

Mr. HOWE: Of course not. Some of the facilities covered by such advances are still under construction. The ownership of the facilities, however, rests with the government.

Mr. HANSON (York-Sunbury): That is your security.

Mr. HOWE: That is the security, and only after the war is over will the advances be liquidated.

Mr. COLDWELL: I was just going to ask a question along those lines. What is the arrangement with regard to the retirement of these advances? The minister states that the crown owns these facilities; I take that to be the fact.

Mr. HOWE: That is correct.

Mr. COLDWELL: Is any provision made for the depreciation of these extensions? If so, over what minimum and maximum periods does this depreciation run? I am asking this question quite deliberately, because I have heard it stated that in these contracts in some instances there is a very short period of depreciation, under which the ownership will pass from the crown to the original owners of the factory in a very short time. I should like to have that point cleared up; that is in connection with the privately owned plants.

Mr. HOWE: It is difficult to recall all the types of contracts we have. Of course, under the ordinary practice, where a plant has been built at public expense for a private owner, the private owner operates that plant for the government, sells the material at cost and receives a management fee for managing the plant. In that case no question of depreciation is involved. The government owns the plant and owns the product of the plant. That is true also if it is a British government plant, as many of them are; and it also holds true if the product is partly for the Canadian and partly for the British government, as happens in many instances.

I am trying to cast my mind around to see if we have any instances of the kind to which my hon. friend has referred. In some instances we install specialized machinery for a particular type of production in a privately owned plant. But there again the machinery remains the property of the crown. The price of the product is adjusted, having in mind the fact that the machinery is owned by the crown; and there is no provision that the ownership in the machinery passes to the private company. At least I can think of none. At the end of the war we own our machinery. We have been getting the advantage of owning the machinery by the adjustment in the price of the product. In other

words, no depreciation factor has been involved in the price to us. Whether or not there is a contract outstanding which does provide for depreciation, I cannot say. I do not recall any at the present time, but I shall be pleased to inquire.

Mr. COLDWELL: I wanted to know if it was a general practice. If the minister cannot recall any examples, I suppose we may conclude it is not a practice.

Mr. HOWE: No, it is not a practice.

Mr. MacNICOL: I should like to ask a few questions in connection with the purchase of machinery. I was in western Ontario last week, and while there I heard a story. I do not know whether there is any truth in it, but the fact is it had to do with the purchase of machinery from a company in the United States. I do not wish to mention the name of the man who gave me the information, nor do I say it is true. He told me, however, that he had inquired from a machine company in the United States respecting the purchase of a certain machine, and that he had been quoted a price. But, upon making an attempt to buy it, he received orders to make the purchase through, I presume, one of the companies set up by the government—

Mr. HOWE: The Citadel Merchandising Company Limited.

Mr. MacNICOL: —to buy machinery. When the machine arrived, having come in a roundabout way, it was said it was priced much higher than it would have been had it been bought direct. Is such a condition possible?

Mr. HOWE: All machinery to be paid for by the government is purchased through the Citadel Merchandising Company Limited, so that we may take advantage of mass buying, and so that the government can itself supervise the purchase of machinery.

Mr. HANSON (York-Sunbury): That is the government's own company.

Mr. HOWE: Yes. The president of the company is Mr. Thomas Arnold, and the directors are L. J. Belnap, C. E. Gravel, J. E. Johnson, president of the Canada Cement company, and F. K. Morrow of Toronto.

Mr. HOMUTH: How many of them have ever had experience?

Mr. HOWE: I believe Mr. Belnap has been in the machinery business all his life, as has Mr. Arnold.

Mr. MacNICOL: Manufacturing?

Mr. HOWE: No, handling.