

Supply—National Revenue

and this is the first time they have had one in the Department of National Revenue.

Mr. Green: Why is it necessary for the Department of National Revenue to have this money in order to obtain clothing with which to manufacture uniforms? Why is that not covered by an ordinary vote in the estimates?

Mr. Abbott: The present practice is to purchase material for the manufacture of uniforms from the current fiscal year's allotment and uniforms cannot be made available for the start of the tourist season which is the heaviest time for customs officers. The requested revolving fund will permit the purchase of material the previous fall so that uniforms can be manufactured and made available early in the season. The procedure would be for the department to purchase the material from the revolving fund so that uniform quality, weight and colour can be assured. The material would then be sold to the manufacturer and the revolving fund reimbursed. When the uniforms are completed and delivered the complete cost of same would be paid from the allotment voted by parliament. It is really to provide a revolving fund so that they can maintain a modest inventory reserve of the correct weight and type of material required. I had the treasury board look into this matter very carefully when the suggestion came up and they informed me that in their opinion it was a sound and economic measure.

Mr. Green: I presume this is only the start of these revolving funds. No doubt there will be a demand from different departments for increases in their revolving fund just as the Department of External Affairs has asked for an increase of \$400,000 this year. Is this, in reality, a new policy under which amounts of money are to be made available for the different departments rather than having a vote?

Mr. Abbott: No. It is only in the operating departments. In most cases the moneys have to be paid out of the appropriation. In the case of contracts for uniforms, contracts will be let for the uniforms required by the Department of National Revenue and there will have to be a vote in the estimates to provide for the total cost of these uniforms, but the \$90,000 will enable them to acquire an inventory of cloth which will be sufficient to take care of, let us say, the cloth requirements for two or three months or something of that sort. They will purchase the cloth before the commencement of the season and turn it over to the manufacturer at the appropriate time when they let the contracts for the uniforms. The manufacturer will pay for the cloth but the department will have to

get a vote from the house to pay for the full cost price of the manufacturer which will include the cost of the cloth as well as the cost of making it up.

Mr. Green: But in effect the setting up of these revolving funds means, does it not, that the money is spent before it is voted? It is spent by the department without having a vote for that purpose from the house.

Mr. Abbott: Subject to reimbursement. That is right.

Mr. Green: Then the vote is approved at a later date?

Mr. Abbott: In some cases that is true. It is a working capital advance. If you want to use the terminology of accountancy, it is a working capital advance to the department. That is what it is.

Mr. Green: Is similar provision to be made for the other departments?

Mr. Abbott: In appropriate cases; not in every department. A good many departments will not need it. There is another one coming a little bit later for the R.C.M.P.

Mr. Green: I know that. I have my eye on it.

Mr. Knowles: What will happen if the department sells the cloth to the manufacturer for an amount less than that which the department paid for it, or for an amount greater than that?

Mr. Abbott: As Minister of Finance I can say that whoever authorized that in the department would not stay in that position for very long.

Item agreed to.

DEPARTMENT OF JUSTICE

Loans, investments and advances—
Royal Canadian Mounted Police—

633. To authorize and provide for the operation of a revolving fund in accordance with section 58 of the Financial Administration Act for the purpose of acquiring and managing material to be used in the manufacture of uniforms, the amount to be charged to the revolving fund at any time not to exceed \$450,000 of which \$250,000 was provided under vote 547, Appropriation Act No. 3, 1953—further amount required, \$200,000.

Mr. Green: Will the minister explain this item? It appears to be for the manufacture of uniforms. It permits an amount up to \$450,000. Why is it necessary to have this change made in the manner of financing R.C.M.P. purchases?

Mr. Knowles: Maybe here is a case where you had the fund set up and you did not put enough into it. Is that the story?

Mr. Abbott: That is right.