

sold in the United States, for the department to receive the net proceeds with a statement showing the gross proceeds and expenses.

The treasury officers have ruled that the expenditures should really be shown as such in the record. The amount shown herein covers expenses on skins sold in the United States in 1944 and 1945. The gross revenue was \$242,537.53 or a net gain to Canada of \$142,176.19.

Mr. McLURE: I take it the minister has given us a full report for 1945. On how many skins was that based? I understand that the take-off was very large last year and that this year it will be much larger, because a larger amount is being asked for, for this business. Out of a business of over \$7 or \$8 million worth of raw material taken from the ocean it is strange that there should be a profit of only \$142,000 to the one-fifth partner. There is something radically wrong with that amount of net profit. If the minister had given \$1,142,000 as the net profit I should say he would be nearer to being correct. In the interest of Canada I think this is one item that should be revenue producing. I believe that we should look into it more carefully. We sit here in the committee and pass items for hundreds of thousands of dollars and we do not know whether it is of benefit to us; yet it is the taxpayers' money that we are voting away. I shall not be satisfied until I see a break-down of items similar to this one, and this one in particular, showing whether the business is properly conducted by the authorities who are handling it and that we as the one-fifth partner in it are getting our rightful share of the profits.

Mr. MACKENZIE: I shall take careful account of the hon. member's remarks and convey them to my colleague, the Minister of Fisheries, who is unavoidably absent to-day. I shall see that the information the hon. member has asked for is obtained as soon as possible.

Mr. McLURE: May the item be allowed to stand?

Mr. ILSLEY: No; this is a further supplementary estimate. If items are to be allowed to stand we might as well let them all stand, because the whole purpose of going ahead now is to pass them.

Mr. McLURE: Continue with the remainder.

Mr. PEARKES: This item refers to skins of the fur seals which are slaughtered on the islands of the Bering sea. Are they transported by Canadian or United States boats? Is all the processing done in the United States?

Is it not possible for us to transport our share of the skins from the islands in Canadian boats? Could not the processing be done in part in Canada instead of its all being done in Chicago?

Mr. MACKENZIE: As my hon. friend indicated, for many years an arrangement existed with the United States government whereby the Canadian share of fur seal skins accruing to Canada under treaty provisions, from the take at the Pribilof islands, was processed and marketed with the United States government skins. Consequently, instead of receiving fifteen per cent of skins in kind, the Canadian government received the equivalent of fifteen per cent of the net proceeds.

Mr. McLURE: Twenty per cent.

Mr. MACKENZIE: Fifteen per cent; this information comes from an official of the department. Under this arrangement no appropriation was necessary for expenses of processing, marketing and so on, of the skins, because all such expenses were taken care of by the United States government prior to division of the net proceeds.

Since 1933 Canada has been taking the annual share of skins in kind, and they have, with the exception of some skins during recent war years, all been sent to London for processing. Appropriations have been made available annually to provide processing and marketing costs. For 1945-46 the appropriation is \$300,000.

As above indicated, arrangements were made during several of the war years for part of the Canadian share of skins to be processed and marketed along with United States government skins and that Canada should receive the net proceeds. The treasury officer has ruled, notwithstanding that all expenses were handled by the United States government and that no accounts therefor have been received, there should be cognizance of them when the net proceeds come to hand. Expenses covering sales made in 1944 and 1945 amount to \$100,361.34. The appropriation for the present year will be fully expended on current year accounts. The gross revenue for the sales of seal skins covered by the request herein was \$242,537.53. During the present fiscal year to date, the gross revenue is \$626,987.30.

Mr. MacNICOL: Was that \$242,000 to Canada?

Mr. MACKENZIE: Yes, gross revenue; less expenses giving a net profit of \$142,176.19.

Mr. McLURE: I should like to have this item stand over in order to get a little more information.

Some hon. MEMBERS: No.