

Defence Purchasing Board

the period of ten years. That is, we are setting up, in connection with national defence capital expenditures, an amortization of them on a sinking fund basis over a period of ten years. Next year we shall probably find, although I wish it would not be so, that again in the estimates the national defence expenditures will be divided between expenditures out of revenue and expenditures out of capital, and again next year there will be a sum voted out of revenue equivalent not only to the sum required to amortize over ten years this year's capital expenditure, but to the additional sum required to amortize the addition brought about by next year's estimates; and so on. So that we shall have before us in this parliament each year a full knowledge of what our capital expenditure on national defence is, spread over a ten year period, because we shall always have a tenth instalment for each year before us. Frankly, I hope to be able to expand the application of the principle as time goes on, because I am a great believer in planning a method of paying debt at the time you incur it.

Mr. CAHAN: I am afraid that if that ambition is to be realized, its realization will have to be postponed until wars and rumours of wars are at an end.

Mr. DUNNING: I agree with my hon. friend, but in these matters of paying debt I believe in hitching my wagon to a star. Even though I cannot get very far with it, every step is a step in the right direction, in the recognition of the sound principle of making provision for payment on debt when the debt is created.

Mr. CAHAN: But when my hon. friend hitches his wagon to a star, he ought to take very good care that the star in its courses does not switch him off terra firma.

Mr. DUNNING: I agree.

Mr. COLDWELL: I listened attentively to the Minister of Finance. In the estimates this year there is an item, I believe about \$29,000,000, capital expenditure; that is one-tenth. Does that mean that it is contemplated that \$290,000,000 will be spent over the next ten years?

Mr. DUNNING: The item of \$29,000,000 is the total of the estimates of the Department of National Defence which this year are being capitalized, and in the same vote there will be found an item of one-tenth of that amount plus interest, voted this year to apply on the amortization. It is not an expansion of the vote. The vote for amortization this year is

[Mr. Dunning.]

about \$3,000,000, and that is related to the \$29,000,000 based on the ten years' amortization.

Mr. COLDWELL: There was some confusion in the interpretation of that estimate, in the light of the statement just made.

Mr. DUNNING: Of course, the estimate could not be intelligible without the measure we are now passing.

Mr. LAWSON: Would it be correctly stating the minister's interpretation if I said that the effect of this bill, plus the estimates, is as follows: There is no limitation as to the commitments which may be taken by the government for defence expenditures—

Mr. DUNNING: No limitation?

Mr. LAWSON: Just a moment. No limitation on the commitments which may be taken next year so long as the amount payable in respect to those commitments does not exceed the vote contained in the estimates for this year, and so long as it will be repaid within the ten year period, as prescribed by section 18.

Mr. DUNNING: The limitation on expenditures is the estimate, just as it has always been, but this law makes it obligatory to create a ten-year distribution of that portion of the expenditure which was capitalized.

Mr. LAWSON: But there is no limitation on the commitment which may be taken.

Mr. DUNNING: The limitation is the vote itself.

Mr. LAWSON: The government might enter into a contract for an expenditure over the next five years, with a firm manufacturing some article of defence, which by far exceeded this year's estimate, but they can pay for it only to the extent of this year's estimates. The other limitation is that it must be repaid under this scheme within ten years.

Mr. DUNNING: Well, the question of the extent to which a government can commit a future year's estimates by a contract entered into this year, only a small portion of which can be used this year—

Mr. LAWSON: Right.

Mr. DUNNING: —as the hon. member knows, is always a matter of difficulty in administration, particularly when you are ordering goods which you know cannot be delivered for a long time.

Mr. LAWSON: And that applies particularly in defence matters.