

Canadian Commercial Corporation

Mr. Pearkes: Has that policy been changed? Have they ceased to act as an agency for the letting of contracts?

Mr. Howe: No. The only change is that in the current year's program a good deal of the work in connection with housing has been turned over to the Central Mortgage and Housing Corporation. In the program of last year tenders were called by the Canadian Commercial Corporation and contracts were placed, but the planning and supervision were carried out entirely by the armed services.

Mr. Pearkes: There is to be a change in that policy now, and the Minister of Reconstruction and Supply (Mr. Winters), through the Central Mortgage and Housing Corporation, will take over the work from the Canadian Commercial Corporation?

Mr. Howe: A certain amount of it.

Mr. Pearkes: I am very pleased to hear that; it seems to me a step in the right direction. Will the act be amended to eliminate the powers now given to the corporation? I have not the words before me, but I think in the amendment of 1947 it said "to construct". Will that be removed?

Mr. Howe: We place the contracts for these projects; and when I say "we" I am talking of the Canadian Commercial Corporation. When we place contracts with Central Mortgage and Housing Corporation we have carried out our duty under the act. That may be our way of awarding the work. If we should decide to place such contracts with private contractors, that is also within the orbit of the corporation. The Canadian Commercial Corporation does not itself build; it has no building or supervisory staff. It simply places contracts for the services.

Perhaps I should clear up just one point, and in doing so close the debate. A good deal has been said about the five orders in council.

Mr. Speaker: I understand the minister is closing the debate.

Mr. Howe: These five contracts have nothing to do with parliamentary appropriations. The Canadian Commercial Corporation works on the authority of a financial encumbrance. In other words, when a requisition comes to the corporation it is accompanied by a financial encumbrance, which states that a certain vote has been encumbered for a certain amount of money required to make this purchase.

The first order in council I have in my hand is P.C. 1186. The requisition came with the usual financial encumbrance, for the purchase of two helicopters. They are built in the United States; and the only way I know

[Mr. Howe.]

to purchase anything from the United States aircraft industry is to follow the practice of that industry, which is to accompany the order with a down payment. That is done even by the United States government itself when buying from its own contractors, and it is done by the government of Canada if it is buying aircraft from Canadian contractors. It is a practice of the trade. If it is impossible to follow the practice it is impossible to purchase the aircraft.

What happened? The requirement in this case was that a twenty per cent down payment accompany the order for the two helicopters. That was made, in the amount of \$33,979.80. It was a condition of the contract, the best contract that could be made. What is the government to do? I shall explain presently the technicality that has been advanced by the Auditor General. We have been buying aircraft for the last eight years, following this same practice exactly, but since purchasing has been under the authority of the War Measures Act the Auditor General has never called the matter to our attention. In this case the practice of the trade was followed; the order for these two helicopters was accompanied by the down payment required by the aircraft manufacturing plant. Then there was a further provision in the contract that when the planes were completed and ready for shipment to Canada a further amount was required, and that when the two helicopters were delivered to the forces the final payment was to be made.

Mr. MacNicol: Two or one?

Mr. Howe: Two. The technical point raised by the Auditor General is that when the down payment was made, nothing had been delivered. That is true. The transaction took place in the United States; but the same practice has been and must be followed in placing an aircraft contract in Canada. The order is always accompanied by a down payment. I do not think anyone can see anything very vicious in that. If anyone can show how the Canadian Commercial Corporation could have carried out its duty to purchase these two helicopters for the services without making a down payment, then they may show where the corporation did not carry out its obligations; but I suggest that it followed the practice of the trade. It is a pure technicality that the contract happened to be with a United States manufacturer and therefore no delivery was made. If it had been with a Canadian manufacturer the point never would have arisen, because then the payment would have been in order.

The next order in council I have is P.C. 1101, covering the supply and installation of 54 rhombic antennae. These have a large