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1951, 2d Sess.











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HOUSE OF COMMONS  
Sixth Session—Twenty-First Parliament  
1951  
(Second Session)

SPECIAL COMMITTEE

OF

# DEFENCE EXPENDITURE

Chairman: MR H. A. CHURCH

MINUTES OF PROCEEDINGS AND EVIDENCE

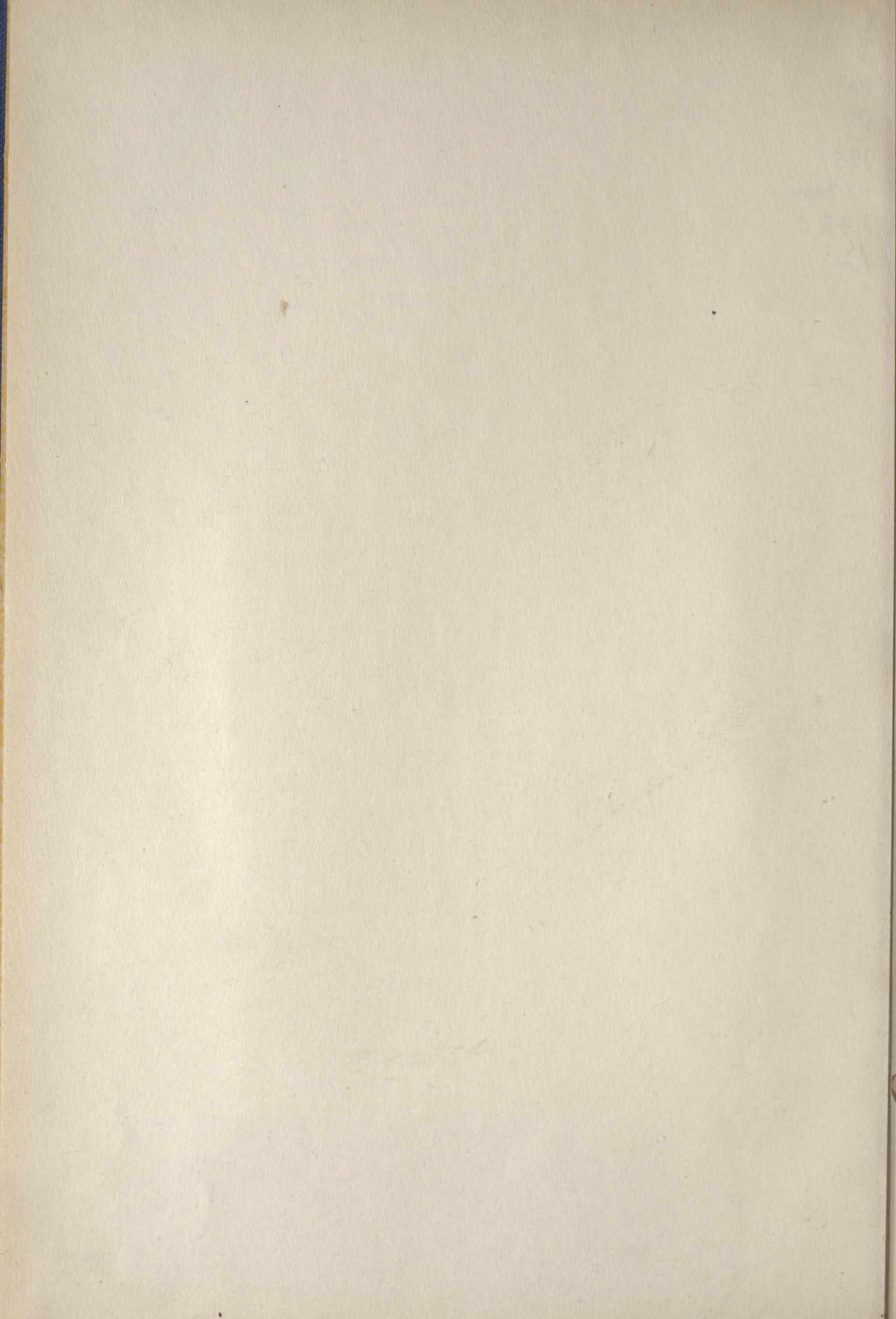
No. 1

THURSDAY, NOVEMBER 29, 1951  
TUESDAY, DECEMBER 4, 1951

H. A. Church, C.B.E., M.P., Chairman, Ministry of Defence, Department of  
National Defence.

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4 nos.  
HOUSE OF COMMONS  
Fifth Session—Twenty-first Parliament  
1951  
(Second Session)

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SPECIAL COMMITTEE  
ON  
**DEFENCE EXPENDITURE**

Chairman—Mr. D. A. CROLL

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 1

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THURSDAY, NOVEMBER 29, 1951  
TUESDAY, DECEMBER 4, 1951

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WITNESS:

Mr. C. M. Drury, C.B.E., D.S.O., E.D., Deputy Minister, Department of  
National Defence.

SPECIAL COMMITTEE

on

DEFENCE EXPENDITURE

*Chairman:* Mr. D. A. CROLL

*Vice-Chairman:* Mr. Pierre GAUTHIER

and Messrs.

Adamson  
Balcom  
Blanchette  
Campney  
Cavers  
Churchill  
Drew  
Fulton  
George  
Harkness  
Henderson  
Hunter

James  
Jones  
Macdonnell (*Greenwood*)  
MacDougall  
McCusker  
McIlraith  
Pinard  
Power  
Quelch  
Stick  
Weaver  
Wright

*Clerk:* Antonio PLOUFFE



## ORDERS OF REFERENCE

HOUSE OF COMMONS,

TUESDAY, November 13, 1951.

*Resolved*,—That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding Standing Order 65, the committee shall consist of twenty-six Members to be designated by the House at a later date.

WEDNESDAY, November 21, 1951.

*Ordered*,—That the following Members do comprise the Special Committee on Defence Expenditure as provided for in the Resolution passed by the House on Tuesday, November 13, 1951: Messrs. Balcom, Blanchette, Campney, Cavers, Churchill, Croll, Drew, Fulton, Gauthier (*Portneuf*), George, Harkness, Hender-son, Hunter, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McLraith, Pearkes, Pinard, Power, Stewart (*Winnipeg North*), Stick, Thomas, Weaver.

WEDNESDAY, November 28, 1951.

*Ordered*,—That the name of Mr. Adamson be substituted for that of Mr. Pearkes on the said Committee.

THURSDAY, November 29, 1951.

*Ordered*,—That the said Committee be authorized to sit while the House is sitting.

*Ordered*,—That the said Committee be authorized to print from day to day such copies in English and French of its Minutes of Proceedings and Evidence as the Committee may deem expedient, and that Standing Order 64 be suspended in relation thereto.

MONDAY, December 3, 1951.

