

Mr. FRASER: This is just to meet the requirements pending assessment? It will come off our regular contribution later?

Mr. MACKENZIE KING: The item makes it clear. It is a contribution to the united nations organization working capital fund to provide working capital for the operations of the organization pending assessment and collection of regular contributions. Once the regular contributions are agreed upon, this item of course will be dropped.

Mr. FRASER: It will be taken off?

Mr. MACKENZIE KING: Yes.

Mr. GRAYDON: Can the Prime Minister inform the committee what is the likely amount which Canada will be obliged to contribute next year, for instance, toward the finances of the united nations organization?

Mr. MACKENZIE KING: That also is a question that I expected might be asked and I have the information.

Under the working capital fund arrangement adopted at the first session of UNO Canada's contribution (advance) will be 4.362 per cent of the \$25,000,000 (U.S.) total or \$1,090,500 (U.S.)

**Basis of allocation.**—The basis of allocation of contributions to the working capital fund is the average between the scales for the first and second financial years of the food and agricultural organization. This basis was adopted as a pure matter of convenience, and is well and thoroughly understood to constitute no precedent for the regular UNO allocation of expenses amongst members. The latter will be determined by the general assembly of UNO at the session in September following report of a ten-member committee on contributions. The factors to be taken into account with reference to the regular allocation will include national income and per capita income.

**Working capital fund.**—The working capital fund was fixed at \$25,000,000 (U.S.), notwithstanding that the provisional budget was eventually cut to \$21,500,000 (U.S.). The purpose of the working capital fund at this stage is to finance the expenditures included in the provisional budget, that is, expenses of the preparatory commission and of the first meeting of the assembly up to January 31, 1946, and expenses of the united nations organization for the year 1946. These were estimated at \$21,500,000 under the provisional budget, which will be superseded at the next session of the assembly in September by the first regular annual budget, which may be

more or less than the provisional figure of \$21,500,000. The excess of the working capital fund total over the provisional estimate figure was considered desirable to allow for possible delays in working capital fund advances on the part of some members. While, as noted hereunder, 1946 contributions will also be called in 1946 following approval of the 1946 regular budget in September, the amount of these contributions which will be received before the end of the calendar year is problematical.

Advances to the working capital fund are just that—advances, and will stand as credits to the respective members. Presentation of regular estimates to the next session will be followed by calls for contributions to finance the 1946 appropriations. Under the resolutions adopted the assembly will decide at the September session the amount at which the working capital fund will be established on a permanent basis. However, the only adjustments contemplated against 1946 contributions to the regular budget are those involved in readjustment of working capital fund advances into line with the regular scale of contributions adopted at that time. Estimates for 1947 will be approved at the same session (September 1946) and contributions will be assessed in accordance with the regular scale, payable, however, only after January 1, 1947. Any reduction of the level of the permanent working capital fund might operate at that stage as a set-off against 1947 contributions.

**Capital expenditures.**—It might be that if a capital construction programme involving purchase of lands and construction of buildings is inaugurated in late 1946 or in 1947, any major adjustments in working capital fund advances would operate against assessments for capital expenditure, and would not effect any appreciable reduction in contributions for current account expenditures. According to very tentative estimates such capital expenditures for land and buildings might reach some \$40,000,000 over a three-year period. The actual plans are very undecided at the moment. Consideration was given at one stage to financing the capital items by a loan from one of the international financial agencies, the plan being that properties in the prospective 45-acre site would remain with former owners or others on a rental basis until required to assist with amortization of the loan.

On the credit side Canada will qualify for substantial book credit on the UNO books consequent upon transfer of the league's