 and the Financial Administration Act of 1951.

The Public Accounts Committee in the assembly of the United Canadas was made a Standing Committee in the session of 1852-53. It had existed as a special committee as early as 1841 and its work was continued by five similar committees between 1844 and 1851. From 1852 till Confederation there were only two years when the committee did not make valuable

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1. Jennings, Parliament, p. 324.

reports.<sup>1</sup> William Lyon Mackenzie was a chairman of the Committee for a number of sessions and it was common for the Committee to be chaired by leading members of the Opposition.<sup>2</sup> John Langton managed to use the Committee as a forum to promote reforms in the administration. His status as parliamentary auditor was somewhat compromised by the fact that he was at the same time an administrative officer. Perhaps his weakness was the Committee's strength. Langton, when he became auditor in 1855 wrote to his brother that, "I have declared open war against the system . . ."<sup>3</sup> The public accounts were much on his mind, they were he wrote his brother "a subject about which for want of any more agreeable one I think of all day and dream of most of the night."<sup>4</sup> He wrote of one of his investigations:

" I expected to find a mess but the reality exceeded my expectations, especially as I have only yet got into the threshold of the dirtiest stall in the Augean stable - the Board of Works." <sup>5</sup>

In the Board of Works accounts he found "the most scrupulous detail in small things and the most suspicious vagueness in the larger items."<sup>6</sup>

Langton was a determined reformer and though the Board of Works declared

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1. J.E. Hodgetts, Pioneer Public Service, Toronto, 1955, p. 117.
  2. Ibid.
  3. Herbert Balls, "John Langton and the Canadian Audit Office," The Canadian Historical Review, Vol. 21, 1940, p. 160.
  4. Early Days in Upper Canada, Letters of John Langton from the Backwoods of Upper Canada and the Audit Office of the Province of Canada, ed. W.A. Langton, Toronto, 1926, p. 242.
  5. Letters of John Langton, p. 242.
  6. Ibid., p. 222.

reform impossible, "Nevertheless," he wrote, "I will Conquer."<sup>1</sup> The war that would lead to victory was to be carried out through the Public Accounts Committee. Langton confided in the chairman of the committee and,

"between them a plan for reform through the investigations of the committee was prepared, whereby Langton's evidence of the conduct of departmental business could be given prompted by the questions of members who knew beforehand what questions to ask."<sup>2</sup>

After 1867 in the midst of " . . . the comic-opera setting in which the early House of Commons had its being,"<sup>3</sup> there was a Public Accounts Committee which was a Standing Committee and a "direct descendant of a similar body in the old assembly of the province of Canada . . . "<sup>4</sup> The Public Accounts Committee was quite active in the early post-confederation days and on one occasion it "played a leading role in unearthing an unbelievably complicated tale of graft and corruption."<sup>5</sup> If the committee unearthed complicated tales of corruption which ranged from the deplorable to the astonishing it was because,

"from the beginning, consideration of efficiency and economy in government were subordinated to the political needs of the new federation."<sup>6</sup>

In the years from 1867 to 1878 the committee, composed as it was of leading members from both sides of the commons, showed great vitality. This is the

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1. Balls, "John Langton and the Canadian Audit Office," p. 160.
  2. Ibid.
  3. Norman Ward, "The Formative Years of The House of Commons, 1867-91," Canadian Journal of Economics and Political Science. Vol. 18, 1952, p. 448.
  4. Norman Ward, "Confederation and Responsible Government," Canadian Journal of Economics and Political Science, Vol. 24, 1958, p. 49.
  5. Ward, "The Formative Years of The House of Commons," p. 450.
  6. Ibid., p. 449.

more impressive if we realize the difficulties which the committee encountered at a time when the building of railways occupied the attention of both Cabinet and Parliament. As Sandford Fleming put it, before the committee in 1875:

"The discovery of a practicable line of railway for nearly 3,000 miles, through a country almost entirely unknown, and much of it without the means of access, was felt to be a problem of no ordinary magnitude. Compared with this engineering problem, the matter of accounts and the various details relating to vouchers seemed of minor importance." <sup>1</sup>

In 1877, the committee in two successive reports censured the Leader of the Opposition, the Deputy Minister of Finance in his capacity as Auditor and Mr. Speaker. <sup>2</sup> Macdonald and Langton incurred the committee's wrath over the withdrawal of \$6,600 from the secret service fund. <sup>3</sup> Mr. Speaker Anglin, the committee discovered, had been receiving money from the government for printing and stationery while a Member of the House. <sup>4</sup>

John Langton's main goal as auditor was that of winning the power of free reporting and thus free himself from the "ministerial yoke." However, up until 1878, the auditor was also Deputy Minister of Finance. As auditor his responsibilities were the regulation of the issue and the direction of the audit. As Deputy Minister of Finance Langton was secretary to the Treasury Board and his duties in this regard took a great deal of his time. As an administrative officer of high rank Langton not

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1. This and most other information on the Committee during its early days is from "The Select Standing Committee on Public Accounts, 1867-78," Canadian Journal of Economics and Political Science, Vol., 25, 1959, by Norman Ward, p. 155.

2. Ibid., p. 164.

3. Ibid., p. 161.

4. Ibid., p. 164.

only did not reach his goal of independent reporting, but his duties were so onerous that the audit itself became less intense. " . . . tempted by the offer of administrative power. Langton . . . bartered<sup>1</sup> his half-won independence for the gilded yoke of executive bondage."

"Gradually the fallacy of the system in which administrative and critical functions were combined in the person of one man was recognized and the government prepared to correct the situation."<sup>2</sup>

The result was the Consolidated Revenue and Audit Act of 1878 which separated the offices of Auditor and Deputy Minister of Finance. The Act established the audit office as an agent of the Legislature. " . . . in all its essentials the new measure was a replica of the English Exchequer and Audit Department Act of 1866."<sup>3</sup>

The essential feature of the Act of 1878 was that regulation of the issue was placed under the control of the legislature. For the fifty-three years during which the Act was in force this power ". . . served as a more or less effective restraint on executive disobedience to parliamentary directions."<sup>4</sup> It was through the Auditor General that the House of Commons exercised this control. During these years accounting was under the direction of the departments, but as the country grew larger and the demand for governmental services increased the departments themselves expanded with the result that disbursing and accounting organizations

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1. Balls, "John Langton and the Canadian Audit Office," p.176.
  2. Ibid., pp. 174-175.
  3. Ibid.
  4. Herbert Balls. "The Legislative Audit," Public Administration Vol.,25, 1947, p. 156.

became decentralized and independent. This caused delays in accounting and reporting. Even when reports were made, the departments would have followed different accounting procedures. There was a general lack of uniformity in the system which made effective control almost impossible.

"Although the Act of 1878 directed the Auditor General to see that no cheque was issued for the payment of any public money for which there was no parliamentary appropriation, it was impossible to apply this instruction to cheques issued under departmental letters of credit which only came to his notice when application to repay the banks for the previous months issue were presented to him. Consequently appropriations were frequently overdrawn, and the Auditor General was unable to prevent overdrafts. It was to remedy these defects and to provide for central executive control of the disbursing process that the Consolidated Revenue and Audit Act was passed in 1931."<sup>1</sup>

The Consolidated Revenue and Audit Act of 1931 made fundamental changes in the system of expenditure control. Unlike the earlier Act which "bore a flattering resemblance to British procedure," it made a sharp break with the past and introduced procedures which are still at variance with British practice. The Act relieved the Auditor General of his duty of controlling the issue, abolished the letter of credit system and created the new executive office of Comptroller of the Treasury. It was around the Comptroller of the Treasury that the new system was built. He was given the responsibility of sanctioning issue and disbursing moneys from the Consolidated Revenue Fund. The departmental accounting staffs were put under his direction and control, and a new method of paying out government money was adopted.

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1. Ibid.
  2. Herbert Balls. "The Development of Government Expenditure Control: The Issue and Audit Phases," Canadian Journal of Economics and Political Science, Vol.,10, 1944.

It is to be wondered whether the far reaching changes in control involved in the transference of authority over the issue from a legislative to an executive officer are yet realized. The Act increased the power of the executive and looked at from that direction "was but the endorsement of full executive responsibility."<sup>1</sup> It was true that legislative issue control had proved unworkable and that the problems created by the lack of uniformity in the control of issue and disbursement could only have been solved by centralizing accounting under the executive. It is also true that whatever the shortcomings of the earlier system, the managerial duties of the executive now demanded a system which was under their control. The executive were responsible for the creation of policy and in that task the data derived from the accounts was of increasing importance. The new system gave the executive all the answers and in this way made their responsibility complete. Looked at from the viewpoint of parliamentary control the Auditor General was relieved of a traditional duty and deprived of " . . . a salutary and early sanction to enforce reforms and to prevent irregularities."<sup>2</sup> In the transfer of issue control from the Audit Office the House of Commons lost a certain control " . . . which preceding generations of legislators had devised for disciplining an over-exuberant executive . . . ."<sup>3</sup> However, this gain in executive power need not have signalled a loss for the House if it had determined to use its machinery to investigate and question an executive which now had all the answers.

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1. Ibid., p. 474.

2. Ibid.

3. Ibid.

In 1951 there was enacted the Financial Administration Act which was an Act to provide for the Financial Administration of the Government of Canada, the Audit of the Public Accounts and the Financial Control of Crown Corporations.<sup>1</sup> Unlike its predecessor the Act of 1951 did not make any fundamental changes in the system. The Act is really a kind of consolidation. One of the purposes of the Act was to tidy up the position of the Crown Corporations which up till that time had been governed by several different Acts. Part VIII of the Act was intended to establish a uniform system of financial and budgetary control,<sup>2</sup> accounting, auditing and reporting for Crown Corporations. This Act is the fundamental statute governing the financial administration of the Government of Canada. The general purpose of the Act was well stated in the House by Mr. Macdonell:

" In large measure it puts into statutory form practices which have grown up that have been found to be convenient and which have had to derive their sanction from various other authorities as well. They are now brought together and put into this bill . . . ." <sup>3</sup>

Though we may have occasion to deal later with some of the sections of the Act as we look at some of the Reports of the Auditor General to the House of Commons; it would be well to review the position, powers and duties of the Treasury Board, the Comptroller of the Treasury and the Auditor General as outlined in the Act.

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1. Rev. Stat. Can. (1952) Ch. 116.

2. "Crown Corporations" Canada Year Book 1956, Ottawa, p. 113.

3. Canada, House of Commons Debates, 1951, p. 1989.



"The Treasury Board shall act as a Committee of the Queen's Privy Council for Canada on all matters relating to finance, revenues, estimates, expenditures and financial commitments, accounts, establishments, the terms and conditions of employment of persons in the public service, and general administrative policy in the public service . . . ." 1

For our purposes it is worth noting that the Act gives the Board the power to demand from any public officer any account, return, statement, document or report which it considers necessary for the performance of its duties.<sup>2</sup>

There are a number of duties of the Comptroller of the Treasury of which we must take notice. "The Comptroller is responsible for the appropriation accounts, and it is these that are under audit."<sup>3</sup> No charge shall be made against an appropriation except on the requisition of the appropriate minister. These requisitions are presented to the Comptroller of the Treasury who will make the required payment unless in his opinion the payment

- (a) would not be a lawful charge against the appropriation,
- (b) would result in an expenditure in excess of the appropriation, or
- (c) would reduce the balance available in the appropriation so that it would not be sufficient to meet the commitments charged against it.<sup>4</sup>

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1. Rev. Stat. Can. (1952) Ch. 116, sec. 5 (1).

2. Ibid., sec. 6.

3. Watson Sellar, Audit Office Guide, Ottawa, 1958, p. 73.

4. Rev. Stat. Can. (1952) Ch. 116. sec. 31.

Further:

" No contract providing for the issue of public funds may be entered into or have any force or effect unless the Comptroller certifies that there is a sufficient unencumbered balance available in an appropriation or in an item included in the estimates before the House of Commons to discharge any commitments under the contract that would be payable during the fiscal year in which the contract was entered into." 1

The Comptroller and the Treasury Board share a duty:

" At the commencement of each fiscal year each department submits to the Treasury Board through the Comptroller a division or allotment of each item included in its estimates. When these allotments have been approved by the Board they cannot be varied or amended without the approval of the Board and expenditures charged to appropriations are limited to such allotments." 2

Accounting officers are stationed in all the departments and are located in various cities throughout Canada. These officers are under the control and direction of the Comptroller and are responsible for the appropriation accounts which are the ones under audit. This audit is conducted by the Auditor General and his staff who are likewise situated in the departments and in various centres across the country.

" The Auditor General shall examine in such manner as he may deem necessary the accounts relating to the Consolidated Revenue Fund and to public property and shall ascertain whether in his opinion

(a) the accounts have been faithfully and properly kept,

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1. Herbert Ball's summary of section 30 of the Act in "Financial Administration of the Government of Canada", Canada Year Book 1956, p. 105.
  2. Ibid., summary of sec. 29.

- (b) all public money has been fully accounted for, and the rules and procedures applied are sufficient to secure an effective check on the assessment, collection and proper allocation of the revenue,
- (c) money has been expended for the purposes for which it was authorized by Parliament, and the expenditures have been made as authorized, and
- (d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public property." 1

The Auditor General is bound to report annually to the House of Commons the results of his examinations and call attention to every case in which he has observed that

- (a) "any officer or employee has wilfully or negligently omitted to collect or receive any money belonging to Canada,
- (b) any public money was not duly accounted for and paid into, the Consolidated Revenue Fund,
- (c) any appropriation was exceeded or was applied to a purpose or in a manner not authorized by Parliament,
- (d) an expenditure was not authorized or was not properly vouched or certified,
- (e) there has been a deficiency or loss through fraud, default or mistake of any person, or
- (f) a special warrant authorized the payment of any money, and to any other case that the Auditor General considers should be brought to the notice of the House of Commons." 2

Under the Financial administration Act the Auditor General regards his authority both with respect to the audit of revenue and expenditure accounts as all embracing. The Act made no change with

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1. Rev. Stat. Can. (1952) Ch. 116, sec. 67.

2. Rev. Stat. Can. (1952) Ch. 116. sec. 70 (1).

respect to expenditure accounts because as he remarked, the directions<sup>1</sup> in this respect have always been all embracing. Under previous legislation the directions with respect to the audit of revenue were not all embracing. The Auditor General's prime duty in this regard<sup>2</sup> had been to examine recordings of money actually received. It is clear from the directions in sections 67 and 70 of the Act that the Auditor General may now, not only examine records of moneys actually received, but may examine records to ascertain whether moneys are due and ought be received.

The Auditor General combines the role of commercial and legislative auditor. As commercial auditor he examines the books of account, vouchers and records to make sure that the entries are correct and free from technical errors and errors of principle and judgment. As legislative auditor he must examine the accounts and report to the legislature any unauthorized or illegal transaction. By convention he regards it as his duty to report the results of any administrative action which causes loss or waste. The audit carried out by the Auditor General is one both of accountancy and authority. In the case of expenditures he carries out what is called an appropriation audit. This means that he must ascertain on behalf of the House of Commons that the money they have voted was used for the purpose for which it was granted and that the grant was not exceeded. The purpose of the audit of authority is to establish

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1. Canada, The Report of the Auditor General to the House of Commons for the Fiscal Year ended March 31, 1954, p. 6.

2. Ibid.

that those handling public funds have authority for each transaction be it found in a statute, order in council, executive order or departmental regulation. Herbert Balls has summed up these dual roles of the Auditor General in the following way:

" In conducting his examination of the accounts, the parliamentary auditor must therefore take cognizance of the statutory instructions governing the financial transactions and regulating the audit, the executive and departmental directions and rules prescribed for the receipt and disbursement of public moneys, and the conventions underlying the audit of business transactions which have been formulated by commercial auditors." 1

There are certain matters relating to the audit about which the Auditor General has no choice; he must examine designated accounts, report certain transactions to the House of Commons, and do this under a deadline.

As to the manner in which he conducts his examinations, Parliament is<sup>2</sup> silent. It "has not attempted to draft a detailed audit programme."

The Auditor General is given great discretion as to how the audit will be conducted. It is left to his judgment to develop those audit practices which will best serve the needs of Parliament. The Auditor General proceeds by way of a test audit. He does not attempt to review every transaction, and indeed, he could not possibly do so. What he does is examine the systems under which payments are made and accounts kept to see that they provide safeguards on which he can rely. If he is satisfied that the system of control in operation is sound, he will apply certain tests. It

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1. "The Legislative Audit," p. 158.

2. Ibid., p. 159.

will be seen that in developing audit techniques the Auditor General's discretion is very real. On his decisions depends the value of the legislative audit.<sup>1</sup>

Inasmuch as this paper deals with a period of time during which Watson Sellar was Auditor General it would be well to note his underlying attitude toward the audit and his reports. He has written:

" The repute of the Audit Office is not dependent on lengthy and critical reports to the House of Commons. It is in the public interest that wherever possible immediate corrective action be taken with respect to any irregular financial transaction in order to avoid the necessity of reporting it; therefore, when one is observed, departmental or Treasury action should be drawn to it forthwith." 2

The general effect of the Consolidated Revenue and Audit Act of 1931 and the Financial Administration Act of 1951 has been to improve accounting and auditing procedures. The executive branch has developed methods that enable it to render its accounting and perform its administrative and managerial duties more effectively. But, what of the House of Commons? The executive can become about as efficient as it wishes. However the business of government no matter how well carried on is still the business of the people. The people's representatives in the House of Commons assembled must have the right to find out how well the nation's money is spent. It is not good enough to be told that, all is well. They must see for themselves. There is one difficulty in all this. The executive through parliament can come to control its own business well, but parliament, unless the executive is willing, will not be able to improve

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1. Ibid.

2. Audit Office Guide, p. 3.

its control over that branch of Government. It is in the committees of the House of Commons that control ought be exercised. The House, however, cannot without the support of the Government controlled majority, bring committees into being or make existing ones more effective. The present Government seems willing to make the committees more effective instruments of control. An encouraging result of this good will has been the firm establishment of an estimates committee and the revival of the public accounts committee.

What is now the Standing Committee on Estimates began life as the Special Committee on Estimates in the year 1955, and be it noted, under the Liberal Government. The early history of this committee has been well told<sup>1</sup> and it is not necessary to repeat it in any detail. The committee was the first general committee on estimates to be set up in the Canadian House, but it was not the first committee to have estimates referred to it. The Standing Committee on External Affairs had had the estimates of that department before it. For a committee that was to perform a Select Committee function, the Special Committee had very limited powers. It could not call witnesses nor could it call for papers. In 1947 the Standing Committee on Public Accounts was ". . . of the opinion that the Government should explore<sup>2</sup> the desirability of establishing a Standing Committee on Estimates." In 1950 the committee recanted and in a pious declaration told of the dire consequences to ministerial responsibility that would be the result ". . . of

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1. See Norman Ward, "A Canadian Committee on Estimates," Parliamentary Affairs, Vol. 10, 1956-57, p. 4.
  2. Canada, House of Commons, Standing Committee on Public Accounts, 1947, Minutes of Proceedings and Evidence, Sixth Report, p. 551.

generalizing the practice of going down to the civil service for information."<sup>1</sup>  
 The Committee was quite definite that it had a right to get information from Cabinet Members and that to do otherwise was only to increase the too large influence and power of bureaucracy.

Speaking to the motion to set up the Special Committee, Walter Harris made two things clear; one was that the government was not prepared to have things in that committee differ from proceedings in committee of supply, where the minister of a department is responsible for the conduct of the affairs of his department, the other was that the whole thing was quite an innovation so it was imperative "to begin cautiously."<sup>2</sup> One of the odd things about the committee's first year was that to settle the status of ministers before the committee, that is, whether they were there as ex officio members or as witnesses, an enterprising minister had his own name substituted for that of another member of the committee and thus became a member himself. This was the interchange of anomalies. It meant as Professor Ward has pointed out that

" . . . the minister whose Estimates were being scrutinized became a member of the scrutinizing committee, . . . " <sup>3</sup>

The effect of his presence was that any challenge of his Estimates from any quarter was made to appear as want of confidence in the government.<sup>4</sup> In 1958, the Special Committee on Estimates was turned into a Standing Committee

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1. Standing Committee on Public Accounts, 1950, Minutes of Proceedings and Evidence, Second Report, p. 529.
  2. Canada, House of Commons Debates, 1955, p. 938.
  3. "A Canadian Committee on Estimates," pp. 9-10.
  4. Ibid.



and given power to send for persons and papers. The motion setting up the committee in its present form was moved by Prime Minister Diefenbaker<sup>1</sup> on May 30. Under the Conservatives the committee has shown itself quite free of its cautious beginnings, but it is interesting to note that it has not lost its committee of supply imprimatur. Ministers appear before the committee with their officials and are there as witnesses, but before being questioned, the ministers have made long statements much as they would in the committee of supply. The committee's reports in 1958 and 1959 have been of value, not only because of the fields covered, but on account of their responsibly critical attitude. The firm establishment of a committee on estimates shows at least that the cause of parliamentary control over the executive is not dead. It also shows as was pointed out earlier, that it is quite dependent on the executive for its life.