*Ordered*,—That the name of Mr. Quelch be substituted for that of Mr. Thomas; and

*Ordered*,—That the name of Mr. Wright be substituted for that of Mr. Stewart (*Winnipeg North*) on the said Committee.

Attest.

LÉON J. RAYMOND,  
*Clerk of the House.*



## REPORT TO THE HOUSE

THURSDAY, November 29, 1951.

The Special Committee on Defence Expenditure begs leave to present the following as its

## FIRST REPORT

Your Committee recommends that it be empowered

1. To sit while the House is sitting.
2. To print from day to day such copies in English and French of its minutes of proceedings and evidence as the Committee may deem expedient.

All of which is respectfully submitted.

D. A. CROLL,  
*Chairman.*



## MINUTES OF PROCEEDINGS

THURSDAY, November 29, 1951.

The Special Committee on Defence Expenditure held an organization meeting at 10.00 o'clock a.m.

*Members present:* Messrs. Blanchette, Campney, Cavers, Churchill, Croll, Gauthier (*Portneuf*), George, Harkness, Henderson, Hunter, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Pinard, Power, Stick, Thomas, Weaver—20.

On motion of Mr. Cavers, seconded by Mr. Stick,

*Resolved*,—That Mr. Croll be elected Chairman.

Mr. Croll took the chair and suggested that a Vice-Chairman be elected.

On motion of Mr. McCusker.

*Resolved*,—That Mr. Gauthier (*Portneuf*) be elected Vice-Chairman.

The Chairman read the Order of Reference.

On motion of Mr. McCusker.

*Resolved*,—That the Committee ask leave to sit while the House is sitting.

After discussion, and on motion of Mr. Macdonnell,

*Resolved*,—That the Committee ask leave to print from day to day such copies in English and French of its minutes of proceedings and evidence as the Committee may deem expedient.

On motion of Mr. MacDougall,

It was decided to appoint a subcommittee on agenda of 9, the Chairman to designate the members.

After a brief discussion on further procedure the Chairman designated forthwith Messrs. Branchette, Campney, Gauthier (*Portneuf*), Harkness, Jones, McIlraith, Macdonnell and Thomas, as members of the subcommittee on Agenda to remain for the first meeting.

At 10.15 o'clock a.m., the Committee adjourned to the call of the Chair.

The Special Committee on Defence Expenditure met at 11.00 o'clock a.m. Mr. D. A. Croll, Chairman, presided.

*Members present:* Messrs. Balcom, Blanchette, Campney, Cavers, Churchill, Croll, Gauthier (*Portneuf*), George, Henderson, Hunter, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Pinard, Power, Stick, Quelch, Weaver, Wright. (22).

*In attendance:*

*From the Department of National Defence:* Messrs. C. M. Drury, Deputy Minister, E. B. Armstrong, Assistant Deputy Minister (Finance), R. S. Sutherland, Head of Parliamentary Returns, A. S. Duncan, Head of Deputy Minister's Secretariat, R. C. Playfair, Chief Treasury Officer.

*From the Department of Defence Production:* Messrs. M. W. MacKenzie, Deputy Minister, T. N. Beaupre, Special Assistant.



*From the Department of Finance:* Mr. R. B. Bryce, Assistant Deputy Minister and Mr. B. G. McIntyre, Comptroller of the Treasury.

The Chairman presented the First Report of the Sub-Committee on Agenda, which was adopted on motion of Mr. MacDougall, as follows:

#### FIRST REPORT

Your Subcommittee on Agenda held a meeting on Thursday, November 29th, the following Members having been designated to constitute with the Chairman the said Committee: Messrs. Blanchette, Campney, Gauthier (*Portneuf*), Harkness, Jones, Macdonnell, McIlraith and Thomas.

Your Subcommittee on Agenda recommends:

1. That officials of the Department of National Defence (Messrs. C. M. Drury, Deputy Minister, E. B. Armstrong, Assistant Deputy Minister (Finance); the Department of Defence Production (Mr. M. W. MacKenzie); the National Defence Research Board (Dr. O. M. Solandt); the Department of Finance (Mr. R. B. Bryce) and (Mr. B. G. McIntyre) be heard in the above order with respect to:
  - a. The general method of affecting expenditure and commitments therefore.
  - b. The procurement procedure.
  - c. The controls over expenditure.
2. The talking of expenditure under such headings as equipment, training, press and information, cost of administration, personnel and such other statements as the Committee may direct to be tabled from time to time.

Your Subcommittee on Agenda notes that the Order of Reference as passed by the House mentions defence expenditure and commitments therefor since March 31st, 1950.

With respect to printing, on motion of Mr. Stick,

*Resolved*,—That the Committee print from day to day 500 copies in English and 200 copies in French of its minutes of proceedings and evidence.

The Chairman announced that Messrs. Quelch and Wright had replaced Messrs. Thomas and Mr. Stewart (*Winnipeg North*) on the Committee.

Mr. C. M. Drury was called. He read a prepared statement and was examined.

He commenced by referring to photostatic copies of two Charts identified as follows:

Chart No. 1—Organization for Defence Planning in Canada.

Chart No. 2.—Organization of Department of National Defence.

The tabling of information was requested by Messrs. Stick, Churchill, Wright, Jones, Croll and Macdonnell.

The witness was directed to produce the information requested.

With reference to Chart No. 2, Mr. Drury was asked to prepare a table giving the names of those holding the offices mentioned therein.

At 12.45 o'clock p.m., Mr. Drury's examination still continuing, on motion of Mr. Stick, the Committee adjourned until Thursday at 11.00 o'clock a.m., to hear Mr. N. W. MacKenzie.

ANTONIO PLOUFFE,  
Clerk of the Committee.



VERBATIM DELIBERATIONS  
(*Organization Meeting*)

NOVEMBER 29, 1951

10.30 A.M.

The CHAIRMAN: There is a little preliminary work to do. I think we should have a vice chairman.

Mr. McCUSKER: I would move Dr. Pierre Gauthier.

The CHAIRMAN: Moved by Mr. McCusker, seconded by Mr. Cavers.

Carried.

The order of reference is:

That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding Standing Order 65, the committee shall consist of twenty-six members to be designated by the House at a later date.

I think the committee will forgive me if I say this: I recommend that every member of the committee re-read the Hansard report of November 13. You will find there on the motion for setting up this committee speeches by the Prime Minister and leaders of the other parties. From that you will draw some conclusions that will be useful to you in the course of the committee proceedings. My own conclusion after reading very carefully the expressions of opinion was—that the committee would be a watch-dog for the taxpayer.

I think we all agree that the taxpayers are spending large sums of money on national defence. They want to know if they are receiving full value for their money. I think, gentlemen, within the scope of the reference we must not only be thorough but fearless to give the taxpayer all the information and protection he deserves. He is the man who is paying the shot. I do hope, gentlemen, in this very important committee we can park our partisan mantles in the corridors before coming in and perhaps put them on when we go out again. This is a very important committee to the taxpayer and to us individually. I hope we can conduct proceedings on a sound non-partisan basis.

