

Mr. DUNNING: No, that is a small extra boat.

Mr. STEVENS: In regard to this \$500,000, my hon. friend from West Calgary has intimated that he thinks that too large a sum. I have the same opinion. It says:

All contracts or agreements involving an expenditure in excess of \$500,000 shall be subject to the approval of the governor in council.

I do not know by what reasoning \$500,000 was fixed upon. It strikes me as altogether too large a sum. I do not know what the dimensions of these smaller ships will be, and I do not know what they will cost, but it is quite within the realm of possibility that they may come within this \$500,000.

Mr. DUNNING: That figure was set with the idea of having all shipbuilding contracts approved by the government. The one possible exception might be the small 1,000 ton boat.

Mr. STEVENS: Why not place it at \$100,000?

Mr. DUNNING: I have no objection to cutting down the amount, except that if it is cut down to too small a figure it will necessarily increase what I might call the political control over the management of the company; that is, the Canadian National board of directors and management are, of course, handling contracts and agreements of all sorts—

Mr. BENNETT: The Board of Directors does not do much.

Mr. DUNNING: The management, in any event, and it is just a question of arriving at a figure which will maintain the principle of the government passing upon and being responsible for all the shipbuilding contracts. I am inclined to think that \$500,000 will not be too large a sum for any of the ships, with the possible exception of the 1,000-ton ship.

Mr. STEVENS: I would suggest that this clause stand and be the clause that will keep the bill in committee.

Mr. DUNNING: Very well, and I shall be glad to hear any suggestions from my hon. friend in that regard.

Mr. STEVENS: In the interim I would ask the minister to consider cutting this amount down to \$100,000. His idea is that the company shall have a free hand in ordinary business?

Mr. DUNNING: That is it.

Mr. STEVENS: I would say that \$100,000 would amply cover ordinary business contracts.

Mr. DUNNING: Not in the shipping business. However, I will make inquiries.

Mr. STEVENS: About all you would have that would come above that figure might be a large contract for fuel, which would be a contract once a year or something of that kind. Perhaps major repairs might run above that figure, but they would have to be very extensive repairs.

Mr. MALCOLM: I think my hon. friend is sufficiently acquainted with the operation of boats to realize that there is not going to be any boat purchased for this service for less than \$500,000.

Mr. STEVENS: I would expect that to be the minimum.

Mr. MALCOLM: There might be fuel contracts and many outfitting contracts that would exceed \$100,000. Personally I would not mind the amount being reduced, but if it were reduced below a quarter of a million dollars it would be getting into the realm of small business.

Mr. STEVENS: We will let the section stand and think it over.

Section stands.

Sections 9 and 10 agreed to.

Progress reported.

#### CUSTOMS ACT AMENDMENT

Hon. W. D. EULER (Minister of Customs and Excise) moved that the House go into committee to consider the follownig proposed resolution:

Resolved, that it is expedient to amend the Customs Act, chapter 48 of the revised statutes, 1906, and to make further provisions for a more adequate enforcement of the act and the prevention of smuggling operations.

Mr. GARDINER: Explain.

Mr. EULER: This resolution precedes a bill to amend the Customs Act and is similar to the bill which was passed a few days ago amending the Excise Act. Briefly, the important provisions of this measure are these. One of them aims at clearing up in connection with the administration of the act, certain departmental difficulties which have been experienced in the last year or so. There is an extension of penalties for offences under the act, and power is given to customs officials to arrest without a warrant. This is in accordance with a recommendation of the parliamentary committee of last year. The bill also provides that importation shall be