The establishment of an estimates committee, though of importance, is less important than the fact that the Committee on Public Accounts has been revived and, to an extent, revitalized. Put simply, the Public Accounts Committee is more important because it works on a basis of ascertained fact. The accounts are something definite. There is no probability about them. It is only in this committee that parliament may check to see if its directions have been carried out. If the committee does not meet the House has very little control over expenditures and it never really knows whether its orders are being followed. The reason for this is that once the House has appropriated moneys for the public service it has no further supervision over them. It must await the Auditor General's report. It is this report

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1. Canada, House of Commons Debates, 1958, p. 679.

that the committee ought examine and review critically, but until very recently, this has not been done with any consistency.

The most obvious thing about the Standing Committee on Public Accounts in the last thirty years is that it has not met very often. We know that the committee was quite active during most years until the 1920's.<sup>1</sup> Speaking in the House of Commons in 1951, a former chairman<sup>2</sup> of the committee recounted its history from 1929 up to that year. It is clear that in that twenty-two year period the committee sat only eight times and even one of these sittings is doubtful, being described by Mr. Picard himself as informal. This is the meeting of 1945, but there is no official record of it. If we count it in the total, the committee met in 1929, 1939, 1943, 1944, 1945, 1947, 1949 and 1950. Since the time Mr. Picard spoke up to 1959, the committee met six times, in 1951 (twice), 1952, 1956, 1958 and 1959. So in thirty years the committee held no meetings during sixteen years. During the period covered by this paper the committee did not meet in six separate years. If we look at this shorter period by sessions, though we must remember that there were two emergency sessions during this time, we find that the committee met during nine of nineteen sessions. If the story of financial control in Canada is one of the ups and downs of the committees this thirty year period is certainly on the down side. The story continues, however, because now we are in a period when committee activity is definitely up. The

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1. Norman Ward, "The Select Standing Committee on Public Accounts, 1867-78", p. 153.

2. Canada, House of Commons Debates, 1951, pp.385-392.

Standing Committee on Public Accounts has had its form altered and it is that which makes this paper topical. The establishment of the estimates committee and the revival of the public accounts committee perhaps signal a return to the vigorous committee action of early post-confederation days.

CHAPTER 111  
COMMITTEES TO SCRUTINIZE  
and  
CONTROL

This chapter is going to deal with the Select Committee of Public Accounts in the United Kingdom Parliament and it is going to do this in two ways. First we shall look at this Committee as one of a certain kind or type of committee and secondly we shall look at the committee itself. The Public Accounts Committee is one of a certain type of committee and this accounts for some of its effectiveness. The Committee has also its own particular effectiveness and we shall see how in the second part of this chapter.

Of the committees to scrutinize and control there are at the moment three of great importance; the Select Committee of Public Accounts, the Select Committee on Estimates and the Select Committee on Statutory Instruments. What these committees have in common is that they are Select Committees. These three are not the only Select Committees that meet. There are others and what we say of these will apply to the others, but these three have a certain permanence. Indeed, the Public Accounts Committee is provided for in the Standing Orders. Select Committees differ from the Standing Committees which we described in chapter one. However, the Select Committees like the Standing

Committees, being Committees of the House, are composed of party men. But in the Select Committees party differences are discouraged. These Committees do not debate. They do not consider policy. What they do is examine the results of policy, weigh facts and comport themselves in a judicial manner. These committees strive to be impartial and they succeed. They are aided in this by the fact that their meetings are held in camera. The size of these committees varies, but generally they are much less than the fifty members that go to make up a Standing Committee. So; these Committees are small, they exclude policy from their discussions and they meet in camera. The effect of all this says Eric Taylor " . . . is disastrous to party solidarity, impartiality<sup>1</sup> 'keeps breaking through'".

There is, not unexpectedly, disagreement among the authorities as to the effectiveness of these committees. Taylor has this to say:

" In this country the legislative assembly makes laws and criticizes policy in full session; its committees are only auxiliaries, the mere accessories of the legislative and critical machine." 2

What he says is partly true, but as far as the Select Committees are concerned they are considerably more than mere accessories of the critical machine. What the Standing Committees do can be done and is often done in "full session", that is in the Committee of the Whole House. The same, however, is not true of the Select Committees and the reason is that:

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1. Eric Taylor, The House of Commons at Work, p. 181.
  2. Ibid., p. 166.

" The Minister and his parliamentary assistants never appear before the committees. The departments are represented by officials. These committees, in their scrutiny come directly into contact with officials. Whereas in the House of Commons or in a Standing Committee officials can speak only through a Minister, before these Select Committees they speak for themselves and defend the actions of their departments. The layman is confronted by the official." 1

"The layman is confronted by the official." It is precisely because this is the unique opportunity of the Select Committees that they are not mere accessories. The member cannot confront the official in the House. He confronts the Minister and Ministers do not have to answer questions, Unlike the procedure in the Standing Committees the opportunities of the Select Committees are not repeated in the Committees of the whole House. If officials are not interrogated in the Select Committees they are not interrogated at all.

It must be agreed that the Select Committees give members an opportunity to scrutinize administration that does not exist in the House itself. These Select Committees are assisted in their work by experts or near experts. The Public Accounts Committee is assisted by the Comptroller and Auditor General, the Estimates Committee by the Clerk of Financial Committees and his staff and the Committee on Statutory Instruments by the Counsel to Mr. Speaker.<sup>2</sup> The question is sometimes raised that, even though the official is confronted by the layman and though the layman has some expert help he remains a layman. The layman is face to face with an

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1. K.C. Wheare, Government By Committee, pp. 214-215.

2. Ibid., p. 229.

expert. This is a serious objection. The member is not an expert. He may be an expert at something, but generally speaking he will not be an expert in the matter at hand. This is the common situation in the Select Committees. Does it weaken them? How can they be effective in face of this? The short answer is that far from weakening the effect of the Committees the fact that their members are laymen is a source of strength. They bring to the Committees what Wheare calls "the sceptical scrutiny of the lay mind."<sup>1</sup> The lay mind

" . . . is to check the excess of bureaucratic and expert nonsense by the application of his own common sense . . . . He must provide some of that questioning temper of the outsider, some of that impatience of rigid procedure and accepted methods which is expected of the lay director in private business." <sup>2</sup>

The Select Committees enable something to be done which, if they did not exist could not be done by officials like the Comptroller and Auditor General. Sir Malcolm Ramsay, then Comptroller and Auditor General, made it clear to the Select Committee on Procedure in 1931 that without the Public Accounts Committee he would be quite ineffective. They were, he said, the sanction on which all his work depended.<sup>3</sup> What he said of the Public Accounts Committee applies to the other Select Committees as well. Without the Committees the work of an official like the Comptroller and Auditor General would become a discussion between officials at the official level and as an official secret. The public would be totally

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1. Ibid., p. 249.

2. Ibid., pp. 23-24.

3. Ibid., p. 235.

ignorant of administration if it were not for the Committees. As it is:

" The whole process of calling heads of departments to explain their accounts, and of publishing their evidence and the awkward cross-examination to which they are sometimes submitted, can only occur because a committee of the House of Commons is conducting the inquiry. The whole nature of the scrutiny is altered in this way too. It is one thing for the officials of a department to have to face an inquiry from another official, for officials to answer an official's questions. It is quite another to have to answer the questions of critical and uninstructed laymen. In a system of government where the official is intended to be the servant and not the master, this is an essential exercise." 1

One despairs in Canada of there ever being set up on anything like an acknowledged basis, Select Committees. Select Committees like much of British procedure are a rather sophisticated way of doing things. These Committees feel themselves a team. They have a strong corporate sense. In them, the member of parliament as party man gives way to the member as layman. That this should be so is the result of a more mature political sense. This mature political sense is the result of many centuries of political conflict. The heritage of some of these conflicts perpetuates the mature approach. It is recognized in the United Kingdom House of Commons, that financial matters may be dealt with at two broadly distinct levels. There is first, the level of policy. At this level the House as a whole may engage in grand debate. But once it has been decided to increase expenditures by the extension of welfare services or the development of new weapons the House is concerned to ensure that the policy, though it is the government's in origin it has endorsed and made its own,

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1. Ibid.



shall be carried out accurately and efficiently. At this level policy has been settled and 'politics' ought to play a minor part. Of this second, or non-political level of interest Basil Chubb writes:

" No party has a greater interest than another at this stage and it is the House as a corporate body which is here concerned. Hence, the institutions and procedures for deciding policies and engaging in 'politics' are no longer appropriate. Other institutions and procedures are necessary and exist. Consideration and debate in the full House are replaced by the inquiries and deliberations of Select Committees." <sup>1</sup>

There is firmly established in the United Kingdom, the idea of parliamentary control over the executive. There is the idea of control which has nothing to do with party. The idea exists because control in its most vigorous sense antedates party. This idea exists in Canada, but it is not held with any great conviction. It is more likely to arouse suspicion than confidence. The Select Committees are bodies which the House of Commons has devised to assure itself that its orders are carried out by the administration precisely and economically. <sup>2</sup> It is true that the co-operation of the executive is essential to the development of better parliamentary controls, but in the United Kingdom that co-operation is more likely to be forthcoming. Not even the front benches are immune from the feeling that the House is a corporate body. We shall see later, that it was the early co-operation of the executive which so firmly established the Public Accounts Committee. We may see from what has been

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1. Basil Chubb, from the Introduction, The Control of Public Expenditure, London, 1952, p. 1.

2. Ibid.

written by a former Comptroller and Auditor General how the Select Committees as the primary control agencies are joined to the past. After stating that, the Government with its majority will spend about as much as it wants to spend, he continues:

" Parliamentary control is not therefore concerned with the total volume of expenditure but with the narrower issues on which members of all parties can reasonably be expected to see eye to eye. For instance, there can be few if any, members of Parliament who do not agree that the executive ought to explain fully to Parliament the reasons why they need grants for this, that and the other object; that the Executive should never spend taxpayers money without getting the prior sanction of the House of Commons; that the grants given should be prudently and economically administered and that the House should in due course be given a detailed account of how the grants have been spent and the reasons for any excess of expenditure over grant. These are the kind of things which in a modern state constitute Parliamentary control over expenditure - and they do not differ in essence from the objects which Parliament sought to achieve in the centuries of conflict with the Crown . . . ." <sup>1</sup>

The Select Committees are the heirs and direct descendants of the seventeenth century House of Commons.

The Select Committee of Public Accounts has established for itself a rather formidable reputation, but it must not be supposed that it was always in existence. We know that the House of Commons made no attempt to establish control over expenditure until the Dutch War of 1665-67.<sup>2</sup> England, as has happened since, was not prepared for war. The Navy needed men, munitions, ships, sails and money. Samuel Pepys

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1. Sir Frank Tribe, "Parliamentary Control of Public Expenditure", Public Administration, Vol., 32, Winter, 1954, p. 371.
  2. Rt. Hon. Osbert Peake, "Parliamentary Control of Government Expenditure," Public Administration, Vol., 26, 1948, p. 77.

as Secretary of the Navy Board did his best to procure the necessary money when in company with a number of others, he "cooked" the Navy Estimates for Parliament. In Pepy's words, "Studying all we could to make the last year's swell as high as we could."<sup>1</sup> At the end of the war Parliament was much concerned over a number of naval contracts. Commissioners of Account were appointed. Pepys appeared before them and the report of the Commissioners was read in the House on February 28, 1668.

" On 5th March, Mr. Pepys fortified by half a pint of mulled sack and a dram of brandy, was summoned to the Bar of the House where he defended the Navy Board in a speech which was voted a masterpiece, and which lasted for three hours and a half. Thereafter Parliamentary interest in Appropriation lapsed for over a century." <sup>2</sup>

In 1785, an Act of Parliament created "Commissioners for Auditing the Public Accounts." These Commissioners were subordinate to the Treasury until 1834 when they were made directly responsible to the legislature.<sup>3</sup> It was only in 1832 that Parliament required any Department to submit accounts showing how the money voted to it had been spent. This procedure was first applied to the Navy. In 1846 it was extended to the Army and between 1851 and 1861 it was extended to votes for Civil and Revenue Departments.<sup>4</sup> In 1861 the Public Accounts Committee was established. Gladstone was immediately responsible for bringing it into existence, but " . . . it . . . owed its birth to the Public Monies

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1. Ibid.

2. Ibid.

3. Sir Frank Tribe, op.cit., p. 365.

4. Rt. Hon. Osbert Peake, op.cit., p. 78.

Committee . . .<sup>1</sup> Finally in 1866 the Exchequer and Audit Departments Act was passed. This Act required detailed accounts of all departments in receipt of money voted by Parliament. It also established the office of Comptroller and Auditor General.

"By nature," Chubb writes, "the Mid-Victorians disliked government spending."<sup>2</sup> Governments, it was felt, were likely to be demanding too much. Departments were to be watched distrustfully. There was a critical, even suspicious, approach to spending. This "led to a constant demand for expenditure committees and for stronger financial machinery . . . both intended to ensure that the government should spend as little as possible."<sup>3</sup> What this hatred of spending meant was that when the Select Committee on Public Monies recommended that a Select Committee on Public Accounts be set up "support for the idea of an Accounts Committee was widespread."<sup>4</sup> But as widespread as this support was, the Accounts Committee would not have survived had it not been for the support of Gladstone, the co-operation of the Treasury and a determination of its own to establish itself as a respected and useful body. Chubb notes two main reasons for the success of the Committee. First, it developed sound practices and procedures. For example, it adopted the practice of seeking its information from the highest officers of the departments and thus built up the position of the 'Accounting Officer'. It also began noting what action had been taken on its earlier reports and

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1. Basil Chubb, op.cit., p. 33.

2. Ibid.

3. Ibid.

4. Ibid., p. 35.

the Treasury soon began to write minutes on each. The second reason for its success was that it avoided questions of policy and conducted its business in a judicial manner. "It worked in the manner of a court on the facts as related in the accounts and on the law as laid down<sup>1</sup> by Parliament and the Treasury."

The fundamental financial Act in the United Kingdom is the Exchequer and Audit Departments Act of 1866, or as it has been called '1866 And All That'. This Act in its essentials was the one followed in Canada down to 1931 because the Audit Act of 1878 was based upon it. In Canada the Act of 1931 made fundamental alterations in our financial structure. These changes were two in number, accounting was centralized and the legislature through the Auditor General lost control of the issue. In the United Kingdom the Auditor General whose full title is 'Comptroller General of the Receipt and Issue of Her Majesty's Exchequer and Auditor General of Public Accounts,'<sup>2</sup> controls issue out of the Exchequer. It is not his principal function, but in this way the constitutional principle of legislative control of issue is safeguarded. Under this Act of 1866 accounting is dispersed as it was in Canada before 1931. There is no centralized accounting. The Act required that all Departments in receipt of money voted by Parliament should render detailed accounts, called<sup>3</sup> Appropriation Accounts, annually to Parliament. The Act provided that the accounts be signed by the departments. The term 'department' when used in connection with the duty of preparing appropriation accounts was

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1. Ibid., p. 40.

2. Sir Frank Tribe, op.cit., p. 366.

3. Ibid.

to "be construed as including any public officer or officers to whom<sup>1</sup> that duty may be assigned by the Treasury." The Auditor General and the Public Accounts Committee found the placing of responsibility difficult. Yet it was necessary to fix this responsibility. The Public Accounts Committee raised this problem in 1872 at the request of the Auditor General. The matter was settled by a Treasury minute. The Treasury "would nominate, wherever practicable, the permanent heads of departments as Accounting Officers who sign, and make themselves responsible for, the accounts of their departments"<sup>2</sup> Chubb refers to the Accounting Officers as the "children" of the Committee.<sup>3</sup> It is to the Committee that they owe their status and importance. "In the Accounting Officer members saw primarily an officer with the direct responsibility for which they were seeking . . ."<sup>4</sup> It is clear that the Accounting Officers are responsible for the Appropriation Accounts. It is these Accounts which the Public Accounts Committee must consider. That this is so is clear from the Standing Order empowering the Committee to act.<sup>5</sup> The Comptroller and Auditor General audits the Appropriation Accounts. If he is critical of an Account, that is, if he qualifies his certificate, the Public Accounts Committee will wish to examine the Accounts of that Department and it will begin its inquiry with the Accounting Officer.

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1. Ibid., p. 376.
  2. Rt. Hon. Osbert Peake, op.cit., p. 79.
  3. Basil Chubb, op.cit., p. 61.
  4. Ibid., pp. 60-61.
  5. See Herbert Morrison, op.cit., p. 148.

The Public Accounts Committee in the United Kingdom meets in every session. So certain is this, that Sir Ivor Jennings may write as simply as this in reference to parliamentary control over grants in aid, in some cases he says:

"it is very desirable to confer authority on the Comptroller and Auditor General to report to Parliament and thus secure control by the Public Accounts Committee." 1

Standing Order 90 from whence the Committee receives its power reads:

" There shall be a Select Committee to be designated the Committee of Public Accounts, for the examination of the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the Committee may think fit, to consist of not more than fifteen members, who shall be nominated at the commencement of every session, and of whom five shall be a quorum. The Committee shall have power to send for persons, papers and records, and to report from time to time." 2

By convention, a member of the Opposition is chairman of the Committee.

It is interesting to note that none of the commentators place much stress

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on this point. It is a feature of the Committee, if you will, but it is not anything like the main reason for the Committees' effectiveness. It can almost be said that the Committee in the United Kingdom would be just as effective if a member of the Government side were in the chair. Through the medium of a Montreal newspaper we have some first hand information on

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1. Sir Ivor Jennings, Parliament, p. 340.

2. Herbert Morrison, op.cit., p. 148.

3. See Sir Frank Tribe, Rt. Hon. Osbert Peake, Basil Chubb and K.C. Wheare all of whom have been cited above. Wheare does discuss in a general way the origins of a chairman's authority, and also remarks on the position of an Opposition Chairman, op.cit., pp. 36-42 and 214.

the Committee. Some of the comments of Mr. George Benson, the Committee chairman, give us an idea of the atmosphere in which the Committee proceeds.<sup>1</sup> In the state of the parties as they were before the last election there were eight Government members and seven Opposition on the Committee. Two of the Government members, the Financial Secretary to the Treasury and the chairman of the Estimates Committee, contented themselves with courtesy visits at the beginning of the session. They did not otherwise attend. Thus the Opposition outnumbered the Government members on the Committee seven to six. These gentlemen did not attend for the final meeting at which the chairman's draft report is considered. The Government has never been afraid that "the report of the Committee drafted by an Opposition Chairman, amended and carried by an Opposition majority might be unfair or partisan or that any party political advantage might be sought."<sup>2</sup>

Present at the meetings of the Public Accounts Committee technically as witnesses since this is a Select Committee, are the two Treasury Officers of Accounts and the Comptroller and Auditor General. The Auditor General is in no way a principal witness though he may be called upon for information as the meetings proceed. He will have had his say in his reports. He feeds the Committee. The Public Accounts Committee depends entirely on the examination carried out by the Auditor General and his officers. This is its source of information. Chubb tells us that

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1. A Letter in The Gazette, Monday, November 10, 1958.

