

loans to the Film Development Corporation as the years go by, but the maximum authority we have to pay out either on a grant or loan account to the Film Development Corporation is \$10 million.

Senator THORVALDSON: With regard to the recent Rural Development Fund bill, for which there is a sum provided of \$250 million, how is that taken care of, does that money come out of the revenue and then charged as an expense, or is that an advance on loan?

Dr. DAVIDSON: The effect of that reference to \$250 million is merely a limitation that is set by statute on the amount of money that can be devoted to that program. Until money is actually spent on projects no money goes out of the Consolidated Revenue Fund into the fund for rural economic development. Likewise, until money is actually spent by the Atlantic Development Board money does not go over into the Atlantic Development fund. But that amount of \$250 million constitutes the ceiling of the authority for the Rural Economic Development Fund. The fund for rural economic development is established on the basis of that authority. The administrators of the program can enter into joint agreements with the provinces to undertake certain expenditures; and as they require funds to discharge the obligations that they have incurred under the agreements, funds automatically are transferred out of the Consolidated Revenue Fund into the fund for rural economic development.

Senator THORVALDSON: Do those funds have to be voted again?

Dr. DAVIDSON: No.

Senator THORVALDSON: They are voted in that bill?

Dr. DAVIDSON: They will be listed from year to year in the Estimates, but with an "S" alongside of them to indicate that they are statutory.

I have one further comment. It would distort the accounts from year to year if on the passage by Parliament of legislation authorizing the creation of the fund of \$250 million, we were to regard that full \$250 million as expenditure in that year, even though most of that money is going to be spent in subsequent years. That is why we adopted the procedure of treating the legislative authority of Parliament as an authorization but recording actual payments as a statutory expenditure in each year in which the expenditure is incurred.

Senator BROOKS: The Estimates were made in that way too for many years, that is, money to be voted and money that is statutory.

Dr. DAVIDSON: That is correct.

Senator ISNOR: How would that be shown in your books, as a capital expenditure or an item of expense.

Dr. DAVIDSON: Which expenditure are we talking about now?

Senator ISNOR: Any portion of the \$250 million.

Dr. DAVIDSON: Let us say, for example, following the authority that is granted by legislation to create a fund for rural economic development of \$250 million, we find in the year 1967-68 that \$15 million of it was actually drawn down as expenditure. That is recorded as a normal budgetary expenditure in that year, and we would include in the Estimates at the beginning of the year our best guess or forecast, from our knowledge of the agreements entered into or in prospect, as to the rate of expenditure that is anticipated under those agreements. We would print in the Estimates at the beginning of the fiscal year our best guess as to how much of that \$250 million would actually be required to be paid out in the course of the coming year. We would print alongside of that an "S" showing that it is statutory. That means that it does not have to be voted by Parliament; that means that money is automatically available on the basis of a previous parliamentary authority. If at the end of the year it turns out that \$17 million rather than \$15 million was required we do not have to come back to