

Department of Transport Stores

The proposed \$5 million would really be a stores capital fund, against which the present inventory value of approximately \$3 million would become a first charge, leaving a balance of about \$2 million of working capital which the Minister of Transport may draw upon for the acquisition and replenishment of stores as required from time to time. It is money that is voted to the minister for use; it is money that is in the Department of Finance in the hands of the Minister of Finance, which may be advanced to the Minister of Transport from time to time.

He may not need the \$2 million; he may need only a small portion of it, but the information that has been provided to me is indicative of the fact that he will require it for the reasons that I shall give at a later stage.

May I revert for just a moment to the position which existed prior to the passing of this act—for instance, the position which existed in 1937. The stores act of that year provided in effect for a similar capital fund of \$1,957,368, composed of inventory of \$957,368, and, in addition, an authority to obtain advances from the Minister of Finance of \$1 million. In other words, the position was: inventory of \$957,368, plus advances to the minister of \$1 million.

The information that has been given to me is that because of the advances, as indicated by the dominion bureau of statistics, in commodity wholesale prices, there has been a general increase in price, and on this basis the equivalent volume of stocks would be valued today at slightly more than \$2 million. By adding to this figure the value of the inventories of stores taken over in Newfoundland about a year ago, which was roughly \$1,200,000, we would have a total inventory of \$3,200,000. This figure is somewhat greater than the actual inventory of stores as at March 31, 1950, which was given at \$3 million in round figures, and which as we go along I should like to use as the amount of inventory with reference to section 1, now on hand. There remains \$2 million, which is a sort of revolving fund. The \$2 million remaining out of the \$5 million which has been referred to previously as working capital will not actually be paid over to the Minister of Transport, but as already pointed out, will simply be available to be drawn upon as needed.

The figure of \$2 million does not seem to be unreasonable considering the fact that in 1937 parliament authorized an advance of \$1 million to be used as working capital in conjunction with the stores inventory of about the same amount, \$957,368 to be exact. Today in reality we are asking for an advance for working capital of \$2 million in relation to

inventory of \$3 million. These figures combined represent the proposed stores capital of \$5 million referred to in the bill as advances to the minister.

It is estimated that approximately \$2 million is needed to purchase stores required to maintain stocks at necessary operating levels and to cover the time lag between the dates when stores are issued and date when the stores account receives credit from the votes concerned.

This figure also includes a margin of around \$500,000 to take care of temporary upward fluctuations in value of inventory, which may occur as a result of relatively light withdrawals and heavy receipt of stores during certain periods.

This is all I need to say at this time on section 1. There are a number of questions which I feel I should reply to, and I think I can do it fairly quickly.

Mr. Green: Before the minister leaves section 1, can he tell us the annual turnover?

Mr. Chevrier: The annual turnover, as I will indicate in answer to a question which was asked on the last occasion by an hon. member, is \$8 million.

Mr. Knowles: What guarantee will we have in the legislation, or anywhere else, that the \$5 million asked for in this bill will include both the inventory now on hand and such additional advances as the Minister of Transport may get from the Minister of Finance?

Mr. Chevrier: I propose to move an amendment when I complete my statement which I think will cover the greater part of my hon. friend's suggestion, if not all of it.

The hon. member for Winnipeg North Centre asked whether I would indicate, just as an example, where in the estimates there are items to pay for some of the things that have been bought out of these advances. These are to be found in most of the operating votes in the Department of Transport—certainly the vote for the operation of canals, the vote for the operation of marine agencies, the vote for the operation of airports, and so forth.

The hon. member for Greenwood asked this question: "I should like to know how much we have relative to what is used from time to time". That was not an easy question.

Mr. Macdonnell (Greenwood): I do not know what it means now.

Mr. Chevrier: I did not. I do not think I was able to give an answer; but if it means what we think it does, then the answer is this.