

*Supply—R.C.M.P.*

**Mr. Knowles:** Maybe you sold the cloth too cheaply.

**Mr. Abbott:** I am sorry to delay the committee. I should have had this item taken when we had the Department of Justice before us earlier. Vote 547 of the main estimates which we had earlier this year authorized and provided for the operation of a revolving fund for acquiring of material to be used in the manufacture of uniforms; that is R.C.M.P. uniforms. Of course their requirements are very much greater than are those of the Department of National Revenue. The maximum chargeable to the fund was placed at \$250,000 which has proved to be inadequate, and it is estimated that a further \$200,000 will be needed in order that the revolving fund may be put into operation.

**Mr. Green:** Is the same system used by the Department of National Defence for acquiring uniforms?

**Mr. Abbott:** I cannot answer that question offhand.

**Mr. Knowles:** Has the minister no further explanation as to why this amount proved to be inadequate? A moment ago when the hon. member for Vancouver-Quadra wondered whether the \$90,000 item might have to be supplemented another time, the suggestion was not taken too seriously; but here we have just this very thing happening.

**Mr. Abbott:** My hon. friend will appreciate that I do not go into the detail of these amounts. I ask my officials who have charge of these matters to look into the cost of inventory requirements and advise me if the amounts requested are reasonable. The explanation which was given to me, and which I accept as being accurate is as follows.

The revolving fund, as presently authorized, is inadequate for requirements, and an additional amount of \$200,000 should be provided in the supplementary estimates in order to bring the fund up to an amount which will permit normal operation during the coming year. With this additional amount, the total fund will be \$450,000. Against this must be charged the present inventory value of \$292,000 in round figures, leaving a balance available for purchase of materials of \$158,000. This amount will not be excessive and is considerably below annual requirements.

**Mr. Knowles:** How do they get \$292,000 of inventory when they had only \$250,000 in the fund?

**Mr. Abbott:** I suppose they must have had some other vote that they could buy it with. This is a sound accounting and bookkeeping

[Mr. Abbott.]

device to enable what are really operating departments to operate efficiently and smoothly and yet maintain the principle of parliamentary control. It is essentially a bookkeeping operation, of course, as the committee appreciates.

**Mr. Green:** I notice that the Associate Minister of National Defence is now in the chamber. Perhaps the Minister of Finance could ascertain from him whether this same system is used in purchasing uniforms for the defence forces.

**Mr. Abbott:** I think probably not. He tells me that, so far as he knows, it is not used by them. Of course, the requirements of the defence forces are on such a much larger scale and no doubt other considerations apply there. Contracts are let in very large amounts and, as the committee knows, mobilization stores of certain types of uniforms are provided; but so far as I am aware, there is not any revolving fund. It might be desirable to have one introduced.

**Mr. Monteith:** When this revolving fund is set up do you have to come back to parliament again in order to spend that money the second time?

**Mr. Abbott:** No. When they let a contract for uniforms, they have to pay for them out of a vote which is voted by parliament. But this revolving fund—taking the one which is now before us—would enable the R.C.M.P. to hold a continuing inventory of up to \$450,000 worth of cloth; and they would have an asset to represent a loan which we make to them when acquiring that inventory. As they turn over the cloth to the clothing contractors to make it up into uniforms they get paid for the cloth and the moneys go back into the revolving fund. They must pay the uniform contractors the price of the uniforms, which price will of course include the amount he has paid for the cloth out of a vote which has to be authorized by this parliament. But we start them off with a loan to provide an inventory of \$450,000 worth of cloth.

**Mr. Monteith:** When that inventory is used up that money can be spent again for more inventory without coming back to parliament?

**Mr. Abbott:** It is a revolving fund. The fund has been used to buy cloth. It is sold to the clothing contractor and the price goes back into the revolving fund. That is the essence of a revolving fund.

Item agreed to.