

Dealing first with merchandising gross sales by the Corporation from the start of operations to December 31, 1944, amounted to \$4,664,332.32. Gross sales for the first quarter of 1945 totalled \$4,842,795.42, for the second quarter \$8,084,923.11. for the third quarter \$16,586,893.73. for the fourth quarter, \$26,604,412.16. Then in 1946 January gross sales amounted in \$14,475,949.75, February totalled \$16,331,943.54, and for the month of March preliminary figures indicate that the volume for that month will be over \$22,000,000. Using the March preliminary figure it will be seen that during the past fiscal year the Corporation's gross sales have totalled well over \$100,000,000.

General sales policies have not changed during the past few months since my last report. Wherever possible we place ourselves in the position of the manufacturer of the goods we have to dispose of, and route them to the retail purchaser through the channels the manufacturer usually employs in his commercial operations. The nine cardinal points first stated by the Minister of Reconstruction and Supply in October 1944, and repeated many times since that date, are still in effect and are the control points in our sales policies. I think I should add, that day by day it becomes more apparent to officers of the corporation and to me, that the policy of not entering into retail business is the correct policy for the work we have to do on behalf of our eleven million shareholders.

Priorities as established in favour of the federal government, provincial governments, municipalities and public bodies still present the greatest obstacle to attaining the maximum speed of disposal and we are continuing working on the existing scheme and procedure in an effort to simplify and speed up. The speed of disposal is of paramount importance for two fundamental reasons, one, the necessity of making suitable surplus available to the user, while supplies are short, so that it can be of use during the reconstruction period, and two, the necessity of avoiding competition between employment in the making of new merchandise and the sale of surplus. While we have quite a number of headaches, I think I might describe priorities as our number one pain.

Organization: As was forecast in my November report, the policy of decentralization of sales has been put into effect, and while it is not yet 100 per cent operative, the volume of sales now being effected indicates the value of such a policy to the corporation.

Price: The policy as regards price fixing has not been changed. The going market price at which sales are made is established

- (a) by reference to the Wartime Prices and Trade Board
- (b) by consultation with the trade concerned
- (c) by appraisal, using in most cases, outside valuers
- (d) by calling for tenders
- (e) by advertising and inviting bids.

The prime adjunct to the merchandising department of the corporation is the supply department which started its operations in October 1945. The main functions of supply are to (1) accept custody of surplus from the declaring departments (2) prepare an inventory of the surplus in such a form that the merchandising department knows what there is to be sold (3) safeguard the surplus (4) ship the surplus to purchasers on instructions received from the merchandising people.

In addition to this, they perform any reworking operations necessary, any demolition called for and generally perform what might be called productive operations, leaving the merchandising people with the job of selling only. This department, as I said, was established in October 1945 and since then it has