Now, we require certain resolutions. Do we want to sit while the House is sitting?

Mr. CAVERS: Yes.

The CHAIRMAN: We have to be a little careful on that, Mr. Cavers. I think that is something on which all members should express an opinion because there are sitting the combines committee, the radio committee, this committee and others.

Mr. HARKNESS: Mr. Chairman, I think we should try as far as possible to sit while the House is not sitting. If it becomes necessary because we have a certain witness who it is not advisable to stand over until another day, I think it is quite all right, but I think as a general practice we should try to hold meetings while the House is not sitting.

Mr. JONES: I agree.

Mr. STICK: I wouldn't make that a hard and fast rule; if you move that resolution you are bound by that.

Mr. HARKNESS: There is no resolution.



The CHAIRMAN: We need power to sit while the House is sitting. I would ask someone to move that.

Mr. McILRAITH: Just before you make that request, if I understand Mr. Harkness' position rightly, that is not your situation; you do not want the power at the moment. Would you prefer the power now?

Mr. HARKNESS: I think we should have the power all right, but the general policy should be not to use it unless it is necessary.

Mr. McCUSKER: I move the committee be given power to sit while the House is sitting at the discretion of the chair.

The CHAIRMAN: That the committee be given power to sit while the House is sitting.

Mr. McILRAITH: You have to get that authority from the House.

Agreed.

The CHAIRMAN: With respect to printing, gentlemen, I haven't the slightest idea and no one could give me any idea what we will require. What I would like is for you to give the chairman a sort of blanket authority in consultation with the clerk, and I will report back to you. We will print what we need.

Mr. MACDONNELL: I move that.

The CHAIRMAN: That the committee be empowered to print blank copies in English and French and that Standing Order 64 be suspended.

Mr. MACDONNELL: Is that the way you are putting it, "blank copies"?

The CHAIRMAN: Until I fill it in.

Mr. McILRAITH: There is another way of putting that—as the members of the committee from time to time decide. That gives you control because you can run into careless expenditure by having a fixed number ordered.

The CHAIRMAN: All right. Such numbers as the members of the committee decide from time to time.

Carried.

Now, we require an agenda committee and a steering committee. How many would you like on that? Suppose you pass a resolution to appoint a steering committee and I will then contact the various groups and ask for their nominees. In the light of their requests, I will appoint a steering committee. Will you give me the names sometime this afternoon because I want to call them together very soon.

Mr. McILRAITH: I wonder before you leave that if it would be helpful for the steering committee to meet as soon as possible so you can get whatever witnesses you want to start with and have them made available for the sitting.

The CHAIRMAN: I suppose the steering committee could meet at 6 o'clock tonight. We could perhaps meet for fifteen or twenty minutes and lay out schedules.

Mr. McILRAITH: That is a bad hour.

The CHAIRMAN: All right, we will have to do it tomorrow.

Mr. McILRAITH: Could we not meet say at 5.30?

The CHAIRMAN: Is that any better?

Mr. McILRAITH: Yes, a lot better.

Th CHAIRMAN: All right; the clerk will let you know where.

Now, gentlemen, that completes our organization. I do not suppose there is anything for us to do until we have the steering committee meeting and decide upon a course of action.

Mr. CAMPNEY: Do you not have to deal with the question of a quorum?



The CHAIRMAN: My own feeling is that this is the sort of committee that of itself should be a quorum. I do not think we should have any smaller group, I think we should all be here. We just need fourteen members for a quorum. There are twenty-six, a majority is fourteen. Is that agreeable to the committee?

Agreed.

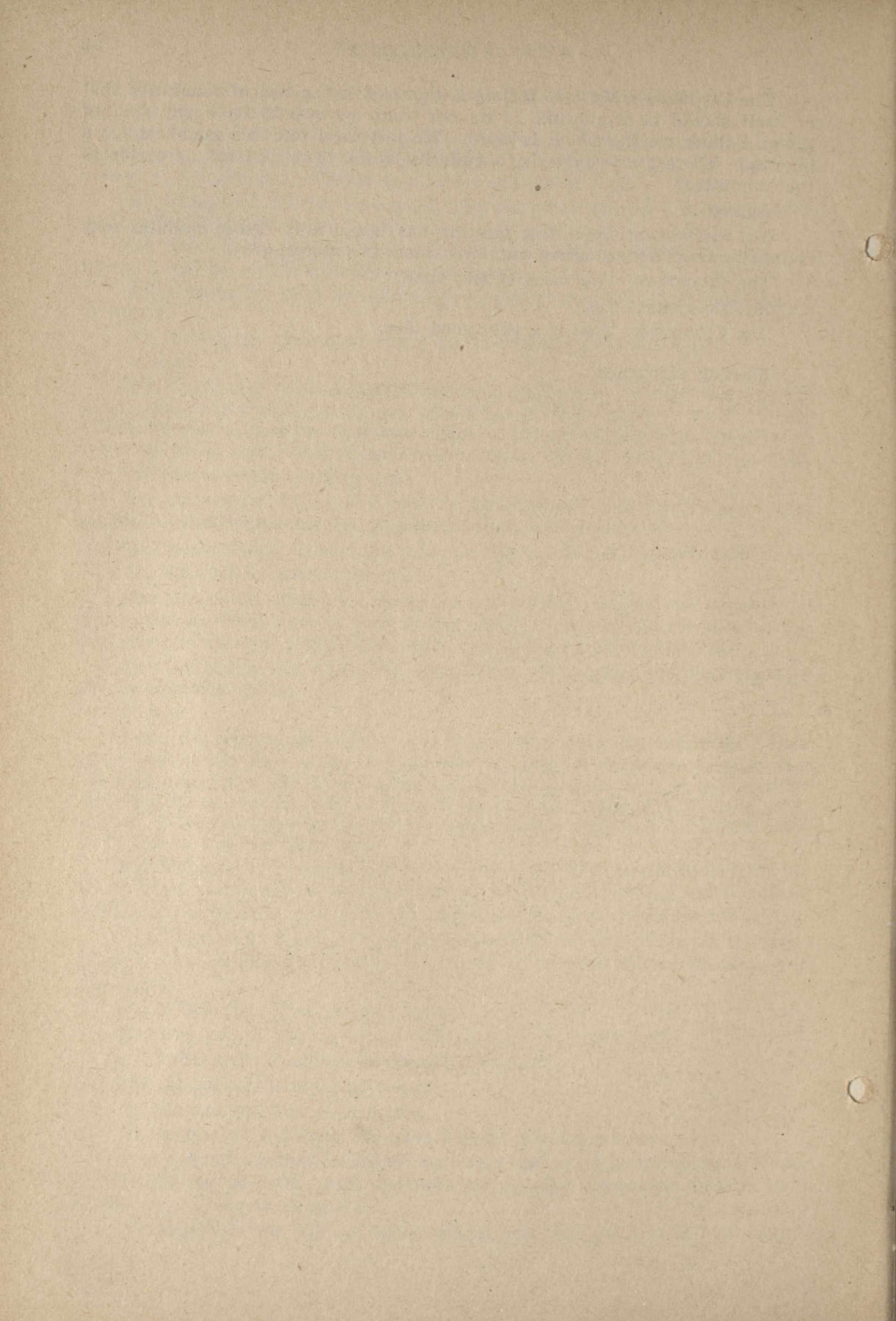
Mr. McCUSKER: Since this meeting has lasted only fifteen minutes why couldn't you have the steering committee meet this morning?