2. Ibid.



"practically nothing the department (the Auditor General's) has not investigated ever comes before the Accounts Committee."<sup>1</sup> The Committee strengthens the Auditor General in his dealings with the departments. Before the Committee meets on any given day the Auditor Generals confer with the Chairman for an hour or two. The Chairman is given a thorough briefing. It is not surprising that it is he who leads the Committee. He asks most of the questions. The other members "appear . . . rather in the role of jurors who will come later to some conclusions on the matters at issue."<sup>2</sup> The Committee calls before it the Accounting Officers of the departments. These men are usually the Permanent Secretaries of the various departments. They are "the very highest personages in the Civil Service."<sup>3</sup> The Permanent Secretary as Accounting Officer is personally liable for the correctness of the Appropriation Accounts and it is his duty to represent his department, before the Public Accounts Committee.<sup>4</sup> The position of the Accounting Officers is a difficult one. The accounting in the departments is done by the Finance Branch under an officer called the Accountant General.<sup>5</sup> The Accounting Officer must rely on this staff for his protection. He cannot possibly have direct knowledge of all his departments transactions, so before appearing at the Committee he must learn a brief. In the Accounting Officers the Public Accounts Committee has always someone on

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1. Basil Chubb, op.cit., p. 174.

2. Basil Chubb, op.cit., p. 189.

3. Eric Taylor, op.cit., p. 219.

4. Sir Ivor Jennings, Cabinet Government, 3rd ed. Cambridge, 1959, n. p.170.

5. Herbert Morrison, op.cit., p. 312

whom it can fix responsibility.

We now know something of the atmosphere in which the Committee works, the information it has available and some of its procedures and techniques. At this juncture we must examine its most important machinery - the machinery to ensure that its wishes are considered, its recommendations implemented. When the Public Accounts Committee issues a report it is not simply tabled and forgotten.

" . . . Upon the comments of the Committee's reports the Treasury bases<sup>1</sup> communications giving warning and instruction to departments." The departments answer the Treasury and the Treasury replies to the Committee's reports in the form of a minute. The Treasury may reply to the Committee:

" My Lords note the comments of the Committee. They agree that in this particular case there was a lack of liaison between the departments concerned. My Lords will draw the attention of all departments to this case and they hope that a similar error will not be made again." <sup>2</sup>

The Public Accounts Committee makes its reports as all Committees of the House, to the House of Commons itself. This is the formal technical procedure for it is clear that "it is to the Treasury that much of their<sup>3</sup> content is directed." We have seen that the Treasury takes up with the departments concerned the comments of the Committee, and replies to the

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1. Samuel Beer, Treasury Control, London, 1956, p. 62.

2. This is from a Treasury Minute of January 31, 1955 on the First, Second and Third Reports from the Committee of Public Accounts in the 1953-54 session. This particular paragraph is on paragraphs 119 to 122 of the Committee's Third Report, The Abandonment of a partially completed Territorial Army Training Camp. Reports From Committees, Vol. 4, 1955-56, p. 527.

Committee's reports. This is a well established procedure.

" . . . a feature from the earliest days for, when the Committee began to inquire what action had been taken to implement recommendations, the Treasury adopted the practice of writing minutes on reports for the departments concerned." <sup>1</sup>

The Committee, it ought be noted, did not inquire of the Treasury in person what action had been taken, but through its reports. <sup>2</sup> The Treasury Minute in reply to the Committee's reports is presented to the Committee early in the following session. It is the duty of that Committee even though it may be a new one in a new Parliament to examine the Treasury Minute on the reports of its predecessor. If it disagrees with the views of the Treasury it will say so in its own report. Any difference of opinion between successive Committees and the Treasury will be brought to the notice of Parliament and the public, <sup>3</sup> over a number of years perhaps, until ultimately agreement is reached. Agreement will be reached, not because the reports of the Committee have any force in themselves, but because "the Treasury acts under some compulsion for, by long standing convention, the recommendations contained in reports must be implemented." <sup>4</sup>

Departments must make a serious effort to comply with the Committee's wishes. " . . . it is regarded as an actual crime for a department to ignore a recommendation." <sup>5</sup> Through the reports of the

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1. Ibid.
  2. Ibid., note 2, p. 40.
  3. Sir Frank Tribe, op.cit., p. 380.
  4. Basil Chubb, op.cit., p. 190.
  5. Ibid., p. 191.

Committee and the Treasury Minutes upon them there has been built up a body of financial procedure. When the Committee and the Treasury reach agreement (and they almost always do) on a procedure, it becomes a rule. These rules are found in what is called Epitome of the Reports of the Public Accounts Committee. Jennings calls it "the standard text-book of financial administration."<sup>1</sup> We have become so accustomed to committees whose only ability seems to be that of giving birth to other Committees that, we may not recognize the achievement of the Public Accounts Committee.

"The ability to get its recommendations implemented is one of the Committees' greatest achievements and it is based, like many of the useful practices in British Government on convention. It arose out of the harmony of views existing between early Accounts Committee members and the Treasury and it was the Treasury's enthusiastic backing in the early years which enabled the Committee to emerge as the final authority in this sphere." <sup>2</sup>

The Public Accounts Committee in the United Kingdom is a most influential body, yet it is apparent that it depends to a great degree on the co-operation of the Treasury and the Comptroller and Auditor General. These three are best thought of together in a kind of triangular relationship, the one influencing and being strengthened by the other. The Committee strengthens the Treasury in its dealings with the departments. The Treasury, by making the Committee's recommendations its own, gives the

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1. Sir Ivor Jennings, Parliament, p. 338.

2. Basil Chubb, op.cit., p. 192.

Committee a firm hand. The Committee backs up the Auditor General who in turn directs the Committee. These three, the Public Accounts Committee, the Treasury and the Comptroller and Auditor General work well together in what is now an established relationship. But as Chubb cautions us in another regard, we must remember that this relationship is conventional and that it depended originally on the good will which existed between the Committee and the Treasury. This is the origin of the procedure that has created a subtle yet powerful link between Parliament and the executive.<sup>1</sup> The Public Accounts Committee, being a Select Committee with power to summon officials exercises a certain influence over the public service. Apart from this the Public Accounts Committee has a kind of day by day control over executive action through the Accounting Officers. Perhaps we must make of our triangle a rectangle with the long sides held by the Committee and the Treasury and the verticals by the Auditor General and the Accounting Officers.

" . . . in 1883 the Treasury informed (the) Accounting Officers that if they were directed by their ministerial chief to make a payment which they believed to be wrong or not sanctioned by Statute, they must report their objection in writing to the Treasury, and the papers must be sent to the Comptroller and Auditor General." 2

Inasmuch as the Accounting Officer signs the Appropriation Accounts of his department and bears personal responsibility for them, it is only fair that he have a kind of veto over departmental transactions. It is the

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1. Ibid., p. 195.

2. Rt. Hon. Osbert Peake, op.cit., p. 79.

certain support of the Public Accounts Committee which gives weight to the Accounting Officers power of objection. It is this that strengthens his hand "and constitutes one of Parliaments' real<sup>1</sup> safeguards against ministerial extravagance."

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1. Sir Frank Tribe, *op.cit.*, p. 377.

CHAPTER IV  
THE STANDING COMMITTEE  
on  
PUBLIC ACCOUNTS, 1946-57

In this and the next chapter it is intended that we should examine the activities of the Public Accounts Committee of the Canadian House of Commons during the last fourteen years. The next chapter covers the last two years of the period under examination in this paper. During both of these years the Committee met. During the twelve years covered in this chapter the Committee met seven times, but in one year the Committee held two series of meetings. In the twelve years covered by this chapter the Committee held meetings in only six years. Inasmuch as the Committee met in the years 1958 and 1959 we can see that in a period of fourteen years there were six years when the Committee did not meet at all. There were nineteen sessions of Parliament in the period covered by this paper. The Committee met in eight years, but in one of those years it met in two separate sessions. So in nineteen sessions the Committee met nine times. As the Committee did not meet every year it is hardly to be expected that it would meet in every session. Two of the sessions in this total period were of an emergency nature and the Committee was not appointed. It was appointed in the other seventeen. In some of the sessions during which the Committee did not meet it had referred to it the Public Accounts and the Report of the Auditor General.

In other sessions nothing was referred to the Committee. In the years that the Committee held no meetings the net result was the same, but it is interesting to note that the Committee did not necessarily meet when matters were referred to it. The Committee met in two of five sessions of the 20th Parliament, in four of seven sessions of the 21st Parliament, in one of five sessions of the 22nd Parliament, not in the one session 23rd Parliament and up to 1959 in two sessions of the 24th Parliament. If the Committee meets this year, 1960, it will be only the second time in twenty sessions of Parliament that the Committee will have met in three successive sessions. It is worth noting that the Committee was quite active during the Parliament following the great Liberal victory of 1949. It was considerably less active in the next Parliament when as a result of the election the Liberals held twenty less seats. The Committee has become quite active since the huge Conservative victory of March 31, 1958. It would seem that the Committees' activity depends on how confident the Government of the day feels itself. The price of a regularly meeting Public Accounts Committee is the annihilation of opposition.

We have suggested that there is a correlation between the state of the parties in the House of Commons and the regularity with which the Public Accounts Committee meets. But this remains only a suggestion because it is very difficult to show why the Committee meets, or more especially, why it does not meet. It is true to say that the Committee would have met every year if the Government had wanted it to meet, but it cannot be shown that the Government prevented the Committee from



meeting. Put it this way: apart from the sessions when the Government wished the Committee to consider some particular matter, it took no concrete steps to have the Committee meet, however, it did not prevent others from taking those steps. When the opposition parties insisted that the Committee meet, it met.

In 1947 Bill No. 22, which was an Act to continue the Revised Regulations respecting Trading with the Enemy (1943) was referred to the Public Accounts Committee. There were several reasons why the Government referred this Bill to the Committee. The Act conferred, as its predecessors had, wide and sweeping powers upon the Secretary of State and the custodian of enemy property. The Opposition made it clear during the debate on the resolution stage that they would oppose the Bill because as Mr. Fleming put it " . . . there are powers in these present regulations which I submit no self-respecting Parliament can permit to be continued<sup>1</sup> in time of peace." Whatever vast powers may have been necessary in time of war they were no longer appropriate in peace. Besides, the administration of these regulations had been carried on in complete secrecy. Parliament had had no report on the operation of the custodian's office in seven and a half years. The Opposition demand as voiced by Mr. Fleming was that:

" Before we proceed very far with this measure, I think the House will rightly demand and insist that the fullest kind of report concerning operations under these sweeping regulations be given to hon. members and to the people . . ." 2

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1. Canada, House of Commons Debates, 1947, p. 531.

2. Ibid., p. 533.

The Government was not looking for a fight. The Secretary of State<sup>1</sup> agreed that war time secrecy was no longer necessary. The Bill itself was highly technical, a few clauses followed by complex schedules. The Opposition approved of the proposal to send the Bill to the Committee because it would afford them an opportunity not only to review the legislation itself, but to review carefully, as well, the Auditor's reports and all the information to date on the administration of enemy alien property. The Government welcomed this opportunity of having the custodian's work reviewed. Because as Mr. Gibson said "I know that the custodian has nothing to hide . . . ."<sup>2</sup> The Bill went to the Committee on this basis, it was to afford the Opposition an opportunity to review the custodian's administration and give the Government a chance to state its case for what had been at times a difficult business. It was necessary to get the Bill passed by the 15th of May. The Committee met on the 28th of April. The Opposition wanted to proceed with the review of the custodian's administration and then deal with the Bill, but they agreed to consider the Bill first.<sup>3</sup> It is clear that the price of their co-operation was the Committee's request in its Second Report dated the 28th of April and concurred in by the House that:

"it be empowered to inquire into, and report upon, the administration of all regulations respecting Trading with the Enemy made since the tenth day of September, 1939." <sup>4</sup>

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1. Ibid., p. 535.
  2. Ibid., p. 2031.
  3. Canada, House of Commons; Standing Committee on Public Accounts, 1947, Minutes of Proceedings and Evidence, p. 16.
  4. Canada, House of Commons, Journals, Vol., 88, 1947, p. 348.

In 1951 the Government referred Bill No. 25 to the Committee. This was an Act to provide for the Financial Administration of the Government of Canada, the Audit of the Public Accounts and the Financial Control of Crown Corporations. This Act was a consolidation of financial practice. The Committee had been associated with the work of revising the Consolidated Revenue and Audit Act of 1931 for some time. In 1947, when Mr. Sellar was before the Committee he commented that the Act of 1931 was out of date and he made it apparent that the work of revision<sup>1</sup> had begun or was to begin shortly. Mr. Sellar presented a memorandum on the subject and in its Sixth Report to the House the Committee asked the Government to give consideration to amending the Consolidated Revenue and Audit Act of 1931 "in the light of Mr. Sellar's memorandum."<sup>2</sup> In 1951, there were two sessions of Parliament and the Committee met in both of these. In the session preceding the one in which it considered the Bill, the Committee discussed whether it would receive the Bill or not. The Parliamentary Assistant to the Minister of Finance, Mr. Sinclair, said that in the previous year the Committee had made a number of technical recommendations that were being considered in preparing the new legislation and that it was intended to refer the Bill to the Committee.<sup>3</sup> Mr. Croll agreed that this was a good idea. He made the point that if the Act was dealt with entirely in the House, members would get very little information on it. It was a technical act and except for those members who had been in

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1. Evidence, 1947, p. 427.

2. Evidence, 1947, Sixth Report, p. 551.

3. Evidence, 1st Session, 1951, pp. 141-142.

attendance at the meetings of the Committee, members of the House would<sup>1</sup> have difficulty understanding much of the material. There was a great deal to this because during the meetings of the previous year the Committee had questioned at great length experts, such as: the Comptroller of the Treasury, the Assistant Deputy Minister of Finance and the Auditor General. Mr. Fleming agreed with Mr. Croll. The Chairman said that he was ready to report accordingly to the Minister of Finance and that he was sure that the parliamentary assistant would see that the Minister<sup>2</sup> was informed of the Committee's views. In the next session the Committee considered the Bill. At the last meeting on the Bill which was the first Mr. Abbott had attended, he explained:

" . . . I could not be here myself much of the time. However, I did feel that it was a bill in which the officials of the department could probably give better explanations than I could because a great many of the questions about it are essentially technical questions. It is not a bill in which there is any real controversy as to the object. The whole purpose is to get a measure which will bring up to date the law relating to the control of public moneys and the control by parliament . . ." <sup>3</sup>

What the experience of 1947 and 1951 show, is that when the Government had a particular purpose in having the Committee meet, it met. In both these sessions the Public Accounts and the Auditor General's Report were also referred to the Committee. In 1951, the Committee considered only the Bill, while in 1947, it went as we have indicated, far beyond. No matter what else was referred to the Committee in these

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1. Evidence, 1st Session, 1951, p. 142.
  2. Evidence, 1st Session, 1951, p. 142.
  3. Evidence, 2nd Session, 1951, p. 178.

sessions and no matter what else they investigated, the fact is that the Committee met in these sessions because it was convenient for the Government. The Committee could meet when the Government wanted it to meet, but in the ordinary course of events they did not include among their duties the taking of any initiative toward that end. On March 17, 1949, Mr. Drew asked of the Prime Minister on the orders of the day, when it could be expected that the Public Accounts Committee would be called. This touched off an exchange between Mr. Casselman and Mr. St. Laurent. Mr. Casselman suggested that it was the duty of the Government to call the organization meeting of the Committee. Mr. St. Laurent answered:

" In my view of the duties of the government I differ from my hon. friend. These are committees of the House, not committees of the government." <sup>1</sup>

During the debate on an interim supply bill in the second 1949 session, Mr. Abbott made the Government's position with regard to the Committee somewhat clearer. The Committee, he said, was a Standing Committee of the House and it was open to any member to ask that the Committee be called together. <sup>2</sup> It is obvious that in the hyper-party House of Commons not many Government members would be asking that the Committee meet. This would be true even though Mr. Abbott said that no Government since he was Minister of Finance had ever refused to refer the Public Accounts for a particular year to the Committee. And it would

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1. Canada, House of Commons Debates, 1949, p. 1562.

2. Canada, House of Commons Debates, 2nd Session, 1949, p. 1169.

be true despite his assertion that the Public Accounts Committee was "the place where parliament as distinct from the Government can exercise its responsibility."<sup>1</sup> Mr. Green took Mr. Abbott up on the way in which he had suggested the Committee be called. Mr. Green suggested that the Government should take the lead in arranging that the Committee meet, for as he put it:

" If it were done in the way in which the Minister suggests, then that means that the opposition will be considered to be walking into that Public Accounts Committee looking for a fight." <sup>2</sup>

On April the 28th 1950, Mr. Drew's motion to set up a "Hoover Commission" was debated. The Chairman of the Public Accounts Committee, Mr. Philippe Picard, took part in the debate. He did not think too highly of Mr. Drew's motion. The House, he said, was not lacking in machinery to examine public expenditure. Mr. Picard made particular reference to the Public Accounts Committee. He admitted that greater use of the Committee could be made and he did not see any objection to it scrutinizing and investigating public expenditures in a more consistent manner.<sup>3</sup> But as to how the Committee would be called together, there was only one way:

" As for the Public Accounts Committee, it has been the custom to refer to it some time after the address is voted, the Public Accounts and the report of the Auditor General. This is not done automatically or on any given date, however. For many years the practice has been to refer the

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1. Ibid.

2. Ibid., p. 1170.

3. Canada, House of Commons Debates, 1950, p. 2020.

public accounts when a request to that effect has been made in the House. Once the public accounts are referred to the committee there is no special time when it must sit. The tradition has developed that the committee assembles when an hon. member signifies to the chairman elect his desire that it should do so." 1

Mr. Picard did not criticize the opposition members for not asking that the Committee be called, nor did he take this as indicating that all was well. What it meant was that:

" . . . there are no such unsatisfactory conditions as some members opposite pretend exist, because I have no doubt that any important irregularities would have come to the ear of members opposite . . . . then they would have been brought to the attention of the committee." 2

This was the refrain, things were not perfect in Ottawa, but the Liberals thought that they were pretty good. At a meeting of the Committee in 1951, the Opposition were forced to withdraw to attend the House. This left the Committee without a quorum. Mr. Sinclair did not want any misunderstanding. He said:

" The government members did not want to have the committee, and I do not want it inferred later that we had no quorum because there was indifference on the part of Liberal members. The Liberal members have confidence in the government and they do not feel they need the committee." 3

Who needed this Committee? Not the Liberals. They were confident in the Government. The Opposition? On two occasions, at least,

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1. Ibid.

2. Ibid.

3. Evidence, 1951, p. 676.

they got the Committee to meet because they insisted that it meet. Why did they not insist every year? They did not have much confidence in the Committee and not without some reason. During the first session of the twenty-first Parliament during the debate on the interim supply bill to which we have already referred Mr. Drew said that his party would insist upon the calling of the Committee at the next session. They did not insist that the Committee meet in that session because they would be able to deal with the Accounts and the Auditor General's Report for the fiscal year ending March 31st 1949 in the next session.<sup>1</sup> The Accounts available at this fall session were those up to March 31st. 1948. In the next session, the Committee met. In the Throne speech debate in 1951, Mr. Thatcher gave notice that his group, as soon as the debate on the speech from the Throne was finished, would seek to have the Committee meet in order to deal with national defence expenditures.<sup>2</sup> In that session, the Committee did meet and dealt with the Accounts of the Department of National Defence.

Though the opposition parties could get the Public Accounts Committee to meet, they had no guarantee as to the length of those meetings nor that the Committee would consider the matter for which it was especially assembled. In 1949 the Committee met and held two meetings and simply did not meet again.<sup>3</sup> It met for a total of two hours and fifty-five minutes. It held meetings on the 29th and 31st of March. This session of Parliament was the last before the election, but dissolution did not come until the

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1. Canada, House of Commons Debates, 2nd Session, 1949, p. 1171.
  2. Canada, House of Commons Debates, 1951, p. 203.
  3. Evidence, 1949, pp. 5,6,7.



