

Supply—Defence Production

its own property it is now all declared to Crown Assets Disposal Corporation and the sales are made by that corporation.

Mr. Macdonnell: It seems to have become so small. Last year the total sales were \$4 million. I notice an item here for Central Mortgage and Housing of \$17,000; Canadian Arsenals, \$13,000. I notice the report speaks about supervision of the disposal of scrap which required visits to 276 prime and sub-contractors' plants by the supply division of this corporation. My question really is this. With the lapse of time and since the business has shrunk—it was \$100 million eight or ten years ago, and it has shrunk from that to about \$4 million—is there a chance you have an overgrown organization to do a very small amount of business?

Mr. Howe (Port Arthur): As a matter of fact earnings are based on turnover. I think their costs are about 8 per cent of the turnover, which is a very low figure indeed for disposal work.

Mr. Macdonnell: I believe the figure given is 10 per cent.

Mr. Howe (Port Arthur): Gross sales for the fiscal year 1954-55 amounted to \$5,578,069. Order in council P.C. 6/524 of April 2, 1953, authorized the corporation to retain 10 per cent of the net proceeds of sales to meet administrative expenses. The annual report states that the corporation operated during the past year on a margin of 7.9 per cent.

Mr. Macdonnell: I am not going to press the matter; after all, the minister is familiar with these things. If he believes that the total cost—and when I say "total" I mean "total"—is such that it is being done more cheaply than it could be done on the ordinary commission basis, or that there are any other things that could not be done on a commission basis, that is perhaps the answer.

Mr. Green: I should like to ask the minister a question about Defence Construction (1951) Limited. Is an attempt being made to turn over to the Department of Public Works some of the construction which in the past has been done by this crown company. As the minister knows the recommendation has come from the standing committee on finance of the Senate that government building so far as possible should be placed under the Department of Public Works. I note that while that department is to have only about \$85 million for construction in the present year, according to the annual report of Defence Construction (1951) Limited for the year ended March 31, 1955, it expected to spend about \$100 million in the same period.

[Mr. Howe (Port Arthur).]

I realize some of that work will be abroad, perhaps in Germany, France and the United Kingdom. Is any attempt being made to place as much as possible of such work under the Department of Public Works, where a good deal of it would seem to belong?

Mr. Howe (Port Arthur): The Defence Production Act makes the Department of Defence Production responsible for all procurement of buildings and other works for the armed services. As a matter of fact we delegate the building of airports to the Department of Transport. We also delegate a good deal of construction to the Department of Public Works. For instance, all housing is handled by that department, as well as jetty work on the east coast. But there is work such as that connected with the mid-Canada line and other military installations that seems to be peculiarly of a kind that should be carried out by the Department of Defence Production. That work is being carried out by the crown corporation to which the hon. member refers.

Mr. Green: Before the last war all forts around Vancouver were built by the Department of Public Works. Is that department in a position to do similar work at the present time, or must it be done by Defence Construction (1951) Limited?

Mr. Howe (Port Arthur): Did the hon. member refer to forts?

Mr. Green: Yes.

Mr. Howe (Port Arthur): No, they would be built by the army. I do not think the Department of Public Works ever built fortifications.

Mr. Green: I was referring to gun installations.

Mr. Howe (Port Arthur): I think that was done by the army.

Mr. Green: Then there is no policy in the Department of Defence Production to channel off more of this construction work to the Department of Public Works.

Mr. Howe (Port Arthur): No.

Item agreed to.

Canadian Arsenals Limited—

90. Administration and operation, \$1.

Mr. Dufresne: Before making a few observations in French I should like to ask the minister one or two questions. How many lay-offs took place at Valcartier arsenal since November 1, 1954?

Mr. Howe (Port Arthur): I cannot say. I could not tell the hon. member how many people were hired at that time, either.