The CHAIRMAN: You mean at this time?

Mr. McCUSKER: Yes.

The CHAIRMAN: That is a very good idea.

Meeting adjourned.





## EVIDENCE

December 4, 1951

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. First, we have two changes on the committee. Mr. Quelch has been substituted for Mr. Thomas, and Mr. Wright for Mr. Stewart. Secondly, we have the first report of your sub-committee on agenda and procedure, which reads as follows: (see minutes of proceeding).

Mr. MACDONNELL: Mr. Chairman, are you suggesting that all of that detail was arranged at the short talk we had the other day, that all of the officials named be called in this order?

The CHAIRMAN: Yes, that was understood, that we would call them in that order. It was in the steering committee that we arranged for them to be called in that order. That is what I understood. I made the arrangements on that understanding.

It is moved by Mr. MacDougall, that the first report of the steering committee be adopted.

Carried.

We left open at the last meeting the question of the number of copies of our minutes to be printed. It is suggested that there be five hundred printed in English and two hundred printed in French.

Mr. STICK: I move that that motion be adopted.

The CHAIRMAN: Moved by Mr. Stick and seconded.

Carried.

We have with us this morning Mr. Drury.

Mr. MACDOUGALL: Would it be in order at this stage to ask you to read the terms of reference before we start?

The CHAIRMAN: The terms of reference to this committee are as follows:

That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding standing order 65, the committee shall consist of twenty-six members to be designated by the House at a later date.

It is intended this morning that Mr. Drury make a statement. He has prepared one: Unfortunately, I could not get it to you any sooner. I did not have one till this morning. I suggest, gentlemen, that we hear out this statement and then question him on it. You can be as long or short as you like, but give everybody an opportunity to question him, please. First, however, let us hear him out on this statement and make your notes while he is reading it, please.



**Mr. C. M. Drury, K.C., C.B.E., D.S.O., E.D., Deputy Minister of National Defence, called:**

The WITNESS: Mr. Chairman, I have a couple of charts at the end of the room and duplicates of it, which I suggest might be issued to the committee. There are two charts in this set.

The purpose of the statement and these charts is to derive some kind of a brief outline of the organization of National Defence and the procedure we follow with a view to providing a framework into which members of the committee can set the particular and precise information which will come at a later time. One chart shows the committee organization and the other the executive organization. I would talk first to the one headed by the minister, with parliamentary assistants shown in the block to the right. The executive organization of the Department of National Defence is shown on this first chart. Under the minister come the various officers and officials charged with executive responsibility. The minister is assisted by two parliamentary assistants, provided for in the National Defence Act. Under him are three service chiefs of staff, the chief of naval staff, chief of general staff, for the army, and the chief of air staff, for the air force, who are, under the National Defence Act, charged with the control and administration of the navy, army and air force, respectively. Also under him is another executive officer appointed by the National Defence Act, the chairman, Defence Research Board, who is charged with responsibility for defence research. The Act also makes provision for a deputy minister, under the minister. The three services are organized on largely parallel lines. The rank of the chief of naval staff is that of vice admiral. Under the chief of naval staff is his principal assistant, the vice chief of naval staff in the rank of rear admiral. Under the chief of general staff is the vice chief of general staff with the equivalent rank of major general. Under the chief of the air staff is his assistant, the vice chief of air staff with the rank of air vice marshal. The functions or responsibilities of these three officers are to consider and provide advice to the chiefs of staff on operational planning, operations, military training and intelligence. In army terms this is what is known as the general staff side, and in the naval and air forces the operations staff.

The next man to consider is the principal personnel officer of each of the services. In the navy it is the chief of naval personnel, of the same rank as the vice chief of naval staff, a rear admiral. In the army he is called the adjutant general, a major general, and in the air force, the air member for personnel in the rank of air vice marshal. These three officers are concerned, in their respective services, with all matters concerning personnel, service appointments, promotions, and so forth.

The next of the three main heads is the equipment or materiel officer. In the navy it is the chief of naval technical services, also in the rank of rear admiral; in the army, the quartermaster general in the rank of major general; and in the air force, the air member for technical services in the rank of air vice marshal. The responsibilities of these officers are similar and cover the entire field of procurement, materiel planning and logistics generally.

In the Defence Research Board there is a somewhat similar organization. There are three main officers under the chairman of the Defence Research Board. They are headed divisions A, B and C. These divisions are by functions in relation to various fields of research, and being civilians they have no military rank. I should point out that the chairman of the Defence Research Board, while a civilian, has the rank, status and precedence equivalent to that of a chief of staff.

On the administrative side, and providing financial advice to the minister, is a deputy minister. His branch is organized by functions to be performed rather than by having separate assistants or experts in relation to each service.



On the supervisory side one is faced with a choice of providing a detailed supervision either by services or by functions. By services I mean the armed forces. We could have one man who concerns himself entirely with the functions of the air force, another with those of the army, and another with those of the navy, or a man who concerns himself with a particular field of activity in each of the three services. We have chosen the functional organization, and there is an assistant deputy minister who concerns himself with financial matters for all three services, or all three forces. The purpose of this is to achieve, as much as possible, a common uniform financial policy for each of the services, and by applying cross checks and cross tests to get a maximum of economy. There is also an assistant deputy minister (requirements). His function is to review and assess all the logistic proposals of the forces. The logistic proposals include the procurement of equipment, the scales of issue of equipment, the introduction of new designs, proposals for new construction and alteration of existing construction, and so forth. There is also an assistant deputy minister (administration and personnel). His function is general review of personnel and administrative matters.

