

*Reconstruction and Supply*

increased by the merger, and therefore I would ask hon. members to consider a bill to bring about the merger.

To give an outline of what the bill will contain, I may say that the general plan is to establish a new department to which the functions of both old departments are to be transferred. The plan will be similar to that by which the Department of Mines and Resources was established in 1936, and the first eight sections of the bill are similar to the provisions contained in that act. Sections 1, 2 and 3 of the bill will cover the title of the act, formal definitions of the department, of minister, the creation of the new department under the name of the Department of Reconstruction and Supply, the appointment of Minister of Reconstruction and Supply by the governor in council under the great seal of Canada, the salary of the minister at the usual rate.

In section 4, subsection 1, is the usual provision for the appointment of the deputy minister. Subsection 2 embodies (a) standard provision for appointment or employment of staff and (b) special provision for temporary employment of technical and other assistants with the approval of the governor in council. This special provision is similar to subsection 3 of section 3 of the Department of Reconstruction Act and is to assist in dealing with the emergency phase of the new department's duties.

Section 5, subsections 1 and 2, enable the initial organization of the new department to be set up by transfers of staff from the old department. Subsection 3 is merely to make it clear that civil servants transferred to the new department on its initial organization will not thereby be deprived of any rights under the Civil Service Superannuation Act to which they would otherwise be entitled. It is considered that no such provision is necessary to safeguard the rights of civil servants subsequently transferred or appointed to the staff of the new department and who are contributors under the Civil Service Superannuation Act.

Section 6 embodies the general transfer to the minister of the powers and duties of the Minister of Munitions and Supply and Minister of Reconstruction.

Section 7 is a standard section extending the powers of the minister over boards assigned to him by the governor in council.

Section 8 implements the provisions of section 6. Its effect is to substitute references to the Minister of Reconstruction and Supply and the Department of Reconstruction and Supply and offices of Reconstruction and

[Mr. Howe.]

Supply for reference to the minister's departments and officers of the old departments in all acts, orders and documents.

The bill also amends the Department of Munitions and Supply Act in one particular. It is proposed to amend a few sections of the Department of Munitions and Supply Act, so that when the new act becomes operative the new department will have power to make contracts, should that be necessary for reconstruction purposes. The old act only permitted contracts to be made for war purposes. The provisions of the Department of Munitions and Supply Act relating to the obtaining of information from contractors with reference to renegotiation and investigation will also require overhauling in the light of experience.

Section 9 has for its purpose to accomplish the extension of the power to make contracts to cover reconstruction purposes by substituting the word "projects" for "defence projects" and making a corresponding change in the definition of the term and by adding reference to the needs of government for construction, and the definition of supplies.

Section 10 is intended to enlarge the power of the minister to obtain information from contractors without formal investigation. Section 9 of the Department of Munitions and Supply Act could be read as being limited to information required in connection with future supplies. The proposed amendment would extend it to past transactions, and would similarly enlarge the scope of the information requested by the department from other departments or persons under section 10 of the Department of Munitions and Supply Act.

Section 11 substitutes new subsections for the first five subsections of section 13, the renegotiation section of the Department of Munitions and Supply Act.

The existing act provides for renegotiation of individual contracts only. The main purpose of the amendments is to give legal authority for renegotiation of contracts by groups or by periods of time. It is difficult to renegotiate individually the masses of contracts and sub-contracts upon which most war manufacturers were engaged, and over-all renegotiation has been by mutual consent for some time. It is desirable that the act should authorize the practice being followed. Up to August 31, 653 cases have been disposed of for a total refund of \$283,078,608. The lists include 669 additional names, but new cases are coming to the attention of the department daily. It is thought that well over one thousand renegotiations have yet to be undertaken. No estimate can be given as to the amount to be recovered. It is not felt that it will be as