30th of April. The Committee could have held more meetings, but as we shall see later the Government did not so wish. Mr. Fleming indicated in the House that the Committee was set up because the Opposition demanded it. However, the Committee was "stopped in its tracks by this Government." This was, he said, "a fine example of governmental responsibility."<sup>1</sup> In 1950 the Committee was convened in the prescribed manner. It was called at the request of Mr. Stewart, a member of the C.C.F. party, for the specific purpose of examining the accounts of the Department of National Defence. The Committee held thirty-two meetings that year. Its evidence ran to over a thousand pages. It did not, however, consider the accounts of the Department of National Defence. It was not until the next year that the Committee dealt with these accounts. Incidents such as this strained opposition confidence in the Committee. Mr. Thatcher was especially bitter about the events of 1950.<sup>2</sup> This was in the second session of the twenty-first Parliament. The short "Railway Session" intervened, but early in the fourth session the Chairman of the Committee, Mr. Picard, felt compelled to deliver a lengthy speech in the House on the Public Accounts Committee. Its purpose was to safeguard public confidence in the Committee. (The public are only dimly aware, at best, that such a Committee exists.) The speech was a review of the Committee's past, a justification of the procedure in 1950, and a defence of Mr. Picard's record as an unbiased presiding officer.<sup>3</sup>

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1. Canada, House of Commons Debates, 1949, p. 2701.
  2. Canada, House of Commons Debates, 1950, pp. 3956-57.
  3. Canada House of Commons Debates, 1951, pp. 385-392.

The Conservatives, for their part, did not have much faith in the Committee. Though when it did meet, it was led by leading members of that party, notably, Mr. Drew and Mr. Fleming. Mr. Drew and Mr. Macdonnell made constant reference to the Committee's efforts in the realm of ancient history. Mr. Diefenbaker was an outspoken critic of the Committee on many occasions.

The Public Accounts Committee in Canada is not agreed, even yet, on how it ought proceed. It is submitted that it is best equipped to examine and review the reports of the Auditor General to the House of Commons, and that it ought do this and do it annually. In the United Kingdom the Public Accounts Committee reviews the Accounts. It examines critically, with witnesses, those accounts on which the Auditor General has made unfavourable comment. It passes the others automatically. Its examinations are based on the Auditor General's Report. The Committee is prepared to accept the audit of the Auditor General, but it wants to examine any account on which in his report he has qualified his certificate. This is what a Chairman of that Committee meant when he said, the job of the Committee was "the checking of an audit."<sup>1</sup> That this is the function of the Canadian Committee is accepted, at least, by a former Auditor General. Referring to his own report, he said:

" . . . (the) audit report is only a step in the parliamentary audit. It still has to be scrutinized and tested by the House and, in particular by the Public Accounts Committee." <sup>2</sup>

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1. Basil Chubb, op.cit., p. 194.

2. Watson Sellar, "Auditing For Parliament," Canadian Chartered Accountant, Vol.,60-61, 1952, p. 178.

In its activities the Canadian Committee goes somewhat beyond scrutiny of the Auditor General's report, but it at least accepts this as one of its duties. In every year that the Public Accounts Committee held meetings it devoted some if not all of its meetings to the scrutiny of the Auditor General's report. In each of those years it considered the most recently available report. However, the Committee held no meetings in six years. In each of those years the report of the previous year went unconsidered. These reports were for the fiscal years ending March 31st 1945, 1947, 1952, 1953, 1954, and 1956. It is quite instructive to see what some of these reports contained.

In his report for fiscal 1947 the Auditor General in paragraph 98 referred to the "multiple housing schemes" undertaken under the authority of the Veteran's Land Act.

" At the time of audit in May, 1947, the records disclosed that construction of 2,663 houses had been undertaken.  
 . . . It is estimated by administrative officers that the final cost of the 2,663 houses will approximate \$22,000,000 - an average of over \$8,000 a house. For various reasons it has been decided that many sales prices be less than cost. Order in Council P.C. 1278 of April 2, 1946, authorizes that costs be written down by \$1,000,000 in order to establish reasonable selling prices. Order in Council P.C. 1811 of May 17, 1947, increases the amount to \$1,850,000 of which \$500,000 is to be applied in remedying defects in the houses. \$124,007.32 had been officially written off at year end, but practically all of the \$1,850,000 is earmarked to be applied in adjusting the prices of the 2,381 houses for which selling prices had been set. It has yet to be established what amount will be

recovered from contractors because of faulty workmanship." 1

In the report of fiscal 1952 the Auditor General dealt at some length in paragraphs 30 and 31 with a fundamental principle of financial procedure. He was clearly seeking guidance from the Public Accounts Committee. The matter concerned "Estimates Details."

"30. The accepted rule is that "Details" printed in the Estimates are not legally binding because they are not included in the Appropriation Act. The case now referred to is to introduce the question: whether Estimates Details are to be regarded as binding when the Vote specifically refers to them.

"31. In 1950 a new style was adopted in classifying Estimates items for the construction of public buildings by the Department of Public Works. By separate vote numbers, lump sum provision is made for work in geographical areas, with the proposed projects specifically listed in the Estimates Details. For present purposes, the material text and votes are:

Construction, acquisition major repairs and improvements of, and plans and sites for, public buildings in the Details of the Estimates provided that Treasury Board may increase or decrease the amount within the vote to be expended on individual listed projects -

344.	Ottawa . . . . .	..\$5,783,000
351.	Unforeseen Improvements. .	..\$2,200,000

Estimates details for Vote 344 included provision for a building since erected for the Bureau of Statistics, by listing

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1. Canada, The Report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1947, p. 28.

\$1,800,000 for a "Departmental Office Building". A contract was awarded under the authority of Order in Council P.C. 128 of January 10, 1951, for a building to cost \$5,889,000. Work was actively proceeded with and it became apparent by mid-summer that the \$1,800,000 allotment would soon be exhausted. With the approval of Treasury Board, \$530,000 was added by transfer from other building projects listed in Vote 344. A further \$250,000 was added by transfer from Vote 381, which reads:

To supplement, on approval of Treasury Board except where less than \$1,000 is required, any of the appropriations of Department of Public Works . . . \$400,000.

Thus \$2,580,000 became available in the manner contemplated by the Appropriation Act. However, by October, the contractor's costs exceeded the \$2,580,000 so a further application for funds was submitted to Treasury Board, which authorized \$900,000 to be transferred from Vote 351 but subject to reimbursement by an item in the Further Supplementary Estimates . . . . The Details for Vote 351 cannot list projects because the purpose of a vote for "Unforeseen Improvements" is to make provision for urgent and unanticipated needs which may arise during the year. However, the printed Details follow the pattern of the votes by making a geographical division of the \$2,200,000 vote:

Ottawa . . . . . \$400,000  
Other than Ottawa . . . . \$1,800,000

The provision for Ottawa being \$400,000 and the transfer for the Bureau of Statistics building being \$900,000, the result is that \$500,000 was taken from the allocation for unforeseen and urgent requirements which might arise in other parts of Canada. A transfer for example, from the vote for British Columbia projects, could not be made to construct a building in Ottawa, because the power of transfer is limited to projects within a vote; therefore to be consistent it would seem that Vote 351 Details limit Ottawa expenditures to \$400,000. A supplementary vote was granted before the year ended. Consequently, attention is drawn to the

transaction primarily to indicate the desirability of guidance being given with respect to Estimate Details of which notice is taken in Vote texts." 1

The report of fiscal 1953 was the first after the proclamation of the Financial Administration Act. In paragraph 44 the Auditor General raised several questions as to his responsibility and that of the Department of Finance in reporting matters of fraud or loss under Sections 67, 70 and 98 of the Act. The Auditor General did not consider the problems as questions of law, but "rather as subjects to be clarified during the review of the Public Accounts and Audit Report . . ."<sup>2</sup> In his next report, the Auditor General, in paragraph 19, with reference to the Financial Administration Act and administration generally remarked:

" While the general standard of administration is commended, attention is being drawn in this report to various administrative practices and to instances where doubt is entertained with respect to application given to vote texts, and also to circumstances which permit the opinion to be entertained that existing legislation may merit further consideration." 3

In his "observations on revenue and expenditure transactions" for 1956, the Auditor General included the following paragraphs.

"47. Cost-Plus Construction of Minesweepers. By way of information, several years ago it was decided to construct 14 coastal minesweepers in nine Canadian shipyards selected by the Canadian Maritime Commission and all have now been delivered . . . administrative opinion is that the contractors had comparable projects. An analysis of labour required in

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1. Auditor General's Report, fiscal year ended March 31, 1952, pp. 12-13.
  2. Auditor General's Report, fiscal year ended March 31, 1953, p. 11.
  3. Auditor General's Report, fiscal year ended March 31, 1954, p. 6.

construction of each minesweeper discloses a wide variation, the lowest being 529,565 and the highest 850,195 man-hours. Because of this, a firm of naval architects was retained to make a study before work commenced on cost-plus contracts for six new coastal minesweepers. A target of 498,225 man-hours per ship has been fixed with the contracts including an incentive bonus clause if the target estimate is met.

57. Cost Resulting from Defects in Work Projects. About six years ago it was decided to install underground steam distribution systems at approximately 30 Service installations across Canada, the majority being R.C.A.F. stations. Neither planners nor contractors had practical experience in using the special type of insulating material selected and major repairs have since had to be made at 14 points. The contract for a system at the R.C.A.F. Chatham station will be used to illustrate because to date repairs to that system have cost the most. The original contract was awarded in December 1951 at a firm price of \$288,450 but subsequent work changes brought the cost to \$317,578. The system was put into operation in November 1952 and was soon found to be defective in various ways. It was decided to repair and replace to the extent necessary on a cost-plus basis, with the Crown bearing the cost where defects were due to faulty design or other causes beyond the contractors control. Up to 31 March 1956 these cost-plus repairs totalled \$288,014 of which \$271,025 has been accepted as costs to the Crown. The estimated collective cost for repairs at the 14 sites (original cost approximately \$6,000,000) was \$1,218,500. By 31 March 1956 expenditures had totalled \$728,918 with about 46% of the work completed." 1

What this sampling of the reports of the Auditor General shows is that, whatever reasons there were for the Public Accounts Committee not meeting, lack of material was not one of them.

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1. Auditor General's Report, fiscal year ended March 31, 1956, pp.1516-18.

In 1947, under the Chairmanship of Mr. Philippe Picard the Standing Committee on Public Accounts held twenty-eight meetings and issued seven reports. The Committee spent four meetings on Bill No. 22 which was an Act to continue the Revised Regulations respecting Trading with the Enemy (1943). No more than two meetings were given over to the consideration of the Auditor General's Report, the discussion of which, it was agreed "would be on general terms".<sup>1</sup> Apart from those meetings in camera during which the Committee decided on its Reports, the other meetings dealt with the extended inquiry into the administration of the Custodian of Enemy Property and an investigation of a building project in Sarnia Township of the Veteran's Land Act Administration.

From the point of view of a study of Canadian Committees the procedure on Bill No. 22 is of some interest. The Secretary of State, Mr. Gibson, was present at the first meeting and urged upon the Committee the need for speed in dealing with the Bill. The Committee began its detailed consideration of the Bill at its next meeting. Mr. Gibson was not present and he did not attend the Committee again. The chief witness on the Bill was Dr. E.H. Coleman, the Under Secretary of State and Deputy Custodian of Enemy Property. The Committee proceeded with the Bill section by section. Amendments were moved on matters of policy. This put the witness in a somewhat difficult position. He

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1. Evidence, 1947, p. 411.



did not wish to accept certain amendments on his own, but the Secretary of State was not present. It was necessary to consult him between meetings. The witness told the Committee that it was desirable that they should see Mr. Gibson, and that he might like to be heard.<sup>1</sup>

Dr. Coleman did not want to make "snap judgments", but would see "what we can do with it over the weekend."<sup>2</sup> At the next meeting he spoke of having had "the advantage of conferring with the Minister and it would be agreeable, if the Committee approves, to strike out the words . . . ." <sup>3</sup> The Bill as amended was "reported" to the House.

It was not until its eighteenth meeting that the Committee dealt with the Report of the Auditor General for the fiscal year ended March 31, 1946. The Report did not receive any careful scrutiny. Members discussed the value of the War Expenditure Committee and its suggested combination with the Public Accounts Committee. Mr. Fleming suggested that a number of Committees then in existence be done away with and replaced by an Estimates Committee.<sup>4</sup> As for the Estimates themselves the Auditor General gave it as his opinion that the details on the Estimates as then given to the members were "practically worthless."<sup>5</sup> The discussion touched on the fact that the Reports of the Auditor General are twelve to fifteen months behind current transactions. The Auditor General suggested that if the House met in November the Committee would not be so far behind in its scrutiny of the Accounts. He also

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1. Evidence, 1947, pp. 31-32.

2. Evidence, 1947, p. 39.

3. Evidence, 1947, p. 58.

4. Evidence, 1947, p. 415.

5. Evidence, 1947, p. 416.

pointed out the logic of taking the calendar year as the fiscal year, but that this would make it necessary for the House to meet in December to vote interim supply for the period after January first.

Mr. Fleming questioned Mr. Sellar on paragraph 41 of his Report. There had been lapsings the previous year of something like \$66,000,000 and the Auditor General had commented,

"Parliaments control over public money is, to a degree dependent on the efficiency employed in calculating estimates. Attention is therefore drawn to the fact that with respect to comparable votes \$26,258,295.96 lapsed in 1944-45 and \$43,572,665.97 in 1945-46."

After quoting this, Mr. Fleming asked the Auditor General how Parliamentary control could be extended in this matter and whether Mr. Sellar had any proposals that the Committee could usefully consider.<sup>1</sup> Mr. Sellar had some proposals, indeed, he had drafted "a little memp" in hopes that a question of this kind would be asked. The purpose of the memo was to suggest to the Committee what they "might prudently consider recommending to the House when the government revises the Consolidated Revenue and Audit Act to bring it up to date . . .<sup>2</sup> It was clear to Mr. Sellar that the Act needed revising. The Auditor General's solution to the problem of lapses and his answer to Mr. Fleming was outlined in his memorandum. He wanted to see vote items consolidated. Before 1938 there were 295 main estimate items and in 1947 there were 484. With more vote items there was less money within each of the votes to transfer. Departments now being

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1. Evidence, 1947, p. 422.

2. Evidence, 1947, p. 427.

more restricted and not wishing to find themselves short, included "contingent reserves" in every item. Using the Post Office as an illustration, he showed that if their votes had been consolidated a supplementary in the previous year would not have been necessary<sup>1</sup> because there had been lapsings in some of their other votes.

At the next meeting of the Committee Mr. Sellar was questioned on the methods he used in his audit and how he followed up his directions. He undertook to furnish the Committee with a "supplementary" memorandum containing further suggestions regarding amendments to the Audit Act of 1931. The Committee dealt with this aspect of its work in its Sixth Report. It passed on its memoranda with the suggestion that the Government amend existing legislation in accordance with or "in the light of" the memos. It recommended as we have seen that the Government explore the desirability of establishing a Standing Committee or Estimates. As for the Auditor General's Report it had this to say:

"Many items of the report of the Auditor General were the object of your Committee's attention and the information gathered conduces to a better understanding of the work, as well as the important functions of this office." 2

There were three categories of assets that were administered by the Custodian of Enemy Property. There were those assets belonging to nationals of enemy countries or countries that had been overrun by the enemy, the assets in Canada of organizations declared illegal by the

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1. Evidence, 1947, p. 430.

2. Evidence, 1947, Sixth Report, p. 551.

Governor in Council under wartime regulations and the assets of persons of the Japanese race resident in Canada. In its inquiry into the Custodian's administration, the Public Accounts Committee was concerned mainly with the assets of the two last mentioned groups.

If anyone remembers Pearl Harbor, it is the Japanese resident in British Columbia who were evacuated from the coastal areas of that province in 1942. In March of that year, control of their property was vested in the Custodian. This property included chattels and real estate. The Custodian disposed of this property. It is clear from the evidence that these people received very little for their effects. There were immense problems involved in the identification, storage and disposal of the chattels of these twenty-two thousand people. While they received very little for their moveable effects, it seems clear that they would not have received much more in any public disposition of them. In the case of real property, the same is not true. There is evidence that the owners did not receive anything like full value. Among the parcels of real property vested in the Custodian were farm lands in the Fraser Valley. These were not sold to the general public. By a decision of the Government they were purchased from the Custodian by the Director of the Veteran's Land Act to be held for returned soldiers. The sale was made on the basis of the valuation of the Soldier Settlement Board, which Board is jointly under the direction of the Director of the Veteran's Land Act. A number of properties, for various reasons, could not be conveyed to the Director. Later these properties were appraised by an independent appraiser. The independent appraisal of these properties was \$73,312 and the sale price \$82,183. The Custodian's offer for the same properties

was \$38,876.<sup>1</sup> In its Fourth Report the Committee said:

" In view of the evidence adduced and in order that more information may be obtained as to the desirability of adjusting any apparent discrimination or loss of any kind which may have resulted from the taking over or sale of property of any kind, your Committee recommends that a Commission be appointed under the provisions of the Inquiries Act to inquire into and report upon the claim of any person of the Japanese race now resident in Canada for alleged loss which resulted from the amount received by him being less than the fair market value of his property at time of sale or loss." <sup>2</sup>

There were fifty-three organizations considered illegal and whose property was under the administration of the Custodian. These organizations fared comparatively well under the Custodian and did not have too much cause for complaint. Books belonging to some of these organizations were seized and destroyed by the R.C.M.P. The Committee expressed surprise "that destruction of books was carried on in Canada as it was in Germany."<sup>3</sup>

In the summary of its Report dealing with these organizations the Public Accounts Committee remarked:

" The opinion was widely expressed in Your Committee that the treatment given to illegal organizations . . . was somewhat more generous than that accorded to the Japanese-Canadian evacuees." <sup>4</sup>

The last major item of business dealt with by the Public Accounts Committee in this session was an investigation into the operation

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1. Evidence, 1947, p. 115. That this was the strongest evidence that the property was bought too cheaply, see the comments of a C.C.F. member of the Committee, p. 363.
  2. Evidence, 1947, Fourth Report, p. 302.
  3. Evidence, 1947, Fifth Report, p. 549.
  4. Evidence, 1947, Fifth Report, p. 549.

of the Veteran's Land Act in Sarnia Township. The Veteran's Land Act administration had built over two thousand houses in some one hundred and fourteen projects across Canada. These houses were built by private contractors for the Veteran's Land Act administration which in turn sold them to the veterans. The houses in the Sarnia project were badly built. One of the veterans, resident in the project, testified at length as to their inadequacy. The Opposition argued that the Sarnia project was typical of the others. The Government members said that it was not. The Opposition moved to bring witnesses from another nearby project, but the motion was defeated. The Government members contended that as it was near the end of the session it would be better if the Committee reported<sup>1</sup> on the basis of the evidence already heard. Their point was well taken because Parliament was dissolved within a week. As for the Opposition, they did not lose anything, as no one could seriously have doubted that Sarnia was simply a typical example. This inquiry put the Liberals on the Committee in an uncomfortable position. They did not wish to criticize the Government, yet to have paralyzed the investigation would have been to incur the wrath of the then powerful Canadian Legion. The Committee took a middle course and was highly critical of the Director of the Veteran's Land Act.

The results of the Committee's investigation and its recommendations were contained in its Seventh Report to the House of Commons. In part it said:

" . . . the eight houses built on the Veteran's Land Act project at Sarnia have cost substantially more than the overall average for Canada

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1. Evidence, 1947, Minutes of Proceedings, July, 11th, p. 709.

and that the construction has been unsatisfactory.

From the admissions of the Director, The Veteran's Land Act, Mr. Gordon Murchison, it is apparent that the defects in construction of the houses at the time they were sold to veterans resulted from negligence on the part of officials working under his direction, from faulty workmanship, from the use of unsatisfactory materials and possibly from faulty engineering." 1

The Report went on to say that it hoped that any remedial measures taken as a result of its inquiry would adjust defects which may have occurred in other projects. It said that it was not favourably impressed by the way evidence was given by the Director of the Veteran's Land Act. It recommended that a board of experts be appointed to pursue the work undertaken by the Committee. None of these experts were to be connected with the Department of Veteran's Affairs or with any other Government building project. The board was to begin with the Sarnia project, but the Committee thought it would be well to examine any others brought to its attention. The board was to work,

"with a view to giving justice and fair treatment to veteran purchasers and all parties interested in this question, and to recommend to the Minister any remedy it may consider fit to correct the situation." 2

Some twenty months after its 1947 meetings the Standing Committee on Public Accounts met again. As we have pointed out before, the Committee held only two meetings that year for a grand total of two hours and fifty-five minutes. The Committee's first meeting was for the

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1. Evidence, 1947, Seventh Report, p. 707.

