

Q. Does the department of Labour for Canadian vocational training purchase from the special sales division, or do they buy from Montreal office; and if so, on what terms?—A. They make purchases from the special sales division and it is done in this way. It was agreed in view of the urgency of getting these tools into the hands of the Department of Labour, that we would have their inspector go into the plant concurrently with our supply people, and by the exercise of their priority they would have whatever they required put to one side right at the time. It would be inventoried separately and a separate statement prepared by the supply people, and delivery would be taken at that time by the department of labour. The department would file an availability report, as we call it, through the supplies department with the special sales department at Ottawa; and we have applied an agreed pricing formula to all that to avoid considerable detail and also to speed the thing up in view of the urgency of the situation.

Q. And the pricing formula is, what?—A. The pricing formula is $33\frac{1}{3}$ per cent of the original cost, which is about the average we should get for the whole run of that type of equipment.

Q. To what type of consumers is the special sales division available?—A. They are limited pretty generally by the overall policy of the corporation, that we do not sell at retail. Most of their operations are confined to manufacturers who buy parcels of stuff, items like the department of labour which I just quoted; generally blocks of that type. The same policy of not selling at retail applies throughout the special sales office.

Q. Now, included in that you have new vehicles—you see I am working back to my original question?—A. Yes.

Q. And I take it that there are no new vehicles disposed of by the War Assets Corporation except in accordance with the original manufacturers arrangement; is that right?—A. No, that is not strictly correct. You understand that I have to speak generally because we are handling a volume of \$20,000,000 a month, and it may be that there are individual cases which would prove an exception.

Q. But, as a general policy?—A. But there is a general rule which I can apply here. New vehicles are sold through the special sales branch in Ottawa in accordance with the policy laid down by the corporation when they are passed for distribution. In accordance with a pattern laid down by the original manufacturer they do not of necessity go back to the original manufacturer at all. He recommends that the distribution should be made and that distribution is in accordance with the pattern that was established by him on the basis of vehicle population—I think it started in 1940 sometime.

Q. Now then, was that policy evolved since War Assets Corporation came into being, or was that part of the original agreement between the department of munitions and supply and the manufacturer whereby the department of munitions and supply—?—A. That has been evolved by War Assets Corporation itself since I have been its president.

Q. And I suppose that through negotiations that policy might be changed, there are no strings as far as the manufacturer of the vehicle is concerned?—A. No. I might add that the special sales branch have also negotiated sales of new vehicles for export.

Q. Yesterday in the House of Commons there was a statement made saying in general that the War Assets Corporation did not sell for export to the United States and that the United States surplus corporation, whatever it is called, did not sell for export to Canada; that there was an agreement between the two corporations, not a matter of government policy but rather a matter between corporations?—A. That is a gentlemen's agreement, one might call it, between the Surplus Sales Agency in the United States and the War Assets Corporation here.