Now, the chart we have been dealing with shows the stream of executive authority. Each of these principal officers that I have mentioned is assisted by, of course, a considerable number of senior and junior officers stemming out in the usual organizational arrangements. In order to achieve common approaches to problems, there are a number of committees which meet at regular intervals to consider and advise on joint problems, and if you turn to the second of these two charts you will see an indication of the committee method of achieving co-ordination. At the top, of course, is the cabinet. Advising the cabinet on defence matters is a cabinet defence committee, and advising the cabinet defence committee on matters of national defence is, among others, the Minister of National Defence. Advising the minister are a number of committees shown here. The first I will mention is the Defence Research Board. It is a board established under the National Defence Act and is composed of the chairman of the Defence Research Board, the vice chairman, the three chiefs of staff of the forces, the deputy minister, the president of the National Research Council, and a number of representatives of universities, industry and science appointed by the Governor in Council. This body provides advice to the minister through the chairman of the defence board, co-ordinated advice on all aspects of defence research. On the operational side is a committee known as the chiefs of staff committee, under the chairmanship of the chairman of chiefs of staff committee, an appointment also provided for under the National Defence Act. The chiefs of staff committee is composed of the chairman, the three chiefs of the armed forces and the chairman of the Defence Research Board. In order, however, to get a maximum of the best advice on any particular problem, the meetings of the chiefs of staff committee are attended by, in addition to regular members, the deputy minister of national defence, the secretary to the cabinet, and the Under Secretary of State for External Affairs. This provides for a continuous review of all operational problems.

On the administrative side is a committee known as defence council, providing advice to the minister on administrative matters. Defence council is a departmental body under the chairmanship of the minister and is composed of the parliamentary assistants to the minister, the deputy minister of national defence, the three chiefs of staff of the forces, and the chairman of the Defence Research Board. Defence council has two principal committees reporting to it, one the personnel members committee, and, secondly, the principal supply officers committee. The personnel members committee examines and considers personnel problems, is composed of the chief of naval personnel, the adjutant



general for the army, and the air member for personnel of the air force, a representative of the deputy minister, and in attendance, a representative of the chairman of the Defence Research Board. The principal supply officers committee, which is concerned with logistic problems, is composed of the chief of naval technical services, the quartermaster general, the air member for technical services, a representative of the deputy minister, and assisting or in attendance a representative of the chairman of the Defence Research Board. The chairmanship of these two committees is held by one of the principal supply officers of one of the three forces on a rotational basis. Each force takes the chair for a year.

That, in outline, are the principal elements of the machinery for achieving co-ordinated review of our problems. Needless to say, under each of these main committees there are a considerable number of subcommittees which examine the detailed aspects of particular questions.

Mr. Chairman, if I might go on with the prepared statement now I will deal with some of the procedures that are followed in the control of expenditures, I would suggest I might read, beginning on page 4 with the item headed "estimates".

#### *Estimates*

The estimates, when approved by Parliament, provide the financial plan for the department for the fiscal year. They comprise the authorized expenditures to be made during the fiscal year and the authorized commitments to be incurred in the placement of contracts that will come due for payment in a future fiscal year. The sum total results from a costing of the manpower and material requirements to implement the defence program. They are assembled in the first instance for each service by its budget officer based on information supplied by the branches of the Service responsible for the various parts of the plan. They are reviewed by each chief of staff, and subsequently by the deputy minister and then by the minister in consultation with these officers. During these various stages they are examined by officials of the deputy minister's branch and treasury officials. Officials of the Department of Defence Production are also consulted with respect to supply items. The costed program is then examined by the cabinet defence committee and the cabinet, when any outstanding questions of policy are settled. The details are finally reviewed by the Treasury Board. Any changes in the detailed estimates as approved that may be required in the course of the year are subject to the same kind of examination and review. These estimates become the basis of treasury appropriation. Accounting and issues of moneys are governed by the provisions of the Consolidated Revenue and Audit Act.

#### *Pay and Allowances*

Under the National Defence Act the Governor in Council authorizes rates of pay and allowances for the forces. In 1946, a review was made of the pay and allowances of all three services by a committee which was directed to report to the Treasury Board on methods of simplifying the pay structure, of obtaining uniform rates of pay and allowances for the three services and rates that would provide servicemen with remuneration that compared fairly with earnings in equivalent civilian occupations. As a result of this committee's report, rates were established for servicemen in which the basic elements are pay for rank, trades pay for trade qualifications, subsistence allowance where quarters and rations are not provided by the service, marriage allowance and separated family allowance, where the serviceman, because of service requirements, is separated from his family.



For comparison with civil earnings, pay, including trades pay, subsistence allowance and the estimated value of personal clothing and medical and hospitalization services, is used. Marriage allowance is provided as an extra compensation for the expense and inconvenience occasioned the married serviceman and his family by the moves that are a part of service life.

Since October 1946 the rates have been reviewed periodically and revised upwards in 1947, in 1948 and in 1950 in accordance with increased civilian earnings.

There are also various additional rates of pay and allowances for special purposes. These include risk pay for aircrew, submarine duty and parachute jumping, and foreign service allowances for officers and men serving abroad.

These rates are under constant review by the service officers responsible, coordinated by the personnel members committee. Under this committee's direction, subcommittees coordinate inter-service examination of trades pay, pay regulations and various other personnel matters.

Pay is issued twice monthly and changes in entitlement are authorized in daily orders issued by each service and recorded in the pay accounts. Each service maintains its own pay accounts. Control is accomplished in each service by the maintenance of independently developed control ledger accounts against which the accounts maintained in the field are compared. In addition, internal audits are conducted by the services and also by the deputy minister's auditors.

When travelling on duty, service personnel are paid per diem travelling allowances except on rare occasions where the duty is such that these are not suitable and, in these cases, actual expenses are paid. The rates of travelling allowances are authorized by the Governor in Council and, where actual expenses are paid, authority of the Governor in Council must be obtained for this arrangement. Special rates for military travel on railways in Canada are authorized by the Governor in Council under section 351 of the Railway Act. Reimbursement expenses of moving dependents from one place of duty to another, as well as furniture and household effects, are authorized under regulations approved by the Governor in Council. Per diem travelling allowances are applied to these moves also.

### *Establishments*

Within the total manpower figures for the authorized defence program, the minister, subject to the concurrence of the Minister of Finance, approves the number of officers and servicemen in each rank and trade group. A review of establishment requirements is made annually for this purpose. Within the approved framework, each service determines the distribution of personnel within its various units. Each service has an establishment or complement committee which examines and approves unit establishments within authorized ceilings. Officials of the deputy minister's staff participate in these examinations as well as officials of the Civil Service Commission where civilian employees are concerned.

### *Civilian Employees*

These, broadly speaking, are divided into three categories; civil servants, prevailing rate employees and casual labour. The former are employed in accordance with procedure laid down under the Civil Service Act and regulations. Positions and salary rates are approved by the Treasury Board. The prevailing rates staff and casuals are paid at rates established by the Treasury Board on the recommendations of the Department of Labour. The conditions of employment of these prevailing rate staff are governed by general regulations laid down by the Governor in Council.