2. Evidence, 1947, Seventh Report, p. 708.

purpose of organization. The second meeting was held two days later and at this meeting the Auditor General was called. He had been requested to prepare and present a statement in respect of certain matters which he considered important.<sup>1</sup> In his memorandum, Mr. Sellar commented that throughout his report notice was directed to various administrative practices and procedures. His reason being,

"that I am of the opinion that a gap would be filled were some rulings or directions given by the Public Accounts Committee to the end that the influence of Parliament goes beyond the grant of money or the right to levy taxes." 2

The Public Accounts Committee filled no gaps in 1949. It issued only one report, and it dealt with the printing of the Committee's evidence.

In his memorandum, the Auditor General elaborated on certain paragraphs of his report. Essentially it dealt with the problem of lapsings in votes which he had brought up at the 1947 meetings. If the problem was the same, so was the solution. There were lapsings in votes because there were too many votes and in every vote departments put cushions.

Mr. Fleming: Q. "To what extent do these cushions exist?

A. You can go by the lapsings. That is what you have to go by to see the real cushion. As a rule it will run anywhere from two percent to five percent of the votes." 3

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1. Evidence, 1949, Report of the subcommittee on Procedure and Agenda, p.7.
  2. Evidence, 1949, p. 20.
  3. Evidence, 1949, p. 43.



In fiscal 1947-48, \$245 millions lapsed unused out of annual appropriations of \$1,350 millions. The amount of the lapsings was about 18 per cent of the total voted. In answer to a sustained Liberal defence of lapsings Mr. Sellar said that, they may well be something in which a government could take pride because they indicated economy. However, Mr. Sellar soon recovered his ground and went on to say:

" . . . I . . . think it is objectionable from the viewpoint of testing the efficiency of those who make the estimates because, if there is a large lapsing, it may be considered that they must have over-estimated beyond the real need." 1

This discussion took place at the Committee's second meeting. There were no others.

In 1950, the Standing Committee on Public Accounts, again under the Chairmanship of Mr. Picard, held thirty-two meetings and made six reports to the House of Commons. The Committee was called together at the request of a C.C.F. member to consider the accounts of the Department of National Defence. As we know, the accounts of this department were not discussed at all in this session. In fact the Committee spent much of its time discussing estimates and repeatedly members were ruled out of order because they discussed accounts. This method of procedure seemed strange to some members, but Mr. Picard offered this explanation in the House, the deliberations of the Committee were centred on the question "of redefining its task, or of remodelling its machinery in order better to perform its functions."<sup>2</sup>

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1. Evidence, 1949, p. 43.

2. Canada, House of Commons Debates, 1950, p. 2020.

In this session the Committee as it claimed in its Third Report "reviewed all the items of the Auditor General's report for the year ending March 31, 1949."<sup>1</sup> But it must not be thought that this was the main work of the Committee in that session because some of the items were covered at the rate of about thirty a meeting. The main work of the Committee arose not out of the Auditor General's report but out of his memorandums and briefs of which there were four in number. The more important of Mr. Sellar's briefs dealt with the preparation of the estimates and in particular with a revision in the form of the estimates for the Department of Agriculture. The Committee called Mr. R.B. Bryce, then Assistant Deputy Minister of Finance, as a witness. Mr. Bryce was called so that members could question him on the memoranda submitted by Mr. Sellar. The witness described, at some length, the whole process of estimates preparation. He tabled a summary of the estimates for the fiscal years ending in 1951, 1950 and 1939 by main objects of expenditure and special categories. This summary was a functional classification of estimate items and it had been prepared on the request of Senator Crerar of the Senate Finance Committee. Mr. Drew suggested that the estimates of each year contain such a summary. Through Mr. Bryce, Mr. Drew led the Committee to a scrutiny of certain Crown Corporations. Mr. Drew had asked Mr. Bryce to prepare a list of properties owned by the Crown because of the difficulty he had encountered in tracing down the sale by the Crown of the Canadair Aircraft facility. Mr. Drew's inquiry brought the President of the Crown Assets Disposal Corporation before the Committee. Arising

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1. Evidence, 1950, p. 1013.

from the examination of Mr. Sellar's report, the Chairman of the Northwest Territories Power Commission and the President of Eldorado Mining and Refining (1944) Limited, testified before the Committee. At the request of Mr. Thatcher, the Dominion Statistician was called and questioned on the value of the quinquennial census of the prairie provinces.

The Second Report issued by the Standing Committee on Public Accounts in 1950 is a document of some interest. The Committee began with an explanation of why it had dealt with estimates:

" Your Committee being of the opinion that the study of Public Accounts can best be pursued by a related consideration of estimates from which they derive, felt that its work might be facilitated in coming years if it first studied the question of estimates with a view to making certain recommendations that would result in a more thorough study of accounts. It considered that by giving considerable attention to the form of estimates as the source of authority for expenditures over which your Committee has a power of review, it would thereby help to satisfy a demand generally expressed in the House that better facilities be afforded Members to scrutinize the expenditure of public moneys." 1

The Committee did not "concur in the suggestion of the Auditor General<sup>2</sup> that the number of items in the estimates be substantially reduced."

This was the Committee's answer to the suggestion of the Auditor General made to three successive Committees that the number of vote items be reduced. The reason the Committee gave was that with fewer votes, those votes would of necessity be larger, "giving thereby more leeway to the reallocation of amounts within an item without Parliamentary control."<sup>3</sup>

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1. Second Report, Journals, Vol. 92, 1950, p. 525.

2. Second Report, Journals, 1950, p. 526.

3. Second Report, Journals, 1950, p. 526.

As for the inclusion in the book of estimates of a summary by functional classification or by main objects of expenditure, the Committee thought "that the Government should explore the practicability of supplying the House with such a summary . . ."<sup>1</sup> This suggestion was acted upon and the estimates "blue book" for the fiscal year ending March 31, 1952, contained such a summary.

The Committee considered the difficulties of Parliamentary evaluation of revenue producing services. It did not think that the appropriation for such services should be for the deficiency between cost and income. It agreed with Treasury officials that the difficulties involved in forecasting revenue from such services might result in a less satisfactory picture being given to Parliament of the net appropriation needed. The Committee was of the opinion that Parliamentary control could be better secured by voting the gross amount required by these services. It was of the opinion that when a revenue producing service appeared in the estimates the revenue figure of that service for the past year be included. In this way Parliament would have a better opportunity<sup>2</sup> to see the net cost of that service for the preceding year. On the subject of vote texts that legislate the Committee gave it as its opinion, that while it was not possible to do away with the practice it ought be resorted to rarely and only for temporary emergencies.<sup>3</sup>

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1. Second Report, Journals, 1950, p. 527.

2. Second Report, Journals, 1950, pp. 527-528.

3. Second Report, Journals, 1950, p. 528.

In its Second Report the Committee dealt at some length both with a Committee on estimates and the Public Accounts Committee itself. In 1947, the Committee was of the opinion that the Government "should explore the desirability" of establishing an Estimates Committee. In 1950, the Committee was of a different mind. It reviewed the practice at Westminster and was of the opinion that to follow such a procedure in Canada would not improve the present system. Wherever the estimates were examined, the Committee made it clear that it was only to Ministers or their assistants that questions ought be directed. To do otherwise, to establish a Committee on the English model, to question officials, all this; could only lead to a decrease in the sense of ministerial responsibility and an increase in the power of bureaucracy.<sup>1</sup> The Committee did not agree on this and the minutes of the in camera meeting which considered the Report show that Mr. Fleming moved, that the Committee recommend to the House that it appoint a Standing Committee on Estimates.<sup>2</sup> The Committee agreed that the Estimates ought be tabled earlier in the session and considered soon after tabling. It also wanted consideration given to the setting aside of certain days in each week, immediately the Address was voted,<sup>3</sup> for the study of the Estimates in Committee of Supply. As for the Public Accounts Committee, the Committee was of the opinion that:

" This Committee can provide a check on the expenditures of public moneys if it is made operative each year and avails itself of the authority granted to it by the rules of the

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1. Second Report, Journals, 1950, p. 529.
  2. Evidence, 1950, p. 957.
  3. Second Report, Journals, 1950, p. 529.

House . . . . it can render valuable service if it is assembled each year . . . . at the start of each session, as soon as the Standing Committees have been selected . . . the Report of the Auditor General and the Public Accounts of Canada should be expeditiously referred to the Public Accounts Committee." 1

Thus spoke the Committee of itself.

In its Third Report the Committee expressed the opinion that, "the yearly Report of every Crown Corporation should be referred  
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for study to a Select Committee of the House." In its Fourth, Fifth and Sixth Reports, the Committee reviewed the sale of various Crown assets by War Assets Corporation to different private interests. In each case the Committee thought that the Government had made a good deal. In each case the Committee was divided, because the Opposition were of the opposite opinion.

In the year 1951 there were two sessions of Parliament. The Standing Committee on Public Accounts met during both of these sessions. In the first session it held twenty-seven substantive meetings and issued five Reports. A subcommittee meeting in camera heard evidence from an Interdepartmental Committee set up by authority of Treasury Board on the matter of the writing off of uncollectable debts. The Third Report of the Committee dealt with this matter. Of the other meetings, five were devoted to the consideration of the Auditor General's Report and twenty-two to the examination of the Accounts of the Department of National Defence. During four meetings, while the Auditor General's Report was being considered, the Assistant Deputy Minister of Finance,

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1. Second Report, Journals, 1950, p. 530.

2. Evidence, 1950, p. 1013.

Mr. R.B. Bryce, was in attendance along with Mr. Sellar. In 1950, Mr. Bryce and Mr. Sellar had also been examined together and had answered questions on many items. Hearing both men together on the same item, gave the Committee a much clearer picture of things than would have been possible were only the Auditor General heard alone. The principal witness during the examination of the Accounts of the Department of National Defence was the Deputy Minister, Mr. C.M. Drury. Officials of the Canadian Commercial Corporation were heard and even the Minister of Defence Production, Mr. Howe, testified.

In 1950, the Committee in its Third Report had been of the opinion that steps ought be taken to authorize the write-off of uncollectable debts which had accumulated in Government Accounts up to 1940. It was logical then, that the Department of Finance should have asked the Committee to consider the Report of the Interdepartmental Committee set up to examine the matter. The Accounts Committee in its Third Report expressed satisfaction with the work of the Interdepartmental Committee. The Committee recommended that appropriate measures be taken to obtain the approval of Parliament so that the sums considered uncollectable by the "official" Committee could be written-off.<sup>1</sup> All, however, was not sweetness and light because the Committee was of the opinion that there was some laxity in the pursuing of sums due to the Crown and that some of the debts might have been collected if the proper effort had been made.<sup>2</sup>

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1. Evidence, First Session, 1951, p. 690.

2. Evidence, First Session, 1951, p. 690.

In its Fourth Report, the Committee commented on its review of the Auditor General's Report for the year ending March 31, 1950. It made one remark of some interest concerning the Canadian Broadcasting Corporation.

" The apportionment, as between the C.B.C. and the International Shortwave Service, of the cost of office space occupied by the latter, as well as the cost of the C.B.C. building in Montreal were considered to be matters that might best be referred next year to the Public Accounts Committee or to a Committee that might be appointed to deal especially with the whole financial aspect of C.B.C. administration." 1

The review of the Auditor General's Report was not the Committee's chief work in this session and its Report upon it is not of much value.

The main work of the Committee was an examination of the Accounts of the Department of National Defence. This was a fruitless inquiry. Defence spending then was much less than it is now, but still it was a large amount, some \$380 million. The Committee may have done some effective work with it if it had dealt with the larger amounts, those of national significance. Instead, the Committee preferred to deal in local issues. A member would want to know if the local flying club had been given an aircraft, if the rifle club received ammunition, and how many rounds, at what cost: why women's and other clubs were paying increased rental for use of the armoury: how many officers had cars in the Ottawa area, and whether the Army trained Chiropidists. Mr. Drury was kept busy answering questions. He would present the answers at the next

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1. Evidence, First Session, 1951, p. 691.



day's meeting to be questioned upon them. The Committee fell into some confusion with questions being asked on the answers presented at one meeting and on questions being asked on the answers presented at previous meetings. The Committee never really came grips with anything and it recognized this in its Fifth Report which it adopted unanimously. It said:

" Your Committee performed a considerable amount of work and covered extensive ground; all witnesses asked for have been heard, all documents requested were produced and no trouble was spared . . . to satisfy Committee members with detailed answers to their questions.

Your Committee on the other hand was not able to go deeply enough into all the detailed accounts of each of the numerous items totalling \$380,948,197.62 to express a definite opinion as to the propriety of all operations performed by these departments . . ." 1

At its second series of meetings in 1951 the Public Accounts Committee considered Bill No. 25 which was an Act to provide for the Financial Administration of the Government of Canada, the Audit of Public Accounts and the Financial Control of Crown Corporations. These meetings were held during the fifth session of the twenty-first Parliament, which was an Autumn session. The Committee did not consider the Report of the Auditor General at these meetings, but it could have done so. The Public Accounts and the Report of the Auditor General for the fiscal year ended March 31, 1951 were referred to the Committee. The Committee is not to be blamed, because it did not have time to deal with the Report. The point is often made that the Committee is always far behind in its examination. It is interesting therefore to note this reference of the Accounts to the Committee because it shows that if Parliament met in the

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1. Evidence, First Session, 1951, p. 693.

Autumn, the Committee would not be so far behind in its scrutiny of administration. Of its consideration of Bill No. 25, there is not much more to be said. We have already noted the dominant role played by officials in the conduct of this Bill through the Committee. Arising from its consideration of Part VIII of the Bill, the Committee recommended in its Third Report that:

" . . . the annual Reports of all Crown Corporations be published together in one section of the Public Accounts . . . . further . . . that the annual Report of every Crown Corporation should be referred for study to a Select Committee of the House." <sup>1</sup>

In 1952, the Public Accounts Committee met again. The Committee met without enthusiasm. It held only six meetings. At the organization meeting of the Committee, a Liberal member suggested that the members forgo further meetings because, as he put it, a lot of the members were on different Committees and they were all meeting. The Chairman said that he had hoped that such a suggestion would have come from the Opposition. However, the Opposition members, and especially Mr. Fleming and Mr. Harkness, agreed that the Committee burden was great and they welcomed a delay of about two weeks. The Chairman agreed to this, but not before he told members that there was a principle involved and that was, that it had been decided seven or eight years ago that the Committee should sit each year if only for a few meetings.<sup>2</sup> The Auditor General did not present any memoranda to the Committee and it confined

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1. Evidence, Second Session, 1951, Third Report, Vol. 3, page not numbered.

2. Evidence, 1952, p. 8.

itself to an examination of his Report. The Committee completed this work in three meetings. The Assistant Deputy Minister of Finance was again present at these meetings, and he was examined on specific points arising out of Mr. Sellar's examination. During the rest of its meetings the Committee examined witnesses particularly involved with certain items which it had held in abeyance.

One of these items concerned the rental of space in an Ottawa office building. The Auditor General had drawn attention to certain agreements whereby rental of \$70,000 had been paid, but, and this was his objection, the space had not been occupied. The Auditor General was emphatic about where the fault lay. Before the Committee he named the Indian Affairs Branch of Citizenship and Immigration as culprit.<sup>1</sup> When the Director of the Indian Affairs Branch was called, he disagreed sharply with Mr. Sellar:

" I would say at the outset that the statement made by the witness is not in accordance with the facts, and because it is not in accordance with the facts it should not have been made . . . " 2

The Deputy Minister of Public Works, Mr. Murphy was called to clear up the matter. He explained that with the onset of the Korean war there was a great need of space. The Department was attempting to give the defence departments space alongside their present locations and to move, if necessary, the civilian departments. Public Works took space in this building as a safety measure. It was to be a cushion.

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1. Evidence, 1952, p. 44.

2. Evidence, 1952, p. 98.

Mr. Benidickson: Q. " I gather your cushion is something like a man whose wife is going to have a baby; he has to have a new room?

A. Yes, but in our case the baby has arrived and is hanging around in the woodshed." 1

After this enlightened exchange there was a general discussion on the point the Auditor General had made in his Report. He drew notice to this building because he wanted to illustrate the risks involved when one department had to finance the cost of a service for another. The consensus was that if departments had to pay for their own services, their true costs would be known. It was also agreed that if a department had to find its own space and pay for it, it would be less demanding. This was the only substantial point the Committee dealt with in its Second and Final Report. It said:

" Your Committee is of the opinion that the Government should entrust to an interdepartmental Committee the task of considering the advisability of charging to all departments of the administration and all Government agencies the cost of rental and upkeep of all the properties and office space occupied by them and that the Report resulting from such study be sent to the Public Accounts Committee at a future Session for consideration." 2

The Public Accounts Committee was in no hurry for this study because it did not meet again after this for nearly four years. The Committee next met in 1956 under the Chairmanship of Mr. Charles Cannon. It decided that its work would be an examination of the Auditor General

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1. Evidence, 1952, p. 115.

2. Evidence, 1952, Second Report, p. 105.

on his Report for the year ended March 31, 1955. The Committee devoted eleven meetings to this work and made three Reports to the House. The last Report was the only one of any substance and even it was not much. On the most important single item dealt with by the Committee, it merely recorded that it heard evidence and received additional information.

The item was paragraph 36 of the Auditor General's Report:

" Sometimes the Government of the United States joins with Canada in contracts for production in Canada and rarely has any serious problem arisen in distributing the cost between Governments. However, during the audit one large contract was observed where the original basis of sharing was later varied to such an extent that guns accepted by Canada cost much more than those delivered to the United States Navy, due to the United States taking the stand that the price to it should bear reasonable relationship to like production in the United States. In lieu of the first arrangement, it offered \$45 million for the production of 180 guns and this was accepted, the result being that the unit price of guns ultimately exported approximated \$244,000 while the charge to the Royal Canadian Navy for the 46 delivered to it was about \$356,000 per gun. To an undetermined degree, subsequent production on Canadian account benefited by certain items of cost wholly absorbed by Canada under the arrangement; particularly those relating to preliminary expenses and plant rehabilitation costs." 1

The difference in cost as between the guns purchased by the Canadian and United States Navies was explained by the Deputy Minister of the Department of Defence Production. Three classes of expenditure were considered

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1. Auditor General's Report, fiscal year ended March 31, 1955, p. 13.

to apply to the Canadian account only. These related to the re-establishment of Canada's only facility for the production of heavy guns which were urgently required by the forces at the outbreak of the Korean War. The expenditures which were calculated on the basis of cost per gun mount were for preproduction and learning expenses, including the cost of recruiting and training some 4,000 employees, the cost of rehabilitation of plant and staff house, settlement made with the contractor to compensate for the cost of maintaining the facility from 1945 to 1950 when it had no commercial use.<sup>1</sup>

The contractor was Sorel Industries Limited and the guns were 3"/50 twin mount, anti-aircraft. Mr. Monteith was highly critical of the third item of expense which was wholly absorbed by Canada. The witness made it clear that the contractor would not have accepted the work at all if he had not been compensated for the years he had maintained on idle plant. The Government would have had to pay one way or the other. The expense was unavoidable. By paying this compensation the Government was able to negotiate with the contractor on the same basis as other defence contractors who were not in the same position. But it is clear that if all the contractors were allowed the same profit, this contractor would have received more had he not been compensated. Anyway, the Government argued, subsequent production benefited by these payments. Said Mr. Golden in answer to a question:

" There was something in the order or magnitude of \$30 million in other contracts there, and this expenditure of

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1. Evidence, 1956, pp. 169-170.

course would be substantially greater if these expenditures had not been absorbed by the 3"~~1~~50 gun contract." 1

This exchange with Mr. Hamilton (Notre-Dame de Grace) summed up the situation:

Q. " . . . Since this contract was put through there have been other contracts for the Army which you got for this plant?

A. Yes.

Q. Correct, those have benefited?

A. Yes.

Q. By these particular expenses?

A. Yes.

Q. Therefore if these expenses had been apportioned across the board the subsequent contract would have been at a somewhat higher price and this particular one would have been at a somewhat lower price?

A. I have no doubt it would have been possible to make other accounting arrangements." 2

In its Report on this inquiry the Committee had only this to say:

" Your Committee . . . heard evidence on the production cost of 3"~~1~~50 twin mount guns for the Royal Canadian Navy and the U.S. Navy. Your Committee obtained additional information thereon in particular with reference to comments by the Auditor General as contained in his Report." 3

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1. Evidence, 1956, p. 177.
  2. Evidence, 1956, p. 189.
  3. Evidence, 1956, Third Report, p. 195.

