

there is a large amount of operating equipment and all the supplies required for repairs, including such items as cement and gravel, steel cable and materials of that sort. Then there are the aviation supplies, and the equipment which has been used in the past in landing fields. Some of it is obsolete but it is still carried in the stores at the purchase price. There are some ten appropriations all of which involve considerable stores. We have the radio telegraph branch, and there we have considerable stores of electrical equipment.

Mr. BENNETT: And the buoy service, I suppose.

Mr. HOWE: Yes. In connection with the aids to navigation service we have large supplies. In many cases the supplies are duplicated for the reason that they are bought under separate appropriations and cannot readily be transferred.

Mr. BENNETT: You are to arrive at some value of these stores, some of which are obsolete. I followed the minister's statement with care because I want to get an idea of the way in which he will state it in his books. The section provides that the minister:

... shall not thereafter be required to maintain records with respect to the source of acquisition of the stores acquired prior to April first, 1937.

The minister will open a stores account for the first time and take over all these stores, some of which he tells us are obsolete. At what price will they be carried on the books?

Mr. HOWE: The bill provides that the Minister of Finance and the Minister of Transport shall agree upon an initial price. That is necessary because some of these stores go back fifty years though they are still carried at cost price. One of the first things to be done to facilitate the consolidation of the stores depots is to dispose of stock that is obsolete and useless, and that will be done to the best advantage. A value will be put on the stock as of the initial date and thereafter all transactions must be at cost.

Mr. BENNETT: Perhaps the minister has not looked at the section. It is because of the language used that I direct attention to it in his own interest. He is to take over the stores acquired by the various services comprised in the Department of Transport and may charge the value of such stores at cost. Obviously if he does that he is in a difficult position having regard to what follows. Contrary to his general conception of

his duty, as evidenced by the Canadian National bill, he will be showing an asset at much more than its value. If the stores are twenty or thirty years old, and some of them even fifty years old, that would be a misleading method of accounting from the standpoint of the country, because they are to go into the consolidated balance sheet as an asset, and it would be unfair to the department to be charged with them at cost and unfair to the country to be credited with them as an asset on that basis. Does the minister see that?

Mr. HOWE: I think my right hon. friend will find it covered in paragraph 4.

Mr. BENNETT: That does not help. That is for the advances. This is the only section I can see that touches the point I have in mind. The minister will find it is unfair to his department and it is unfair to the country to credit as an asset, at cost, stores that are thirty, forty or fifty years old, when setting up an account for the first time as of April 1, 1937. I think what the minister intended to do was to have a cut-off as of April 1, 1937, have the value of these stores fixed by some method, credit that value as an asset and charge his department with it. Thereafter the account is charged for such advances as he receives and credited with the goods requisitioned from time to time, depleting the goods on hand. I gather that that is the intent of the bill.

Mr. HOWE: Quite. I would point to section 3:

As and when an inventory of the stores stocks on hand as at April 1, 1937, is determined by the Department of Transport and approved by the comptroller of the treasury, the value of same may be credited in public accounts to consolidated revenue fund and a corresponding asset account may be established.

Mr. BENNETT: I hope the minister still sees his difficulty; "the value of same may be credited," and the value is the cost. The bill contemplates a cut-off as of April 1, 1937. On that date an inventory is made of all the stores the minister has in his department. They are then to be credited as a national asset and the department is to be charged with them. The second section states that they shall be valued at cost. My point is that it is unfair to the country to value them at cost, and it is unfair to the department to charge it with something that will be a continuing sore as long as it is there, because obviously the cost is not the value. I cannot do more than direct attention to the point.