

*Canadian Commercial Corporation*

matter of this kind. As I recall, the hon. member referred to four distinct transactions.

**Mr. Knowles:** Five.

**Mr. Isnor:** Yes, five distinct transactions, the hon. member says. Each of these is covered by the same principle, a principle which we in everyday business practice follow. It is a principle which I am sure the hon. member would follow if he contracted for the building of a house, in which event the contractor from time to time would approach him for progress payments. That would be along the same lines exactly, except in the present instance in some cases applications were made for payments because of the necessity of bringing from the United States into Canada certain parts for manufacturing purposes.

**Mr. Nicholson:** Why did the Auditor General comment upon it, then?

**Mr. Isnor:** I am not answering for the Auditor General. I am answering the criticism as it is advanced by the hon. member for Winnipeg North Centre. I point out to him that from a business standpoint the procedure followed is that which would be followed by the average businessman; and the C.C.C. has acted no differently from the average businessman in that respect. It will be noted I did not say C.C.F.; I said C.C.C. I say therefore that I do not see any great difference in the manner in which the Canadian Commercial Corporation has carried on its business from that which would be followed by a reliable business concern.

Let us deal with these cases. The first dealt with a well-known firm, RCA Victor Corporation, and had reference to a progress payment. They had a contract totaling \$226,597. Before the end of March they pointed out that because they had completed a certain part of the work they were asking for a progress payment. The amount of \$93,852.50 was advanced to them at that time, leaving a balance of \$132,744.50.

The next case to which the hon. member referred, having to do with Canadian Arsenals, was much similar in detail. In August, 1947, they received a contract for about \$800,000. They had completed prior to March 31, 1948, work to a value of \$435,000, and with that in mind asked for a progress payment of that amount. It was paid; receipts were accepted and vouchers shown. Proper records were made of the transaction. There can be no criticism in any way so far as that case is concerned.

The next one was similar in detail, where the Department of National Defence required certain equipment, certain portions of which were manufactured in the United States. In

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this instance an advance of \$15,000 was made on a contract of \$34,000. Other cases were similar in detail. Therefore I say there is no need for the hon. member for Winnipeg North Centre to become greatly concerned or excited when these transactions are carried on in a businesslike way, and proper records are kept.

The only fault I would find is that the facts were not set out by the Auditor General as they appeared in the return made later to us. I would not set myself up as an authority in the matter of auditing, when compared with Mr. Watson Sellar; but I do say that one must take into consideration the facts and figures supporting the case. The hon. member for Lake Centre (Mr. Diefenbaker) in his usual critical fashion at once pounced upon this, as did other hon. members inclined to study public accounts. I took notice of it, and received a return similar to that tabled for the hon. member for Kamloops (Mr. Fulton). This return covers almost all the cases in question. After having read it I recognized these as regular business transactions.

**Mr. Knowles:** Would the hon. member permit a question?

**Mr. Isnor:** I would be very pleased to do so.

**Mr. Knowles:** Would it not have been possible for the government to put an item in the estimates of the succeeding year, thus meet the terms of the contracts in that way, and at the same time stay within the law?

**Mr. Isnor:** Yes, and no. In the first place, the hon. member would be one of the first to criticize a government for placing in the estimates of 1949 an account which had already been paid in 1948—and would be justified in his criticism.

**Mr. Knowles:** We see revotes every year in the estimates.

**Mr. Isnor:** I beg the hon. member's pardon; revotes are for balances. This is for an unexpended amount.

**Mr. Knowles:** Is that the way you run private business?

**Mr. Isnor:** We set out every item of expenditure so that when the auditor comes along he will be able to go into our books, see the entries, and look at the vouchers and receipts; and he would see that we are not including in 1948 expenditures which rightly belong to 1949. This is the answer I would make to the hon. member.

I was about to make some comment with respect to the general functions and the principle behind this organization. Like the hon. member for Muskoka-Ontario (Mr. Macdonnell), I recognize the generally good work