### *Materiel Requirements*

The user service or user force is responsible for furnishing detailed specifications for items to be acquired. Specifications or standards common to the three services have been developed for most items in common use. The kind and quantity of materiel required is developed by service officers and after requisite review by the deputy minister and the minister, recorded in equipment tables and scales of issue. Common user items are screened by the principal supply officers committee with the object of achieving uniformity and economy.

Procurement of stores or equipment is initiated by each force. Proposals for procurement are reviewed by the deputy minister. If the estimated cost of the stores or equipment to be procured exceeds \$50,000 the specific authorization of the minister must be obtained. Where procurement is authorized, contract demands are passed to the Minister of Defence Production. Each contract demand must be certified by an officer of the Comptroller of the Treasury as to availability of funds. These certificates are issued against commitment authorizations as provided in the defence vote, and while the total amounts covered by such certificates may exceed the amount of cash appropriated for the fiscal year, they are limited by the commitment authorization granted. Within financial limits authorized by the deputy minister, senior officers in the commands are authorized to raise contract demands on the local officer of the Department of Defence Production to procure local requirements. To meet emergencies, senior officers in commands are also authorized to procure directly from the trade within limits set by the deputy minister, and approved by the Department of Defence Production.

When the Minister of Defence Production has made appropriate arrangements to procure by purchase, manufacture or otherwise, the items requested, a copy of the acceptance of tender of contract entered into is sent to the Chief Treasury Officer of the Department of National Defence, the Controller General of Inspection Services and the department itself for record purposes. Where the contract provides for progress payments, the progress accounts are audited by an officer of the Comptroller of the Treasury before payment is made. No stores, supplies or equipment are accepted by the department which have not been inspected and found to be satisfactory.

When stores, supplies, or equipment are received by the services, they are immediately taken on charge by the appropriate service authorities and invoices are duly certified by the receiving officer that the goods have been received, are in accordance with the contract and have been taken on charge. In the case of services rendered, the certificate must indicate that these have been completed satisfactorily to the amount claimed. The certified invoices thereafter are passed to the Treasury Officer who satisfies himself that they are in order and makes the actual payment.

### *Construction and Acquisition of Property*

Plans and specifications for construction are provided, as in the case of equipment and stores, by the user services. The design and engineering work may be undertaken either by the services themselves or by contract. Common user items are examined by the joint services accommodation committee with the object of achieving uniformity and economy. The construction programs are examined in detail by the deputy minister's staff and also by the Treasury Board before approval. The procedure relating to requisitions, contract demands and financial encumbrances is similar to that described for the procurement of stores and equipment. Contracts are placed by Defence Production Limited acting for the Minister of Defence Production. The right of inspection of all work arranged by Defence Production Limited rests with service engineers but supervision is carried out by Defence Production Limited.



Contracts for the construction of married quarters for servicemen follow a similar procedure except that they are arranged directly by Central Mortgage and Housing Corporation on request of the Department of National Defence. Minor construction may be carried out directly by service engineers or by contracts placed by the Department of Defence Production. Officers Commanding are authorized to approve locally urgent limited maintenance projects falling within the approved framework of maintenance plans.

In the case of aerodrome development, the Department of Transport undertakes the placing and supervision of this type of construction for the Department of National Defence on requisition and supply of funds for the purpose from defence appropriations.

When property is to be acquired, an evaluation based on survey is made by independent authorities in order to verify that the price proposed is fair and reasonable. The Department of Transport frequently acts as agent for the Department of National Defence in the acquisition of land. In some cases, small areas are handled through the agency of the Director, Veterans Land Act, who either obtains options or provides the Department of National Defence with valuations. Properties in urban municipalities are acquired either through the Department of Public Works acting as agent for the Department of National Defence or directly by National Defence following appraisal by real estate authorities. When independent realtors are employed to provide valuations or negotiate purchase options, they are paid the regular fee established for these services. In all cases, approval of the Governor in Council is obtained and final settlement is arranged through an agent appointed by the Department of Justice.

#### *Utilities*

Provision of utilities is arranged either as an element of the construction contract covering the building for which the utilities are needed, or through supply by municipal or private utilities. When the services are obtained from municipal or commercial sources, the department pays the standard tariffs or special rates that may be negotiated.

#### *Printing and Stationery*

All printing and stationery required by the Department of National Defence is procured through the King's Printer. Requisitions covering requirements, approved by the deputy minister or an official approved by him to act on his behalf, are made to the King's Printer, certified as to funds available by the chief treasury officer. These requisitions are forwarded to the Director General of Office Economies Control in the Department of Finance for approval before reaching the King's Printer for procurement. Invoices for payment are checked by the King's Printer and passed to the Chief Treasury Officer of the Department of National Defence for payment.

#### *Other Expenditures*

It would take a great deal of time indeed to attempt to cover all of the varied expenditures of National Defence in a general statement of this kind. There are many items of expenditure such as fees for course, damage claims, professional fees, grants to military associations which are provided for in estimates on the basis of past experience and adjusted to forecast needs. Expenditures are controlled by regulations established by the Governor in Council or by the specific approval of the Governor in Council.

There is one other type of expenditure that perhaps should be mentioned arising out of the supply of Canadian forces overseas through the logistic facilities of other nations. Where satisfactory agreements can be made, payment for these supplies is arranged on the basis of capitation rates. This is



the system used during the last war. Under such an arrangement, costs are estimated on a man-day basis and after agreement by both governments concerned, payment for the supplies received is settled in accordance with these rates. This procedure eliminates the necessity of operational units keeping detailed accounts for settlement on an actuals basis.

*Expenditures for Supplies and Services Provided Members of the  
North Atlantic Treaty Organization*

The Defence Appropriation Act, 1950, appropriated funds for the purpose of providing members of the North Atlantic Treaty Organization with equipment, supplies and services. Transactions on this account can be classified into three categories:—

- (a) Transfer of equipment from existing stocks;
- (b) Training of pilots and navigators for members of the North Atlantic Treaty Organization;
- (c) Transfer of equipment from new production in Canada.

All transfers of equipment and allocations of training vacancies have been made on the basis of recommendations of the Standing Group. With respect to the transfer of equipment from existing stocks the Appropriation Act provides that the estimated present value of the equipment or supplies shall be charged to the appropriations and a corresponding amount shall be paid into a special account in the Consolidated Revenue Fund which may be used at any time, subject to the approval of the Governor in Council, to purchase equipment and supplies for the naval, army or air services of the Canadian Forces. Equipment transferred has been valued at the estimated cost of similar equipment to replace it. Valuations established for a particular item are used for all subsequent transfers.

This outline of the organization of National Defence headquarters and the procedures followed in achieving control of expenditures will, I would hope, when supplemented by the remarks of representatives of the other government departments concerned, enable the committee to have a general picture of the machinery used in relation to defence expenditures.

Mr. MACDONNELL: There is one question.

The CHAIRMAN: Just one moment, Mr. Macdonnell.

