

happened to know that that plant was built in 1914 and sold for \$150,000, and I believe sold privately.

Mr. McILRAITH: That is not the meaning of the word "private" as I understand it—

The CHAIRMAN: Perhaps the witness had better give the answer.

Mr. McILRAITH: Yes, all right.

Mr. DEROCHE: In fairness to Mr. Stewart I think I should say this, which perhaps adds a little to the picture: the Surplus Crown Assets Act gives power to sell to the Minister of Reconstruction, and there was a branch set up in the Department of Reconstruction for the sale of complete plants, and that particular sale was negotiated by that branch and not directly by the officers of War Assets Corporation; but the documentation of the sale is by War Assets Corporation. All that was done by the branch, which was known as the War Surplus Branch, was the negotiation of the sale, they arranged the deal; having arranged the deal they passed the deal on to War Assets Corporation and said, here is a sale for you; and it was closed by War Assets Corporation.

Mr. STEWART: There is one other question I would like to ask relating to the schedule of depreciation. I think you said the basis was 68·2 per cent of the Canadian cost less further depreciation at the rate of ·9 per cent of such cost per month—and some reference to 25 per cent of original cost—

Mr. DEROCHE: 68·2 per cent is the original depreciation taken on the basis of excessive war cost. Then, in addition to that, they depreciate it ·9 per cent per month during the months that they were in use. That is a little difficult to work out. In actual practice it is taken during the months since they were installed. It is a little hard to tell whether they actually ran or did not. ·9 per cent depreciation taken from the the date of installation.

Mr. REID: Is that depreciation based on one, two, or three shifts per day? There is a lot of difference if a machine or tool is working 24 hours a day.

Mr. DEROCHE: Well, Mr. Reid, that was one of the reasons for the change in the schedule. The schedule in the original order provided different rates for different shifts, but it was found in practice to be utterly impossible to find out, in view of the volume of the stuff, just what was what; and it was felt that the only satisfactory way was to break that down to one simple story. It is used normally for bulk sales, and in bulk sales you could use averages in arriving at the depreciation on machine tools. In the order in council there is a basic floor of 25 per cent, it provides that you cannot go lower than 25 per cent of the original cost.

*By Mr. Stewart: (of Mr. DeRoche)*

Q. As to this other point you mention, which is causing a lot of discussion throughout the country, the sale of automotive equipment through automobile dealers, is there any reason why that equipment should not be sold directly to consumers?—A. I think sales are being made directly to consumers such as farmers, but the basis behind the committee's recommendation of putting them through dealer channels was the extremely difficult problem of reconditioning such motor vehicles and making them serviceable in order to comply with various provincial laws such as with respect to windshield wipers, tail lights, and so on; and there is the further fact that the public might feel itself to be defrauded, if I might use that word, or seriously mislead, if sales were made without any reconditioning basis or background. The recommendation was that the dealers must sell with a thirty day guarantee, just to bring that into play. It was felt that a contract of sale by the Crown with no such condition contained in it, might leave the public in an extremely embarrassing situation in many cases.

Q. On the basis of a sale then to the dealer, you have got to assume certain depreciation allowances. Are they the usual depreciation allowances, or are they