CHAPTER V  
THE STANDING COMMITTEE  
on  
PUBLIC ACCOUNTS, 1958-59

In 1957, the Conservatives took office. The election of June 10th had given them only one hundred and thirteen seats in the House of Commons. The state of the parties in the 23rd Parliament made any change in procedure extremely difficult, but this was not the case after the election of March 31st 1958. The Conservatives were then free to introduce some changes in the procedure of the House which they and some other members thought desirable. In the Speech From The Throne opening the first session of the twenty-fourth Parliament, members of the House of Commons were told that:

" My Ministers will propose that a member  
of Her Majesty's loyal opposition be elected  
Chairman of the Committee on Public Accounts." 1

This was one of Mr. Diefenbaker's measures "to restore the supremacy of Parliament."

While in opposition Mr. Diefenbaker was an early and consistent advocate of such a change. His admiration for the Public Accounts Committee in Great Britain knew no bounds. The one feature of that Committee which especially appealed to him was that the Chairman was a member of the opposition. Speaking in the House in 1949 during

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1. Canada, House of Commons Debates, 1958, p. 6.



debate on an interim supply bill he said, that though this may be considered an unusual course to follow, its purpose was to ensure a complete investigation of all expenditures. There seems to have been no doubt in his mind that its purpose was fulfilled, and largely because<sup>1</sup> the Chairman was of the Opposition. In 1950, during the debate on The Address he spoke on the subject again. On that occasion he referred to two features of the British Committee, one, that a majority of its members were members of the Opposition, and two, that the Chairman was<sup>2</sup> a member of the Opposition. In his 1950 speech he called the Canadian Committee "ineffectual." It was mere window-dressing. He knew how to make it more effective. In both 1949 and 1950 he advocated that the Canadian Committee be set up on the same lines as the British.

" My purpose in speaking at this time is to suggest that a Committee be set up along the lines of the Public Accounts Committee of the United Kingdom which has done great work." 3

" In the British House of Commons there is a Public Accounts Committee, a replica of which I should like to see established here." 4

In 1951, at the organization meeting of the Public Accounts Committee, Mr. Thatcher moved that Mr. Fraser, a Conservative member<sup>5</sup> from Peterborough, be elected Chairman of the Committee. Mr. Picard had already been elected Chairman, but on a point of order Mr. Thatcher protested that his election was not in accordance with "Beauchesne."

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1. Canada, House of Commons Debates, Second Session, 1949, p. 1155.

2. Canada, House of Commons Debates, 1950, p. 591.

3. Canada, House of Commons Debates, Second Session, 1949, p. 1155.

4. Canada, House of Commons Debates, 1950, p. 591.

5. Evidence, First Session, 1951, p. 1.

The Chairman agreed that strictly speaking his election was not according to the rules. The practice to which Mr. Thatcher took exception was the election of all the Chairmen of all the Standing Committees by all the members of those Committees at one time. In agreeing with Mr. Thatcher, Mr. Picard pointed out that attendance could not be verified at the general meeting. Members were not registered as they were at meetings of individual Committees, and for that reason it was not certain that a quorum of the Committee had been present. Mr. Picard stepped down and asked the Committee clerk to receive nominations so that a Chairman could be properly elected. A Liberal member then nominated Mr. Picard, whereupon Mr. Thatcher nominated Mr. Fraser. He did not do so for any personal reasons, he said, and continued:

" I would point out that in England the Chairman of the Committee has always been a member of the Opposition, and I think that if we are to do our work effectively a member of the Opposition in the chair would be advantageous." 1

Mr. Thatcher's motion was lost as he knew it would be. Indeed, the organization meeting was held on March 1st, and Mr. Picard read into the record a letter from Mr. Thatcher requesting that the Committee be called, addressed to him as Chairman, and dated the 22nd of February. What this incident points up is that Mr. Diefenbaker was not alone in assuming that the reason for the effectiveness of the British Committee was that the Chairman was a member of the Opposition.

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1. Evidence, First Session, 1951, p. 1.

It may be said that among parliamentarians who spoke or wrote on this matter it was accepted doctrine that the British Public Accounts Committee derived its effectiveness from the peculiar position of its Chairman. Of the Canadian Committee, Mr. Macdonnell wrote in 1956:

" . . . we could, if we really wished, make the Public Accounts Committee much more effective by following the British practice with its two chief features - a carefully selected, small Committee and a Chairman chosen from the Opposition." 1

During the debate on The Address in 1958, Mr. Diefenbaker spoke about the Public Accounts Committee. He gave some reasons why he wished to implement "the criticism of an earlier day."

" I have been here since 1940 and whenever that Committee was convened it was impossible to bring up any matter excepting those matters desired by the majority. I am now asking that this Committee be made effective and I doubt whether it would have been thought that action of this kind would be taken so early in this first session of Parliament. I want to see that an effective Committee is formed, not just a body for decorative purposes. We intend in so far as that Committee is concerned to propose that a member of Her Majesty's loyal Opposition be Chairman of that Committee in order to ensure its effectiveness . . ." 2

Her Majesty's loyal Opposition were markedly unenthusiastic about Mr. Diefenbaker's proposal. The Liberals suspected that it was just a political trick. The Prime Minister was quite right when he said,

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1. J.M. Macdonnell, "Parliament and The Purse", Queen's Quarterly, Vol., 63, 1956-57, p. 539.

2. Canada, House of Commons Debates, 1958, p. 34.

that he doubted whether it would have been thought that action of the kind outlined in the Throne Speech would have <sup>b</sup> been taken so soon. This proposal may have been discussed informally with the Opposition before it was included in the Throne Speech, but if that was the case the discussion was only on general terms. The Opposition were not prepared to find this item in the Throne Speech. In the debate on the amendment of the Standing Orders to set up additional Standing Committees, Mr. Pearson compared the Canadian and British Committees:

" As an illustration of the difference between the British Committee system and our own, I might perhaps use as an example their Public Accounts Committee, which is very closely related to their Estimates Committee as indeed I suppose the Public Accounts Committee here will be closely related to our Estimates Committee. It has been indicated in the Speech from the Throne - and we were rather surprised to see this in it - that there may be a change in the parallel Committee of this House in so far as its organization is concerned." 1

It was the inclusion of this proposal in the Throne Speech which really disturbed the Liberals. They did not think that the change in the Committee's organization should have been announced in this way. They felt that their hand was being forced. It is also true that had the Government not indicated in the Throne Speech that a member of the Opposition was to chair the Committee, the Liberals may not have agreed to the change at all. In the same debate, Mr. Green referred to the suggestion that a member of the Opposition be Chairman of the Committee and wondered why the Liberals were "so coy" about it. Mr. McIlraith

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1. Canada, House of Commons Debates, 1958, p. 683.

interrupted him to say, "It should not have been in the Throne Speech."<sup>1</sup> Liberal reasoning on this matter ran something like this: The Conservatives have gained an advantage by including this "Statesman" like proposal in the Throne Speech. If we do not accept it, they will make gain out of our refusal. We must go along with them. We have no choice, but we are suspicious all the same. The Government can say that the Committee is now more effective. "What else can we do"? they will say. We do not want to put a man in there to make the Tories look good, and then have him overruled by the Government majority. We want some guarantee that this will not happen.

This was the crux of the problem. The Liberals wanted a guarantee that the Government majority would not dominate the Committee, and thus make a farce of the changed Chairmanship. They wanted the Chairman given more extensive powers and Government assurance that they could be used. The Government refused both to increase the power of the Chairman or to give any assurances as to the conduct of their supporters on the Committee. In the Standing Orders amendment debate, Mr. Green touched upon this point and gave the Government's answer to the "guarantee" demands:

" . . . there was some question about Committee Chairmen. The Chairman of a Committee is quite an important person. He has very wide powers and we do not intend that those powers shall be confined. This is one reason we wonder why Liberal members are so coy about the suggestion that one of their members should be Chairman of the Public Accounts Committee . . . . They back away from it and seem to suspect that here is a Trojan Horse. They are not quite sure what is

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1. Ibid., p. 697.

inside it and seem to think that probably it may hold a lot of Tories ready to jump out and bite them. But I point out that the Chairman of a Committee has extensive powers." 1

What Mr. Green was saying was that, inherent in the office of Chairman itself, there were great powers. It could not be expected that the Government would increase the authority of the Chairman, which, already was substantial. Professor Wheare has pointed out the origins of a  
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 Chairman's authority. This authority is quite real and arises from the Chairman being the keeper of order and the target of all remarks made in the Committee. The Chairman is never "out of order." He can almost always intervene in a discussion. He may recognize one member and not another, encourage one line of questioning or discourage another. It is his job to present a draft Report to the Committee. In this, he may suggest a line of action, and even if it is not accepted it will help clarify issues and bring the Committee nearer a solution. Though the Chairman's activity is ultimately limited by what the Committee will stand, he has as Mr. Green pointed out, "extensive powers."

The first session of the twenty-fourth Parliament lasted from the 12th of May to the 6th of September, 1958. The Public Accounts Committee was appointed on the 3rd of June, but it did not meet until the 29th of July. The cause of delay was the Liberal reluctance and the Government insistence about the proposed change. There was a great deal of informal discussion about the move, before the Liberals finally agreed to it. Once they had agreed to take the Chairmanship, they had to find

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1. Ibid.

2. K.C. Wheare, Government By Committee, pp. 36-42.

a Chairman. Mr. Macnaughton took the job. He was not a member of the Committee when it was appointed. At the organization meeting after the Chief Clerk of Committees had invited nominations for Chairman, Mr. Bell drew the attention of the Committee to the paragraph in the Throne Speech which proposed that a member of the Opposition be Chairman. He said that the member of the Opposition "designated" to be nominated for the Chairmanship was not then a member of the Committee, but that the situation<sup>1</sup> would be rectified. The organization meeting was held on the 29th of July and Mr. Macnaughton was made a member of the Committee the same day.

A member of Her Majesty's loyal Opposition is now Chairman of the Standing Committee on Public Accounts. What difference does it make? Some, but not much. Of itself, this change is not of great significance or importance. We saw in our examination of the operation of the British Public Accounts Committee that the fact of the Chairman being a member of the Opposition was perhaps the least important feature of that Committee. If the introduction of this feature into Canadian procedure is considered as a first step toward the setting up of a "replica" of the British Committee, and if the other steps are taken, and it will be submitted that they must be, then this change in our procedure will be of real significance and importance. As it is, the change has had one beneficial result. Among the few people interested in such matters there is greater confidence that the Accounts and Reports of the Auditor General are being given a thorough scrutiny. Among the members of the Committee, especially the Opposition members, there is confidence in the Committee's procedure.

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1. Evidence, 1958, Minutes of Proceedings, p. 7.

With the Chairman from their own party, they should no longer entertain doubts as to why a motion is ruled out of order, a question discouraged or a witness refused.

The debates on the Public Accounts Committee and the comparisons with the British Committee over the years, reveal a certain lack of knowledge as to the reasons for the effectiveness of that Committee. When it was proposed that a member of the Opposition be elected Chairman of the Committee, this lack of knowledge resulted in great exaggeration as to the significance of the change. Many members thought that this was the essential procedural difference between the Canadian and British Committees. "If we only had an Opposition member as Chairman of the Committee, we would have a replica of the British Committee." Of course, this is not true. Even if it were, we would have to take notice of Professor Wheare's remarks in this regard concerning the British Committee where on occasion the Chairman is a former Financial Secretary to the Treasury:

" It may be remarked in passing that the choice of a former Financial Secretary to the Treasury as Chairman of the Public Accounts Committee does not necessarily ensure that he will be completely free from party bias when he comes to preside over the inquest into the Government's Accounts for it may well happen that, with a change in Government he is considering in the first year or two of his Chairmanship the Accounts of the departments while his own party was in power . . . . No charges of partiality could in fact be preferred against Chairmen of the Public Accounts Committee on this ground, but it is worth while to mention the point because it is often assumed that to put an



Opposition member into the Chair necessarily means that the Government's spending is going to be scrutinized with no special tenderness." 1

With a member of the Opposition as Chairman of the Committee, it may be that under certain circumstances, such as that of a Government being in office for a long period, that the Accounts would receive a more thorough examination than would be the case under a Government Chairman. However, an effective Accounts Committee must do more than conduct an examination. The British Committee is effective because, the recommendations which it makes as a result of its examinations are implemented. The Canadian Committee will not be an effective instrument of control over the executive until it passes beyond the stage of examination, no matter how thorough, to that stage where its recommendations are coordinated and implemented.

In 1958, the Standing Committee on Public Accounts met under the Chairmanship of Mr. Alan Macnaughton, a member of Her Majesty's loyal Opposition. The Committee had referred to it the Public Accounts and the Report of the Auditor General for the fiscal year ended March 31st, 1957. The Committee held twenty-five meetings. Some eighteen of these were devoted to an examination into the construction of the National Printing Bureau. This was the principal work of the Committee in 1958. Two meetings were taken up by the Committee's organization and one by its consideration of the draft Report. One meeting dealt with paragraphs

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1. K.C. Wheare, op.cit., pp. 213-214.

27 to 34 of the Auditor General's Report, relating to postage on Newspapers and periodicals. Another dealt with two prepared statements of the Auditor General; one on the form of the Public Accounts, the other, on the advisability of taking revenues into calculation when voting supply. To consideration of the Report of the Auditor General itself, the Committee devoted about a meeting and a half. Why? "By reason of the Parliamentary Session being well advanced before the Committee was organized," reported the Committee.<sup>1</sup>

The investigation into the construction of the Printing Bureau was entertaining<sup>2</sup> and at times enlightening, but there was at least one item in the Auditor General's Report which had it been looked into thoroughly would have been quite as interesting. The item was paragraph 60 of the Report, entitled "Project Abandoned."<sup>3</sup> The project abandoned was an electronic tactical trainer for the Joint Maritime Warfare School at Halifax. At the time of its abandonment the project had cost 6 million dollars. It was estimated at that time that the cost of making the trainer really workable would ultimately have reached between 16 to 19 millions of dollars. This was one of the few items on which Mr. Sellar was questioned. It came out in the evidence that the Department of National Defence was acquiring an appliance from the United Kingdom at a cost of \$900,000 which would serve the purpose equally well.<sup>4</sup> Apparently the machine had some possibilities and it was put into the

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1. Evidence, 1958, Third Report, p. 588.
  2. The Steering Committee refused a request of the Canadian Broadcasting Corporation to televise proceedings, Evidence, 1958, p. 175.
  3. Report of the Auditor General, year ended March 31, 1957, p. 16.
  4. Evidence, 1958, p. 38.

control of the Department of Transport. The Department of Transport reached an agreement with the Civil Aeronautic Authority of the United States to convert the trainer to an air traffic control simulator. This conversion was done by a Canadian firm and paid for by the Authority. On completion of this job the trainer was moved to the C.A.A. establishment at Indianapolis to be used jointly by the Department of Transport and the Authority. The Authority agreed to pay a rental for the equipment of one dollar per year. Mr. Grant Campbell, a Conservative member<sup>1</sup> of the Committee referred to this business as a "colossal blunder." It was in its way no less colossal than the National Printing Bureau, but the Committee did not have time to find out who blundered.

There was no reference in the Auditor General's Report to the Printing Bureau itself, but it was well known in Ottawa that it was worth investigating. The Committee got onto it through Mr. Sellar and the Public Accounts. The Accounts of the Department of Public Works showed that in the Estimates for the previous year \$400,000 dollars had been provided for the National Printing Bureau, but that some \$800,000 was spent. In previous years as well the amounts actually spent were considerably more than the amounts in the Estimates. All this was legal. It meant that other projects in Quebec received less money than it was estimated they would. The Bureau was in Hull and the Public Works votes are apportioned geographically so that all the money estimated to be spent on different projects in a province may in fact be transferred and spent on only one or a few projects. The Treasury Board had the power to transfer the funds even though the amounts in the details were directly

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1. Evidence, 1958, p. 40.

referred to in the main vote. The vote itself gave the authority, Mr. Sellar referred to this text and quoted it:

" Acquisition Construction and Improvements  
of Public Buildings.

Construction, Acquisition, Major Repairs and Improvements of, and plans and sites for, Public Buildings listed in the details of the Estimates provided that Treasury Board may increase or decrease the amount within the vote to be spent on individual listed projects-" 1

Mr. Sellar objected to this vote because he did not think that it gave enough protection to the House of Commons. This vote text is a way of satisfying the natural curiosity of individual members as to how much projects in their constituencies will receive, while enabling the Government to retain complete control over these projects. The result is that the Estimates details for Public Works projects are useless so long as this vote text is applied.

The National Printing Bureau was constructed in Hull across the Ottawa river from the Capital. The idea behind its location originated with the National Capital Plan. Mr. Jacques Greber, the town planning expert from France, thought that a monumental structure in Hull would give a lead toward the eradication of that city's dismal look. It was recognized that any successful planning in the Capital area had to include Hull. Mr. King, who at that time was Prime Minister, agreed with Mr. Greber. The Printing Bureau proceeded with not much attention being paid to its cost. Money was not a problem. The building cost some fifteen million dollars which was several million more than the estimated cost.

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1. Evidence, 1958, p. 51.

The inquiry into the construction of the National Printing Bureau had all the characteristics of a trial without some of the niceties of judicial procedure. The Government members on the Committee prosecuted the case while the Opposition acted as defence. This was logical because the Tories were pursuing the Liberals and the Liberals were trying to put the best face on things. Mr. David Walker acted as prosecutor. He had been appointed by the Steering Committee to make a special study of the project. All of the information which he had was equally at the disposal of at least some members of the Liberal party. The defence was carried on principally by Mr. Lionel Chevrier. The principal witnesses in order of their appearance were: Major General H.A. Young, Deputy Minister, Department of Public Works; Mr. Ernest Cormier, the architect; Mr. J.M. Kennedy, Building and Research Installation Unit, Department of Agriculture, former Mechanical Engineer with the Department of Public Works.

Mr. Walker questioned Major General Young on an excavation contract let to Miron et Freres for \$55,000. The final cost of this contract was \$238,695. Of the amount of the difference, \$8,000 was to fence the excavation and \$176,695 was for additional excavation.

Mr. Walker:" Q. . . . that contract for \$55,000 in regard to excavation was let on open public tender, is that correct?

A. That is correct, Mr. Chairman.

Q. The other amount \$175,000; was that ever tendered for?

A. No, Mr. Chairman.

Q. No one else had a chance at that contract?

A. That is correct.

- Q. I realize that you were not there, but do your records indicate whether there was even comparative prices obtained?
- A. No, Mr. Chairman. The records show that this was a matter of negotiations between the Department of Public Works and the contractor.
- Q. Yes. The first contract amounted to \$55,000 which included how many cubic feet of earth and rock?
- A. The original contract was for 110,000 cubic feet.
- Q. Cubic yards, you mean?
- A. Cubic yards, yes.
- Q. The second contract which cost three times as much involved how many cubic yards?
- A. There were 10,000 cubic yards at \$2 per cubic yard, there were 93,011 cubic yards at 1.50 and there were 2,000 cubic yards of rock at \$3.
- Q. So that for \$55,000 the contractor excavated 110,000 cubic yards and where he did not bid he charged three times as much and did approximately the same amount of excavation?
- A. That is correct.
- Q. Yes. The first time he excavated 110,000 cubic yards at \$55,000 and the second time he excavated 116,000 cubic yards for \$165,000?
- A. That is correct." 1

Major General Young was also questioned by Mr. Walker and other members of the Committee on another contract. Extras on this contract had resulted in the total expenditure being substantially higher than the original amount. The witness replied to Mr. Walker:

"A. Actually three extras were involved in that one. It was broken down. One was for \$23,092. This was an adjustment to the basement floor so that it would be above the water level.

Mr. Campbell:  
(Stormont)

Q. Were there no soundings or borings taken to determine the water level beforehand?

A. There were borings taken but unfortunately they were not complete borings.

Mr. Winch:

Q. In other words you have two basement floors there now?

Mr. Horner:  
(Acadia)  
The Witness:

No just one big, thick one.

The basement was raised up.

Mr. McGregor:

Q. Was the floor put in before the basement was raised?

A. It was left where the pumps are. It is sort of a vacant space where the pumps can pump out the water as it comes in.

Q. Was it the intention in the first place to do it that way?

Mr. Winch:

Q. You mean we have a floating building there?

Mr. Spencer:

It would float if you left the water in.