The WITNESS: I regret to say I omitted one very important function in dealing with the first chart. Under the heading "Deputy Minister", on the righthand side of the little boxes are shown the inspection services headed by a controller general of inspection services. This is a body which provides for the inspection, as to quality and conformity with specifications, of all the equipment procured by the department, and their approval is a condition prerequisite to acceptance and payment.

Mr. MACDONNELL: Mr. Chairman, there is one question that arises. There, no doubt, will be many more, but the one that occurs to me immediately is suggested by page 7 (of the witness' prepared statement) and it is a question of how far the practice of calling for tenders is followed. I realize that there has been some special legislation in the matter and I realize also that there may be special cases where tenders are not suitable. However, I would like to find out what the practice is. While I am asking that question let me raise another one. At the beginning of the paragraph (of the prepared statement)—"if the estimated cost of the stores or equipment to be procured exceeds \$50,000 the specific authorization of the minister must be obtained."

I am just wondering if the army, being as it is, would not find it possible to make the amount of stores or equipment required just a little less than \$50,000 and then perhaps add another \$50,000 and another \$50,000. I would just like to know exactly how much, or in how many cases the figure is below



\$50,000 and how much is approved by the minister? The other question, and more important to me, is the question of tendering. If I read this page correctly, we are getting further and further away from the salutary check of tenders.

The CHAIRMAN: Mr. Macdonnell, please let us have comments at a later stage. Put the question to the witness now.

The WITNESS: Mr. Chairman, in response to the first question I would think this could be more properly answered by the Department of Defence Production. We let no contracts and call for no tenders.

*By Mr. MacDonnell:*

Q. Well, I do not want to press it if Mr. Drury does not want to answer?—

A. It would seem to me a little inappropriate to talk to that portion.

Q. May we have the answer from the Defence Production officials.

The CHAIRMAN: From that question there will arise other questions so perhaps you could save that point for later.

Mr. MACDONNELL: Well, on the question of the \$50,000 I would think that Mr. Drury would be very familiar with it.

The CHAIRMAN: So would you, as an old army officer!

Mr. MACDONNELL: I was only small stuff.

The WITNESS: In respect of the \$50,000 limit there is always the possibility of those seeking to acquire goods or services breaking down what is in effect one item into a number of small ones. It is something which both the quartermaster General and the Chief of Naval Technical Services and the Air Member for Technical Services endeavour to prevent.

*By Mr. Macdonnell:*

Q. You have put your finger on it. What is an item? That is what I am not clear about?—A. We would regard an item as anything which is a whole in itself. Now, to take an example: shoes come in pairs and it would not be possible to buy shoes one at a time in order to get below the limit. Nor could you buy half a tank.

The possibilities, perhaps, for this type of breakdown would occur more in repair or maintenance projects where it would be possible to divide up, for example this room, when either refurbishing or redecorating it; to divide it into a number of separate items. Now, if those were to come forward in this way, those charged with review would regard the changing of this room as an item—and not look at the provision of straight backed chairs as one item, the provision of arm chairs as one item, and the changing of the panelling as another. The alteration of the room would be regarded as a single item and a single project.

Q. Could Mr. Drury hazard an estimate as to how much stores and equipment come in under the \$50,000 and how much are over the \$50,000?—A. I would hesitate to hazard any kind of a guess at all, Mr. Macdonnell, but it is a very small proportion.

Q. In which item?—A. In the total of expenditures.

The CHAIRMAN: The under or the over?

*By Mr. Macdonnell:*

Q. Under \$50,000?—A. Under \$50,000 is very small.

In addition to that I may say there are occasions, perhaps, when an item has to be procured costing approximately \$50,000. There might be a temptation to estimate its cost at \$45,000 rather than at \$55,000 in order to require less formal approval. However, it is a rule that if it is estimated at \$45,000,



approved for acquisition, and passed to Defence Production or to whoever it may have to go for action, and the revised estimate or the actual tender comes to more than \$50,000, approval of the minister must be obtained before final action is taken.

Q. Just one more question and I hope I am not taking up too much time. I was interested in the description we were given by the deputy minister of the sort of super personnel committee which I understand consists of army personnel, the chief of the navy and of the air force. I was interested in knowing what kind of personnel such a committee would be concerned with. I quite understand that you have some person in charge for the army, but I was wondering what types of persons this super committee chooses? Is it for the purpose of making senior appointments?—A. The responsibility for taking any action does not reside in any of these committees. Each or any one of these committees is merely an advisory board. The responsibility for taking effective or executive action must reside in one man. The purpose of the committee is merely to effect a general review and discussion of common problems with a view to getting a joint or common approach to them. The actual solution of those problems must be effected by the individual service officer.

Now, in the case of army personnel matters, they go to the Adjutant General, acting under the Chief of the General Staff. All army appointments are made by the Chief of the General Staff on the recommendations of the Adjutant General, and in certain instances they must have the concurrence of the minister. Actually, the appointments of the chiefs of staff are by order in council.

*By Mr. Stick:*

Q. Mr. Chairman, I would like to refer to page 4 and page 5 (of prepared statement—pay and allowances. Would it be possible, Mr. Drury, to have a table showing the rates of pay for all ranks in the different services—so as to have a sort of ready reckoner to which we may refer?—A. I can produce it.

Q. You have the pay and allowances of the different ranks. We may have to refer to them at some time and if we had such a ready reference tabled it would help?—A. We will have that for you.

*By Mr. Churchill:*

Q. In connection with that, would you include also the additional rates of pay shown or mentioned on page 5 where you speak of risk pay for air crew, submarine duty, or parachute jumping?—A. It will include risk pay for air crew, submarine duty, and parachute jumping where applicable.

Q. In connection with the second paragraph (on page 5 of prepared statement) would you also explain what you mean by foreign service allowances?—A. There are two types of foreign service allowances granted to officers and men serving abroad. One type of allowance paid to men serving abroad is paid to those who are serving with organized units. Another service allowance is related to the types of allowances provided to officers of the Department of External Affairs and the Department of Trade and Commerce, and others serving abroad—paid to officers and men serving abroad not with formed units but rather in individual status. The allowances payable in the latter class are somewhat complex and vary of course, from place to place.

Mr. MACDONNELL: We used to be told in the artillery that the infantry was the most risky place. Does this mean that the risk has largely been taken out of the infantry? There does not seem to be any risk pay for the infantry?

The WITNESS: There is at the moment, Mr. Chairman, no risk pay for infantry—other than parachutists, who are of course in the main infantry.



Mr. STICK: I have another question I want to ask about on page 10, arising out of "other expenditures"—payments made to foreign governments for Canadian forces overseas.

I understand there is some frozen money over there, owed to us by some of those governments. Would it be possible, instead of sending Canadian dollars over there, to use some of those frozen funds?

The CHAIRMAN: Mr. Stick, if you do not mind, we are going to have someone from the Treasury Board here and you could ask that at that time.

