

and pay them \$1,525,000 for what they had already done, over the previous five years, and during the period in which they were trying to establish some commercial activity there, and had not succeeded in doing so?—A. They had spent this money.

Q. Certainly they spent it, but they would have spent it whether you gave them any contract or not?—A. Yes.

Q. Therefore what that really amounts to is, as I say, an extra profit of \$35,074 per gun.

The CHAIRMAN: Is that quite accurate?

By Mr. Harkness:

Q. You indicated that in your evidence before, yourself.—A. I cannot quarrel with the statement that if the payment had not been made they would have been out of pocket what they had expended in prior years, and that would be the end of it. But, I am not sure that I would agree that because a payment was made, in effect it represents a profit which you might just as well say represents a reimbursement of losses.

Q. I think that comes to the same thing. In this second item, how much of this \$908,000 was for rehabilitating these staff houses?—A. \$200,000-odd.

Q. Those staff houses, I presume, are rented to the employees?—A. Yes.

Q. How is it justifiable to charge that up to the Canadian government? Here you have got certain houses that have been rehabilitated at a cost of \$200,000. They are being rented to the employees and I presume the housing situation, being as it is, they will continue to be rented. It does not seem to me that it is justifiable to charge that up to the Canadian government.—A. As I understand it, the thinking behind it was that these houses had fallen into disrepair and it was desired to put them in the condition that people could start living in them again; and then the cost that was charged, after they started living in them, was a cost of normal rent.

Q. But why should the Canadian taxpayer put them into shape? Why should not the person who is occupying them pay rent to cover this cost, which is the normal thing in any other type of housing that I know of. Even in cases of army houses, and defence houses, they charge sufficient rent to cover the building cost and the depreciation, and the maintenance and so forth. There is no other type of housing that I know of where the Canadian taxpayer pays for it.—A. This is a barrack type of accommodation for single men. I understand that it is not uncommon that this be done to avoid having to charge excessive rental to the single men who occupy them.

By Mr. McGregor:

Q. When were these houses built?—A. In the early years of World War II.

By the Chairman:

Q. And they had been uninhabited for four or five years?—A. I understand so.

By Mr. Harkness:

Q. Is there any other case at all where the Canadian government has paid for the rehabilitation of houses, and in effect paid for housing for employees in a factory?—A. I understand it is not uncommon to achieve this net result, but whether it has been done in this exact way before I cannot say.