An hon. Member:

It is a Noah's Ark.

The Chairman:

Let us come back again on to solid ground." 1

When Mr. Walker had finished his principal questioning of Major General Young, Mr. Chevrier took over. The Chairman remarked:

" Mr. Walker last week advanced one side of the case. Mr. Chevrier, this morning will continue his examination until such time as he has finished with the witness, . . ." 2

The whole point of Mr. Chevrier's questioning of the witness was to get him to admit that there were reasons of record why the unit price for the excavation work was changed. Mr. Chevrier produced various documents which dealt with and recommended the price changes, but none of these documents gave any hint as to why the unit price itself was raised. It was clear that Mr. Chevrier was looking for only one answer and that he was going to question the witness till he got it. On a memorandum addressed to the Deputy Minister:

Mr. Chevrier: Q. ". . . now in face of that document could you say there was nothing in the record to indicate the reasons for the change?

A. I do not think there is, to change from 50 cents to \$1.50. There is nothing to support the boring test or to show the quantities, and the quantities enter into negotiations of this kind." 3

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1. Evidence, 1958, p. 70.
  2. Evidence, 1958, p. 176. Mr. Chevrier had begun his questioning at a previous meeting, but had not got very far with it.
  3. Evidence, 1958, p. 193.



On a submission to Council:

Mr. Chevrier: Q. "... was this submission to Council not a pretty good record of the first contract?

A. Mr. Chairman, it is a record of what transpired, but does not explain why the prices were increased.

Mr. Walker: I cannot hear.

The Witness: It is a record of what transpired but does not explain why the prices were increased. 1

Mr. Chevrier then returned to the earlier document and insisted that it gave the reason for the increase in the unit price. Mr. Walker objected that this was argument.

The Chairman: "May we go on. It may not take too long.

Mr. Chevrier: Q. It will not if I get the answer. Again I put the question; Was this not a pretty good record?

A. I say it is a record of the transactions. In my opinion it is still not adequate evidence as to why the prices were increased, that is my opinion." 2

Mr. Cormier, the architect, was questioned by Mr. Walker on this excavation contract. Mr. Cormier gave some insight into the negotiating process.

Mr. Walker: Q. "Who eventually raised the unit price three times as much?

A. If you could put it otherwise "who raised the unit price."

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1. Evidence, 1958, p. 203.

2. Evidence, 1958, pp. 203-204.

- Q. Yes; who raised it to \$1.50 per yard.
- A. The Deputy Minister of the time.
- Q. Without any authorization or suggestion from you?
- A. Oh yes.
- Q. He did it on his own.
- A. No.
- Q. Did you suggest that he should do?
- A. Yes, certainly.
- Q. You suggested he should raise it, triple it?
- A. During the lapse of time, between the time I saw the condition of the surface and the time it was decided to go further, there was a lapse of time and I had interviews with Mr. Brault, chief architect and we discussed that. Both of us realized that it was a very unfair commission for Messrs. Miron, and Mr. Brault wrote a memo to the Deputy Minister stating the unit price that should be applied, . . . .
- Q. Who was it who finally gave authority, Mr. Murphy the Deputy Minister?
- A. Yes.
- Q. He arranged that verbally?
- A. No, in discussing these prices with Miron et Freres he had been writing - I told the story yesterday - he had been writing - I know now, it was on a box of cigarettes - writing the unit prices that could be applied, and before leaving, Mr. Miron took that box away with him.
- Q. So our Deputy Minister of Public Works worked this contract out on a box of cigarettes?
- A. No!

- Q. That is what you said?
- A. Yes, but it could have been on the back of this pad - it does not matter.
- Q. It is a big box of cigarettes - is there a letter confirming the change in contract and the reason for it?
- A. Yes, - there is a memorandum from the chief architect.
- Q. Where is it?
- A. To Mr. Murphy.

Mr. Chevrier: I put it on the file last week, and you are aware of it. I examined and cross examined the general upon it." 1

There had been some criticism of the air conditioning installation at the Printing Bureau, and Mr. Chevrier gave Mr. Cormier the opportunity of replying to this criticism. Mr. Cormier was never at a loss for an answer.

- Mr. Chevrier: Q. "Then may I direct your attention to the so-called criticisms or criticisms concerning ventilation?
- A. Yes.
- Q. Would you say something on that?
- A. The criticisms were gathered from a few discontented employees, instead of considering the opinion of responsible officers, . . . First I will speak about the first aid unit. This was located . . . next to the press room and composing room, for the treatment of cuts, bruises and burns. The temperature of 80 degrees and 55 per-cent relative humidity happens to be what is required in hospitals for surgery." 2

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1. Evidence, 1958, pp.327-328.
  2. Evidence, 1958, p. 564.

The last of the principal witnesses questioned was Mr. Kennedy, who as a mechanical engineer in the Department of Public Works, had examined and reported to his superiors on the Printing Bureau. Mr. Kennedy was questioned by Mr. Walker on his Reports and the facts brought out in the evidence were enlightening, if not always edifying. Mr. Kennedy told a tale of sewer lines running above open drinking water tanks, of steam backing up and loosening the joints of said pipes causing them to discharge into the tanks below.<sup>1</sup> When it was noticed that this was occurring the Federal Department of Health were called in and took daily readings of the bacteria count of the tank. Finally the bacteria count went so high that the domestic water system had to be closed down. The pipes were rerouted and this situation was corrected. The steam also backed up through other pipes, making the use of ordinary plumbing facilities hazardous.<sup>2</sup> After Mr. Walker's examination of this witness there was not much more to be said. At its next meeting the Committee proceeded to the consideration of a draft Report.

The Committee's Third Report was the only substantive one which it made to the House. The Report was adopted on division.<sup>3</sup> Of the organizational change which brought a member of the Opposition to the Chair, the Committee said:

" This being the first occasion in the history of the Standing Committee that such action has been taken, your Committee now records that the action thus taken is not regarded as in any way limiting or impairing the interrogatory powers

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1. Evidence, 1958, pp.573-574.
  2. Evidence, 1958, p. 574.
  3. Evidence, 1958, p. 592.

of the Committee, but does imply that the Committee's Reports will take a form that promotes application of sound financial principles throughout the public service." 1

The Committee reported under five headings: The National Printing Bureau, Agreements with Architects, Second Class Mail, the Public Accounts and Treatment of Revenue Receipts.

On the National Printing Bureau the Committee said:

" Evidence given to your Committee clearly indicates that regardless of the suitability of the site from the town planning point of view, it was an unfortunate selection. Subterranean waters, flowing near the surface, greatly increased costs of excavation and construction, and have done harm to public confidence in administrative competence. Your Committee would have expected that, as soon as the situation became self-evident, those responsible for the erection of the project would have advised that a new site be selected. This not being done costs increased to a disconcerting degree . . . Evidence given indicates that administrative action was not of a nature as to make certain that the public interest was continuously protected in the financial sense." 2

Still on the subject of the Printing Bureau, but more especially on the wording of the Public Works vote, the Committee commented:

" It was also observed in the review of the Public Accounts that in three fiscal years amounts detailed in the Estimates for the Printing Bureau were exceeded: in 1956 the sum listed was \$1,300,000 but actual expenditures amounted to \$1,691,563; in 1954 the amount stated in the Estimates was \$2,750,000 but recorded expenditures amounted to \$5,208,386, and in 1957 the amount listed

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1. Evidence, 1958, Third Report, pp. 587-588.
  2. Evidence, 1958, Third Report, p. 588.

was \$400,000 with actual expenditures \$802,945. Annual Appropriation Acts have, since 1951, provided that the amount which may be spent on any listed public building, harbour or river work under the Minister of Public Works, is the amount listed in the details of the Estimates "provided that Treasury Board may increase or decrease the amount within the vote to be expended on individual listed projects." While it is the exclusive constitutional right of the Crown to recommend appropriations to the House of Commons, your Committee entertains strong doubts as to either the desirability or propriety of Parliament also sub-ordinating appropriating powers to the convenience of the Executive. In view of the fact that this practice has been in effect only since 1951 and is considered necessary for the needs of the Department of Public Works only, it would seem that the Department of Public Works could organize in such a way that it operates efficiently without any constitutional concession by Parliament." 1

The Committee's final paragraphs on the Printing Bureau were on agreements with architects "so worded that it is to the financial advantage of the architect that planning be grandiose and assent automatic to extras and additions." 2 The terms of Mr. Cormier's contract with the Department of Public Works were not such as to induce economy. The Committee was of the opinion

"that contract terms should be the subject of exhaustive review between the professions and all departments contracting for professional services in order to make certain that in future the basis of agreement is such as will ensure that the public interest is ever paramount." 3

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1. Evidence, 1958, Third Report, pp. 588-89.
  2. Evidence, 1958, Third Report, p. 589.
  3. Evidence, 1958, Third Report, p. 589.

In 1959, the Standing Committee on Public Accounts met again, again, under the Chairmanship of Mr. Alan Macnaughton. It is likely that Mr. Macnaughton will continue as Chairman for the duration of this Parliament. The Chairman is elected for one session, so that while one man may be Chairman during one Parliament, he will have been elected and then re-elected several times. The Committee had referred to it the Report of the Canada Council for the year ended March 31, 1958, the financial statements of the Council and the Report of the Auditor General<sup>1</sup> thereon for the fiscal year ended March 31, 1958. The Committee devoted one meeting to an examination of the affairs of the Canada Council. There was also referred to the Committee, the Public Accounts and the Report of the Auditor General for the fiscal year ended March 31, 1958. To the consideration of the Auditor General's Report, the Committee gave thirteen meetings. In 1959 this was the Committee's main work. In no other year under consideration was the Report of the Auditor General given such careful scrutiny nor did any other Committee make such a thorough Report on this aspect of its work. The Committee's Report on this inquiry was under some seventeen different headings. It can be said of the Committee, that given its present organization, it cannot be more effective than it was in 1959. It is submitted that the Committee can be made more effective, but not without further changes in its procedure. These procedural changes will be put forward in the next chapter. We may put this another way: The Committee did a good job in 1959, but it can and must do a better one, and for this, certain further changes in its procedure are necessary.

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1. Evidence, 1959, p. 4.

The method of inquiry which the Committee followed in 1959 was, first, to examine the Report of the Auditor General, and then, look into the affairs of the Canada Council. The Committee went through the Auditor General's Report item by item, with Mr. Sellar as witness. On the items on which the Auditor General could not give the Committee full information, witnesses were called. An unusual item on which the Committee heard witnesses was that concerning "Air Transport Tariff Rates."<sup>1</sup> The Auditor General wrote this up in paragraphs 71 and 72.

" . . . this paragraph treats of two cases where contractors are willing to refund to the Government amounts totalling about \$93,000, but a statute stands in the way. In the spring of 1956, the Department of Defence Production chartered helicopters for use in the transport of freight and personnel required on the Mid Canada Early Warning Line project. The aircraft were chartered for only a short period because it was expected that the R.C.A.F. would take over the work. That not occurring, the helicopters continued in use throughout the summer and fall. This materially reduced costs to the contractors, so in the summer of 1956 the Department negotiated with them to substitute with retroactive application, rates that would have been paid under the approved tariff if the contracts had originally been entered into for longer periods.

Air rates are, by the Aeronautics Act, subject to the approval of the Air Transport Board and once a rate is approved the carrier may not reduce charges without the consent of the Board. The proposed new agreement was therefore brought to the notice of the Board by the Department. The Board declined to approve, apparently because, unless an approved tariff provides for retroactive adjustments, the extension of the period of the agreement

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1. Report of the Auditor General, year ended March 31, 1958, pp.1819.



is not cause for automatic, concurrence by the Board. In money the consequence is that one company has around \$73,000 and another about \$20,000 which they would willingly refund to the Crown were that not a breach of the law."

On investigation, the company did not prove to be so anxious to repay the money. The Deputy Attorney General reported:

" . . . the company may have been willing at the time it entered into the respective extension contracts to enter into such contracts at the lower rates if that were permissible in accordance with its filed tariff. It does not necessarily follow that the company is, at this time prepared to remit a corresponding portion of the tolls to which it became entitled under the contracts." 1

The work of the Committee is perhaps best judged from its Reports. The Committee made three Reports to the House. The First Report was concerned with the Committee's conduct of its own business, that is, the power to print papers and evidence and permission to reduce its quorum. The Second Report was on the Committee's review of the Auditor General's Report. The Committee's Third Report was on the Canada Council. The Second Report was the most important. It was as we have said the most thorough Report made on the Report of the Auditor General during the total period under consideration in this paper. The following is a representative item of the Committee's Second Report.

"National Defence Expenditures on Education."

" Indian children are provided with educational facilities by the Government of Canada. The Public Accounts record \$17,456,000 expended for this purpose in 1957-58, with particulars given on pages

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1. Evidence, 1959, p. 344.

CC, 12 to 20. However, only where capital expenditures were incurred in constructing schools - the total in the year approximately \$5,400,000 - is any disclosure made in the Public Accounts of expenditures by the Department of National Defence in providing educational facilities for children of members of the Services Forces. On inquiry, your Committee was informed that, including the \$5,400,000 noted above, approximately \$11,500,000 was spent by the Department in the year, and that these expenditures are distributed in the National Defence section of the Public Accounts to 7 standard objects of expenditures: heading for each of the Service Forces, such as, Professional and Special Services - travel and removal expenses, municipal or public utility services.

Your Committee is of the opinion that it would be more informative were these Department of National Defence costs consolidated and suitably disclosed. Whether this may be more efficiently done by use of a special vote or otherwise is regarded as a matter for Treasury Board to consider." 1

The Committee devoted its last meeting to an examination of the activities of the Canada Council. The Council was before the Committee because as Mr. Sellar put it:

" . . . it is required to table a Report in Parliament through the designated Minister who, in this instance, is the Prime Minister; and I am required to make an audit . . . . After these Reports were tabled during the present session of the House, the House referred them to this Committee." 2

In his audit of the Accounts and financial transactions of the Canada Council the only thing to which the Auditor General drew attention was the use of the "University Capital Grants Fund."

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1. Evidence, 1959, Second Report, pp. 400-401.
  2. Evidence, 1959, p. 361.

On this he reported:

" In the review of the transactions it was observed that grants of 50% of estimated cost were authorized with respect to the construction of student residences at four universities. These grants are now noted in order to illustrate a point. The Canada Council Act is not free from ambiguity, but section 9 contemplates that the Council make grants only "in furtherance of its objects," which are defined in the Act as follows:

The objects of the Council are to foster and promote the study and enjoyment of, and the production of works in, the arts, humanities and social sciences.

No problem is present where a grant is made towards the cost of a building having direct and immediate association with courses of study related to the arts, humanities or social studies. What is now referred to is the legal position where the association might be regarded as indirect or remote. The status of the Council in administering this fund being similar to that of a public trustee, it is suggested that consideration be given to defining boundaries with respect to grants from the University Capital Grants Fund." 1

In a note supplementary to his audit Report the Auditor General "illustrated" what he called the "audit perplexity" this way:

" Two brothers attend the same university, one to study Arts, the other Engineering. Is the second boy ineligible to live in a students' residence because it had been financed, in part, by a Canada Council grant? Alternatively, if both are eligible, it follows that there is nothing to prohibit the residence being wholly occupied by engineering, medical, etc., students." 2

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1. Evidence, 1959, Appendix "2", p. 349.
  2. Evidence, 1959, Appendix Z-1, p. 351.

It might have been thought that, the perplexity of the audit being equal to the absurdity of the illustration, the two cancelled each other out. However, it was not to be. Members of the Committee were more interested in this question than in any other aspect of the Council's work. Mr. Walker asked in what way culture was promoted by the building of dormitories.<sup>1</sup> Mr. Claxton answered, quoting from an article which had quoted Leacock:

" Then they have a quotation from Leacock:

If I were founding a university, he once wrote, I would found first a smoking room; when I had a little more ~~more~~ money in hand I would found a dormitory; then after that a decent reading-room and a library. After that, If I still had more money, I would hire a professor and get some text-books.

Mr. Walker: I think Stephen Leacock would have had a beer parlour in there: Is that the answer, then? Is that your answer to my question?

Mr. Claxton: Yes, this is the view of the Council, that dormitories are an integral, fundamental part of a modern or ancient university. All universities are suffering from a lack of them; and the addition of them to the university equipment adds to the work they do in the field of the arts, humanities and social sciences, and is a direct service performed, for which the Canada Council was set up." 2

The Public Accounts Committee was not too sure of its role in relation to the review of the Reports of the Canada Council. It

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1. Evidence, 1959, p. 374.

2. Evidence, 1959, p. 375.

commented:

" Section 23 of the Canada Council Act requires that Reports be submitted to a designated Minister within three months after the termination of each fiscal year of the Council; that the Minister cause Reports to be laid before Parliament within fifteen days, and that "provision be made for a review thereof by Parliament." Because the Act declares that the Council "is not an agent of Her Majesty," it is recommended that further consideration be given to the text of section 23 or to any subsequent Order of Reference to this Committee or both, in order to determine more precisely the role of the Committee in reviewing these Reports." 1

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1. Evidence, 1959, Third Report, p. 411.

CHAPTER VI  
RECOMMENDATIONS  
and  
CONCLUSIONS

If the Public Accounts Committee is going to be of any use, it will have to meet each year. This seems obvious enough, but the Committee's recent history shows that we cannot take its meeting for granted. The practice followed in getting the Committee assembled and started on its work each year has been somewhat casual. It has been left to too many people, to take the initiative.<sup>1</sup> As the Chairman observed at the Committee's first meeting in 1950:

" This Committee so far as I understand, has sat only about six times in the last twenty years, and it has been traditional that the Committee would sit upon a request made by any member to the elected Chairman. There is no fixed date, no definite time at which we should sit." 2

Meetings of the Committee cannot be made mandatory. It will always remain to some member to start the machinery in motion. With a member of the Opposition as Chairman it is more likely that the Committee will meet than not. We may say that the very least that is necessary in order for the Committee to meet is that it is the desire of some member or members that it should.

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1. See Mr. Picard's outline of the procedure followed, Canada, House of Commons Debates, 1950, p. 2020, also quoted above.
  2. Evidence, 1950, p. 7.

Should the Chairman and some of the more interested members of the Committee wish to have the Committee meet, there is no guarantee that it actually will meet. The reason for this is that the Committee is too dependent upon the Government. The Committee considers only what is referred to it by the House on the initiative of the Government. If the Government does not refer the Report of the Auditor General or the Public Accounts to the Committee, the Committee will have no business before it, and having no business before it, will not meet. Within its terms of Reference the Public Accounts Committee has substantial power. For instance the Committee has the power to send for persons, papers and records.<sup>1</sup> The Committee is empowered to examine and inquire into all such matters and things as may be referred to it by the House, and to Report its opinions and observations to the House on the matters before it.<sup>2</sup> There is nothing in this which says that the Committee will have anything referred to it. What it does say is that if and when the House refers something to the Committee, it has such and such power to enable it to conduct its inquiry.

The present practice would seem to be that when it is certain that the Committee is going to meet, an informal request is made "through the usual channels" requesting that the Public Accounts and Report of the Auditor General be referred to the Committee. In 1958, these matters were referred to the Committee on 29th July, but the Chairman was elected only on the 30th, July.<sup>3</sup> It is quite true that the House generally agrees with

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1. Arthur Beauchesne, op.cit., p. 236.

2. Ibid.

3. Evidence, 1958, p. 4 and 7.

the requests of its Committees, be they formal or informal, but still the Committees must wait on the House. In 1959, at the first meeting of the Public Accounts Committee, the Chairman congratulated the members for turning up at a morning meeting when the notices had gone out after four o'clock on the previous day. Then he said:

" The notices were delayed because the reference had not been passed by the House and a meeting could not be called until this was done." 1

The essential point about all this is that the House is not an abstraction. The House does what the Government wants it to do. If the Government does not want the Auditor General's Report referred to the Committee, it need not make the necessary motion. If the motion comes from the other side, its majority can be used to defeat it. It would be impolitic for a Government to act in this manner, but the fact remains that the Government controls the Committee.

