

Supply—National Defence

arsenal organization is expanded out of its normal routine, as my hon. friend would expect.

The situation at Longueuil is that the Sorel Industries have taken a very large contract for the manufacture of 3-inch guns partly for the Canadian navy, but primarily for the navy of the United States. It is practically an unlimited order—at least their instructions are to make as many guns as they can handle. It was found that instead of building an addition at Sorel the reasonable and economical procedure seemed to be to combine the two gun plants under the one management, so that the forging capacity of one, which is excessive, could be combined with the finishing capacity of the two plants to permit the operation to turn out the maximum production. That is the arrangement at the moment. It is intended to make those two plants the heavy artillery manufacturers in this preparedness program.

Mr. Pearkes: Then the general nature of the arsenal will be maintained. Will the personnel who have been employed in the arsenal be retained on their special work of providing a nucleus of trained personnel for that development work?

Mr. Howe: Yes. All the personnel at Longueuil have been absorbed into the combined Sorel-Longueuil operation. There was no transfer of personnel. Expert personnel had in part to a very minor degree been transferred to Sorel when the original contract was entered into there. The balance have now been absorbed into the combined operation. The men who were permanent members of the arsenals organization retain their pension rights in the organization; and when this crisis ends they will continue to man the Longueuil plant, and that plant will be maintained as a pilot or an experimental plant for ordnance, as it was before this preparedness program was undertaken.

Mr. Pearkes: Are there any service or army personnel there?

Mr. Howe: I cannot say as to that. I presume there were. In staffing arsenals returned men were given priority.

Mr. Pearkes: I mean active army personnel.

Mr. Howe: Well, the arrangement is that all guns destined to the Royal Canadian Navy are inspected by the personnel of the inspection board, which is army personnel; and guns destined for the United States are inspected by military personnel of the United States.

Mr. Pearkes: Is a complete gun made at Longueuil, or is it done by piecework, letting parts out to other factories in Canada?

Mr. Howe: There are a great many firms engaged in making components of all kinds. It is a very complicated gun. One of the most essential parts is made by Canadian General Electric at Peterborough, and other components are subcontracted in the Montreal area.

Mr. Drew: In that connection, would the minister explain what the arrangements are under which government employees are taken over by the privately operating concern?

Mr. Howe: There is no special arrangement. They were simply voluntarily transferred from the arsenals payroll to the payroll of Sorel Industries, retaining their right as employees—and I am referring to health rights enjoyed by employees of the arsenals. However, they are now employees of Sorel Industries Limited.

Mr. Drew: But they do retain their ordinary rights as government employees, upon termination of their employment with Sorel Industries, is that so?

Mr. Howe: Yes.

Mr. Drew: Is there any precedent for that arrangement? Has that arrangement been carried out in other cases?

Mr. Howe: It is the standard arrangement in the Civil Service of Canada. For instance the Department of Defence Production is a temporary department. No one can establish any rights in the civil service by joining that department. But under the act setting up the department provision is made whereby anyone, who is a civil servant and who transfers to the Department of Defence Production, retains his rights as a civil servant, just as though he were in a permanent department.

Mr. Drew: But what I had in mind was that this arsenal, as I understood the minister's explanation, was for the purpose of developing various types of heavy ordnance for the government. How will the experimental and developmental activities of the arsenal be carried on, if its whole personnel has been absorbed into a private enterprise on a special contract?

Mr. Claxton: The answer is that development work is carried on by the Canadian armaments development establishment at Valcartier, which is a branch of the defence research board which, in turn, comes under the jurisdiction of the Department of National Defence. The development work is being carried on there by officers of the armed forces working together with defence