The House of Commons is controlled by the Government. The purpose of the Public Accounts Committee is to control the Government. If we are to be certain that this Committee will meet, it becomes apparent that the Committee must be made more independent of the House. It will be said that to speak of independent Committees is to introduce French or American practice into our procedure. To suggest such a thing, it will be said, is to trespass upon established concepts which hold that the Committees of the House are mere auxiliaries. Under present conditions of party discipline the Committee must be independent of the House, if it is to

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1. Evidence, 1959, p. 9.



control the Government. When party discipline was loose, theories about Committees as auxiliaries of the House held more relevance than they do today. The British have recognized this, and we have seen that there is there, a stage of control where the House as a corporate body is concerned. There is no playing "politics". The Government allows a Committee to exist with an independence of the House. The Committee of Public Accounts in the United Kingdom does not need to have an order of reference passed each session. It is empowered by Standing Order to examine "the Accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other<sup>1</sup> Accounts laid before Parliament as the Committee may think fit . . .". The Standing Order also makes it clear that the Committee is to be set up<sup>2</sup> "at the commencement of every session." The United Kingdom Committee has a relatively permanent status. It must consider certain accounts and may consider others, but it need not wait on a reference from the House.

During the first two sessions of the twenty-fourth Parliament most of the Standing Committees of the House were active. It is generally agreed that the Committees were and are being used as a handy way of occupying the large Government majority. More extended use of the Committees was also a fulfillment in part of Mr. Diefenbaker's promise to restore the rights of Parliament. What all this Committee activity did was give us the opportunity of seeing the many different ways in

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1. Herbert Morrison, op.cit., p. 148.

2. Ibid.

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 which they are used. The most noticeable thing about the Committees is the absence of any distinction between Standing and Select Committees which we find in British practice. A Canadian practice which is quite different from the British, has an Estimates Committee meeting considering Estimates, while other Committees meet and also consider Estimates. Some of the Committees which considered Estimates also dealt with Bills related to the same department. We have dealt at some length already with the role of the Standing Committees in the Canadian House and the "Committee stage" of the legislative process. As a "Committee stage" the study of Bills in the Standing Committees is a waste of time because in fact the Committee stage is taken in the Committee of the whole House.

It is submitted that all the Estimates ought be considered by one Committee. This Committee could split up into sub-Committees and deal with the Estimates which are now considered by several other Committees. The advantage of this procedure would be that with an Estimates Committee and the Public Accounts Committee, the acceptance of the idea of Select Committees would be encouraged. These Committees would meet in camera, and conduct their business in a non-partisan manner. If it was desired to investigate a specific matter, a Select Committee could be set up for that session to deal with it. If this could be brought about, we would have Select Committees doing what Select Committees do best; investigating, examining, weighing facts and issuing sound Reports. Party differences could show themselves in Standing Committees. The Estimates and Accounts Committees would not be denominated "Standing Committee."

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1. Since all the Committees print their evidence and minutes of proceedings, the best systematic outline of what they do is the, Catalogue, Canadian Government Publications, The Queen's Printer, Ottawa.

To the Standing Committees could be sent Bills for a real committee stage. The Select Committees would be smaller as a rule than the Standing Committees. The Estimates Committee with its sub-Committees would be an exception to this. If we had several Standing Committees taking the committee stage of Bills we could speed up the legislative process and occupy most of the members of the House. As it is now, the best use is not being made of the Canadian Committee system.

The Public Accounts Committee should have fewer members. At any given meeting, there are between fifteen and twenty-five members in attendance out of a membership of fifty. A member need only be in the Committee room long enough to be seen by the clerk to be registered as in attendance. This makes it difficult to give meaningful attendance figures. However, it can safely be said that attendance is generally somewhat less than half the total membership. This would seem to indicate that the number could be reduced. Of the members who come to the Committee, there are some who are continually walking out and in, while there are others who come and read their newspaper between appointments. In any one year that the Committee meets there is, however, a small number of interested members who attend nearly every meeting. These may number between ten and twelve. They are members of every party and they ask most of the questions.

It is difficult to say just how many members are enough. In the United Kingdom, the Public Accounts Committee has fifteen members. We do not have to decide exactly what number the Canadian Committee should have, but it is clear that fifty is too many. As one reads through the

Committee's evidence, it becomes apparent that the member who attends only occasionally at the Committee is the cause of much repetition with its consequent delay. He will not be interested in what the Committee is doing. He will not have followed the proceedings or read the evidence. One morning he will turn up, and ask questions of the witness that were answered three meetings ago. If the Chairman is not careful, the Committee goes off on a tangent. Many members of the Committee are not interested in its work. It would be better to leave them off.

The Public Accounts Committee would do better work if it met in camera. The public nature of the Committee's meetings is a constant potential source of disorder and commotion. That this is so, is not because the public attend in any number, but, rather, because of the presence of the press. Their presence encourages the members to play politics and grab headlines. As Mr. George Benson, the Chairman of the British Accounts Committee, put it in a letter to the Gazette, commenting on a column of Mr. Blakely's which had expressed skepticism of Mr. Macnaughton's "findings" on the British Committee:

" Mr. Macnaughton is quite right in attaching the greatest importance to the fact that the Committee sits in camera. Members of the P.A.C. are only human, and our meetings give ample material for headiness, which in the presence of the press might be exploited by some smart, slick question. Under such circumstance it might not take long before the Committee was divided into opposing camps, one seeking to score points against the Government and, the other seeking to defend it." 1

It was a "slick question" of Mr. Walker's which threw the Committee into

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1. The Gazette, Nov. 10, 1958.

turmoil in 1958. He asked the leading witness whether any pressure<sup>1</sup> had been put on him in the matter of allocating contracts. The witness suggested that Senator Fournier had put pressure on him to<sup>2</sup> favour one contractor rather than another. In a public statement the Senator, who is also the Mayor of Montreal, hotly denied the witness's statement.<sup>3</sup> A Conservative member of the Committee help-fully suggested that the Senator, a Liberal appointee, be brought<sup>4</sup> before the Committee to testify. This episode almost resulted in the resignation of the Chairman. The lesson of this incident is that the Committee must meet in camera.

The Public Accounts Committee has met so infrequently in recent times that there is no real agreement on what the Committee should examine when it does meet. It is submitted that what the Committee ought do each year is call and examine witnesses on the Report of the Auditor General. It is for this that the Committee is best equipped. The Committee cannot cover the expenditures of a whole department. It realized this in 1951 when it examined the defence department accounts. In its Fifth Report it said that it:

"was not able to go deeply enough into the detailed Accounts of each of the numerous items . . . to express a definite opinion as to the propriety of all the operations performed by these departments . . ." 5

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1. Evidence, 1958, p. 150.
  2. Evidence, 1958, p. 151.
  3. The Gazette, August, 16, 1958.
  4. Evidence, 1958, p. 197.
  5. Evidence, First Session, 1951, p. 693.

As for the Crown Corporations, the Committee itself, on two occasions, has recommended that a Select Committee be set up to examine their<sup>1</sup> yearly Reports. If the Public Accounts Committee considered the Reports of the Crown Corporations then it would not deal with the Auditor General's Report. Similarly if there is some transaction so notorious that the Committee delves into it, the Report of the Auditor General goes unconsidered. An inquiry like that into the construction of the National Printing Bureau is best dealt with by a Select Committee. As for the Departments of Government, the Committee must assume that all is well until the Auditor General Reports that it is not. The Committee has to rely on the Auditor General and his officers for its information. The Committee cannot hope to turn up more than the Audit Office. What the Committee can do is examine in detail those items or transactions about which the Audit Office has some reservations. Having done this it can give directions and make recommendations to the end that any unsatisfactory conditions which may have been uncovered will be corrected.

The Reports of the Auditor General are not as helpful as they should be. Mr. Sellar's Reports were written with a terseness and an economy of words which made it seem that he was reluctant to give more than the barest facts of any transaction. The Report of the Auditor General ought be written in such a way that members will know from reading it why an item is included. As full an explanation as is necessary for the intelligent layman to understand the "audit interest" in a matter is

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1. Evidence, 1950, Third Report, p. 1013, and Third Report, Evidence Second Session 1951, Vol. 3., page not numbered.

required. Members should not have to ask the Auditor General why a certain item has been reported. Until quite recently, the Committee has met so sporadically that the Auditor General has assumed an almost dominant position in the circle of control. This is not his fault because he is filling a kind of vacuum which he did not create. It is on account of this that he has presented so many briefs and memoranda to the Committee. Everything which the Auditor General feels he should say to the Committee, ought be said in his Report. That is his time to speak. He should attend the Committee's meetings, but should only be questioned when it is absolutely necessary.

In the United Kingdom the principal witnesses before the Committee are the Permanent Secretaries who as Accounting Officers must represent their department before the Accounts Committee. The Permanent Secretary as Accounting Officer has in the matter of Accounts a responsibility that is not the Minister's. But as he is subordinate to the Minister he exercises a kind of veto over the department's transactions. In the Epitome of the Reports from the Committee of Public Accounts the duty of the Accounting Officer has been defined:

" The Accounting Officer is personally responsible for the correctness of the Appropriation Account which he renders on behalf of his department, for the proper conduct of its financial business and for the balance in the custody of the department. If he takes office during the period of an Account and subsequently signs the Account for the whole year he thereby accepts responsibility for the whole of that Account. He is not required to possess technical knowledge of Accounts, but it is his duty to see that proper

supervision and control are exercised over the persons executing the detailed business of Account and book-keeping in the department, and to satisfy himself by appropriate means of the correctness and propriety of the transactions embodied in the Accounts, as well as to represent his department before the Public Accounts Committee." 1

Herbert Morrison has given us an example of how the Permanent Secretary's

"veto" might work:

" If a Minister wishes to spend money for which his statutory authority is in any degree doubtful, one of the most effective restraints of the Permanent Secretary is to remind him that the Permanent Secretary is the Accounting Officer of the Department and that he has to answer for the Department's expenditure before the Public Accounts Committee. This is a polite way of telling the Minister that he cannot run the risk of exceeding his statutory authority and that, if the Permanent Secretary as Accounting Officer were challenged by the Public Accounts Committee, he would be compelled to inform the Committee that the expenditure had been incurred on the Minister's personal instructions after he had been warned about it by the Accounting Officer." 2

A weakness of the Canadian Committee is that on many items it must dig and probe for information. It goes from witness to witness chasing down the details of a transaction. Each witness will only volunteer so much information. Only occasionally will a witness give the Committee the whole "story" of a questioned transaction. The Committee would save a great deal of time, and control would be tighter if there could be a Canadian equivalent of the Accounting Officer in each

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1. Ivor Jennings, Cabinet Government, a note on p. 170.

2. Herbert Morrison, op.cit., p. 150.



department. The official so designated, would represent his department before the Committee. He would come prepared. By the terms of the Civil Service Act, the deputy head would appear to have responsibilities similar to those of the Permanent Secretary as Accounting Officer, but it is not too clear. The Act gives him general control of the business of the department subject to the directions of the head, that is, the Minister.<sup>1</sup> This authority of the deputy head over the department, subject to the Minister, does not appear to be the same as the responsibility of the Permanent Secretary as Accounting Officer before the Committee of Public Accounts. The Permanent Secretary seems to have sole responsibility in these matters. It would appear to be a responsibility that is not the Ministers. If the deputy heads of departments are not Accounting Officers, in the British sense, there seems to be no reason why they cannot be so designated. They, also, would be given a power of objecting to transactions. With our system of centralized accounting their burden of responsibility would not be as great as that of the Permanent Secretaries.

The Standing Committee on Public Accounts in the Canadian House shares with the British Committee one of the characteristics of a Select Committee. In both Committees, the official is confronted by the layman. There is, however, a basic difference between the Committees. The British Committee gets its recommendations implemented. That this is not true of the Canadian Committee, constitutes a most serious defect in our procedure. It is worth while to quote at some length from British Reports to show how the Reports of their Committee are co-ordinated and

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1. Rev. Stat. Can. 1952, Ch.48, 7 (1).

their recommendations implemented. In the 1953-54 Session, in its Third Report, the British Committee dealt with:

" Income Tax: Exemption of Officials of International Organizations.

3. Under the International Organization (Immunities and Privileges) Act 1950 (Consolidating the Diplomatic Privileges (Extension) Acts, 1944 to 1950), Orders in Council may be made conferring certain immunities and privileges on International organizations of which H.M. Government are members and on persons connected with such organizations. Such Orders, which have to be laid before Parliament in draft and require affirmative resolutions by each House, are to be framed so as to secure that there are not conferred on any person immunities and privileges greater in extent than those required to give effect to any relevant international agreement. The immunities and privileges which may be conferred include exemption from taxation.

4. Although there is no statutory power to confer exemptions for periods prior to the dates stated in Orders in Council made under the Act, the Inland Revenue Department have conceded exemptions in respect of some organizations before any order has been made, or from a date earlier than was provided for in the Order . . . .

5. The Inland Revenue Department admitted to your Committee that they had no statutory power to allow these tax exemptions in the absence of an Order in Council. They explained that they had made the strongest representation to the Departments responsible for laying an Order, and in particular to the Foreign Office in respect of the North Atlantic Treaty Organization, but they had felt obliged as a matter of public faith to implement arrangements made with organizations by other departments.

6. The Foreign Office stated that it was Government policy to afford members of international organizations the same facilities as are normally given to members of diplomatic missions, and H.M. Government were parties to the treaties and agreements setting up the organizations and providing for exemption from taxation. Drafting the necessary Orders in Council had, however, given rise to legal and technical difficulties which involved consultation with other departments. They agreed that the delay in presenting an Order for the North Atlantic Treaty Organization was much too long, but stated that a contributory factor was a decision to bring a number of Orders before Parliament in a group. An assurance was given to your Committee that, when any future international agreement is concluded which contains provisions for tax exemptions, the accompanying Order in Council will be drafted in co-ordination with the agreement.

7. Your Committee take a serious view of the delays which have occurred in laying before Parliament drafts of the Order in Council necessary to authorize the tax exemption granted by the Inland Revenue Department. The exemption granted to officials of the North Atlantic Treaty Organization over a period of nearly three years, solely by administrative action, is particularly open to objection, and the fact that H.M. Government are parties to an international agreement providing for such exemption does not excuse the delay in obtaining the Parliamentary authority required by the statute. Your Committee must therefore ask that in future Orders will be laid not later than the coming into force of the agreements to which they refer; these should receive Parliamentary approval before any tax exemption is granted." 1

The Treasury Minute in reply began in the following manner;

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1. Report From Committees, Vol., 4, 1953-54, pp. 5-6.

" My Lords read the First, Second and Third Reports from the Committee of Public Accounts, Session 1953-54, dealing with the Appropriation and other Accounts for 1952-53, (Note, this Minute is dated, January, 1955) on which they make the following comments:-"

On the paragraphs quoted above:

"Third Report  
Paragraphs 3 to 7 Inland Revenue: Income Tax-  
Exemption of Officials of International Or-  
ganizations.

My Lords note the comments of the Committee. Specific instructions have now been issued to all concerned that in any future international agreement establishing a new international organization and containing any provision for tax exemption, the accompanying Order in Council . . . shall so far as possible be drafted in co-ordination with the agreement. All officers concerned have been instructed to exercise great care to ensure that no undertaking is given to suggest that tax exemptions can be conceded before specific Parliamentary authority has been obtained. My Lords are confident that this procedure will prevent any repetition of this unfortunate incident." 1

The great achievement of the British Committee of Public Accounts is its ability to get its recommendations implemented. We know that this began with the Committee inquiring what action had been taken to implement its recommendations. The Committee took the initiative and the Treasury responded. The Canadian Committee must follow up its Reports. It must ask Treasury Board either through its Reports, or if necessary, before the Committee itself, what action is being taken on its recommendations, comments, opinions or statements of censure. It is unfortunate that so influential a person as the former Auditor General

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1. Reports From Committees, Vol.,4, 1955-56, Appendix 9, p. 516.

should have expressed a different view as to the Committee's procedure.

He said, in answer to a question on the effect of the Committee:

" The fact that you have reported . . .  
really makes nothing necessary thereafter.  
You have accomplished your end, you have  
put the fear of God right across the  
board, for the Civil Service." 1

This view sees the Committee as fulfilling a very negative function. There will be no body of financial case law built up in Canada if the Committee takes the attitude that it has only to Report a matter and forget it. The fact that the Committee considers a matter important enough to be Reported, makes everything necessary thereafter. Its work after it Reports is as important as the work from which the Report results.

It has occurred to some members that the Committee should follow-up its recommendations, but, so far, the approach to this has been rather casual. An inquiry along these lines in 1959, went like this:

"Mr. Winch:                    Could you tell us . . . if you have  
found that those concerned are putting  
into effect or taking note of recommend-  
ations that were made by this Committee  
last year?

Mr. Sellar:                    . . . While it is none of my business I  
did inquire yesterday whether they had  
Reports ready. I was told that they  
were still working on them, so I know  
they certainly did not ignore your Report. . . .

The Chairman:                Would you say that the Department of  
Finance was giving serious consideration  
to the suggestions made by this Committee  
last year?

Mr. Sellar: I have not spoken to the Minister or Deputy Minister, but I know the Department of Finance well enough having been in it, to know it will not think itself free to ignore any direction from the Public Accounts Committee, and that it is in their interests in every instance to implement and support the Public Accounts Committee." 1

It will not be good enough for the Public Accounts Committee to inquire of the Auditor General whether its recommendations have been implemented, or otherwise acted upon. The Auditor General was quite right when he said it was not his business to inquire after the recommendations of the Committee. Committee recommendations urge action upon the executive. The Auditor General cannot speak for the executive. He can Report back to the Committee to say what action others have taken, but he can take no action himself. In such an inquiry the Auditor General asks the executive what action it has taken on the Committee's Reports. It would be good sense to direct these inquiries toward those who can take action. There is one way in which the Auditor General could make effective use of the Committee's recommendations. In those instances where a matter has been of "audit interest" in a particular year and the Committee has made some recommendation, the Auditor General could use this recommendation as another criterion by which a situation which has not been corrected could again be put before the Committee through the Auditor's annual Report. In this way the Auditor General could follow-up the recommendations of the Committee. This is quite different from a follow-up which asks, what has

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1. Evidence, 1959, p. 27.

been done. Such an inquiry must be directed to the Treasury Board.

Treasury Board has the power, prestige and staff to do the job, and it has all but accepted this role as part of its functions. The ability of the Public Accounts Committee in the United Kingdom to get its recommendations implemented is based upon convention. The Treasury does not have to implement these recommendations, but it does. We have already discussed why it does so. The answer to how it does so, is that it uses its power and prestige. It could become a recognized convention in Canadian financial practice that the recommendations of the Public Accounts Committee are always implemented.

It cannot be denied that the Treasury Board has the power to implement the recommendations of the Public Accounts Committee. It is not expected that the Ministers at the Board would do the following-up on the Committee's Reports, but they could direct that it be done. The actual work could be done by the Treasury Board Division of the Department of Finance which constitutes the secretariat of the Board.<sup>1</sup> There can be no objection about officials doing this work. The 'rude letters' written in the name of Their Lordships of the Treasury are written by officials. It seems clear from testimony before the Public Accounts Committee that Treasury Board accepts this implementing role. When W.C. Clark who was then Deputy Minister of Finance was before the Committee in 1951, he was asked if he could see any objection to the annual Reports of Crown Corporations being referred to a Committee. He answered:

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1. G.W. Stead, "The Treasury Board of Canada" Proceedings of the Seventh Annual Conference of the Institute of Public Administration of Canada, Toronto, 1956, p. 82.

" It is probably not competent for me to say so, but I think from our own point of view we would be very happy about that. I believe we have the same objective as this Committee. The Department of Finance and the Minister of Finance want to see that there is a maximum of control over expenditures and as many safeguards as possible on this kind of thing." 1

In 1959, the Committee dealt with an item in the Auditor General's Report which concerned the Canadian Red Cross Society and the Department of External Affairs. The chief of the Department's Financial Division testified:

" As is customary when the Auditor General publishes his Report, along with the Public Accounts, the Treasury Board requests an explanation from the Department, or a comment on the observations which the Auditor General made." 2

If we were to substitute, Report of the Public Accounts Committee, for Report of the Auditor General, we would almost have the British Procedure. However, it is close enough to show that there is no institutional reason why we cannot adopt the conventional arrangements of British origin which serve as such effective controls over that country's executive.

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1. Evidence, Second Session, 1951, p. 140.
  2. Evidence, 1959, p. 150.



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