Mr. STICK: Or an officer of External Affairs would probably know that.

The CHAIRMAN: Mr. Bryce will know.

*By Mr. Stick:*

Q. I am just asking questions and if I cannot get answers, all right.—  
A. I think this might more properly come from Treasury than National Defence.

Q. We will tackle them when they come.

*By Mr. Henderson:*

Q. With reference to page 9 (prepared brief), is there any municipality in Canada with which the department shares the cost of construction?—  
A. There are some.

Q. Will you tell me what they are?—A. I cannot provide you with that at the moment.

Mr. JAMES: Mr. Chairman, I think it would be a good idea in order to have more orderly discussion, if we started at the front and went through this. I do not suggest limiting the discussion, but I think it might be more orderly.

The CHAIRMAN: Well, we are waiting for people to ask questions. We have had a couple now but anyone who wants to question can start wherever he wishes.

*By Mr. Wright:*

Q. On page 8, (prepared brief) you say "Plans and specifications for construction are provided, as in the case of equipment and stores, by the user services. The design and engineering work may be undertaken either by the services themselves or by contract."

Can Mr. Drury give us any idea as to the percentage of work that is undertaken by the services themselves as compared with the amount that is performed by way of contracts?—A. The percentage, Mr. Chairman, will vary from time to time. With a large construction program and with few service engineers available for design work, the percentage done by contract will be higher. As, however, design work tends to get finished, and as we get service engineers, more in numbers and more in skill, the percentage of that work done by service engineers will increase.

Q. It seems to me that would be a place where savings might be made—by using the services themselves to provide certain facilities rather than by letting too many contracts. I do not know how feasible that is but to the layman it would appear that there might be savings made in that direction?—  
A. We do the maximum of design work possible by service engineers—the greatest possible load they can carry. However currently there is quite a shortage of engineers whose services might be made available to us in the country. The armed forces are doing their best to attract additional ones. Within the limits of the greatest number they are able to attract we do the maximum of design work which we can.



Q. Further, on page 8 (prepared brief) it states: "The right of inspection of all work arranged by Defence Production Limited rests with service engineers but supervision is carried out by Defence Production Limited."

Just to what extent is there duplication of inspection service as between Defence Production Limited and the services themselves? I have heard rumours that there is duplication but I have no specific instances to quote. Is there duplication of inspection services as between the services themselves and Defence Production Limited?—A. They are really different function. Supervision of the contracts, as I understand it, involves overseeing of a type to ensure that the work is economically and expeditiously carried out. Inspection is quality control. To go from the field of construction to the field of manufacture, when a contract is let to a firm to produce boots, the supervision of the production operation remains in the hands of the contractor producing the boots. However, the Department of National Defence, as the user of those boots, puts in inspectors of its own—who are not supervisors at all. They are inspectors to ensure quality control—that all boots manufactured are up to a standard of manufacture in accordance with specifications. It is the same in the construction field. The general supervision of the contract or to ensure that he is doing the job that he has undertaken to do is carried out by Defence Production Limited, whereas the actual quality control is done by National Defence.

*By Mr. Wright:*

Q. In the case, for instance of boots would your inspectors inspect the leather before it is made into boots, or would your department simply inspect the boots after they were completed. Just where does your inspection start in an operation like that? And the same thing in construction? Does your department inspect the material that enters into the construction or only the finished construction after it is completed —A. It varies from operation to operation. In the case of construction inspection includes some inspection of materials before they are actually incorporated in the construction.

Q. Is that always the case?—A. It should be the case.

Mr. BALCOM: That inspection service corresponds with what was known in the last war as the United Kingdom and Canadian Inspection Board?

The WITNESS: The inspection service is the successor to the United Kingdom and Canadian Inspection Board.

*By Mr. Stick:*

Q. Would that not be covered in the contract? When you let the contract you called for certain specifications on quality of goods to be manufactured? If the contractor does not carry out his contract in accordance with the specifications laid down, then he is out of luck. You do not need an inspection at the beginning. When you get the manufactured article you can tell whether the proper type of leather was used. When you let a contract for boots you call for a certain type of leather and it is up to the contractor to supply that?—A. Well, in so far as externals, apparent externals, are concerned that is satisfactory; but where items or materials built in to the final article are not visible it is not very satisfactory. One would have to destroy a number of articles purchased in order to determine that there have not been any things done wrong within, for instance, the boot. If they are to provide a steel shank of a certain quality the only way you can determine that in the finished boot is to break the boot apart. In order to make an adequate test we would have to break a considerable number of boots—all of which would be thrown away. It seems better to look at the steel shanks before they go into the boot.



Mr. GEORGE: I would like to ask a couple of questions. Many contracts are being let now and it says that the contractors are to determine the cost. I have had some complaints from contractors that they are spending an awful lot of money making up estimates of costs. That of course is the job of Defence Production, but really my question is why these estimates of costs are not made by army engineers instead of contractors? That applies particularly to air force hangars and camps not in use and which need reconstruction or repairs.

The WITNESS: As I pointed out earlier we have now, unfortunately, a limited number of engineers available to do this kind of work and if we can get part of this load taken by outside industry we endeavour to do so.

Mr. STICK: To reduce your cost?

The WITNESS: To reduce our cost.

Mr. McCUSKER: Is it not the case that when you are calling for tenders you cannot tell the fellow that it is expected to cost so much. He has got to tell you how much it will cost.

Mr. GEORGE: But that was not my question.

The CHAIRMAN: No, but go ahead, Mr. Drury.

The WITNESS: In addition, this method generally provides a more accurate estimate than we are perhaps likely to get from a service engineer. The man who has been doing this kind of work can provide a better estimate than the service engineer who has not actually carried it out.

Mr. McCUSKER: Might I speak to the question Mr. Wright brought up a moment ago. I think we are missing the point when we ask that service engineers should be used on construction. Do we not enlist these engineers into the army to have them in case of war. We have to send engineers to Korea and to England, and they must be given military training just as much as any other people. They have their different demolitions and so on to carry out—the things which come under engineer services in wartime. Therefore, we cannot turn them into engineers for this—why should we turn them into a building corps?

The CHAIRMAN: Well, Doctor, just limit your remarks now to a question. I have no doubt your statement is pertinent and you are talking from experience.

*By Mr. Quelch:*

Q. Mr. Chairman, on page 5, paragraph 2 (of the prepared statement) it says:—

For comparison with civil earnings, pay, including trades pay, subsistence allowance and the estimated value of personal clothing and medical and hospitalization services is used.

Is that comparison made as of any set date or are adjustments made from time to time to keep pace with the increased pay of civilians?—A. Whenever a review of pay and allowances is made we try and obtain the latest current figures for comparable civilian earnings.

Q. Generally speaking there would be a lag?—A. Generally speaking, there would be a lag, yes.

Mr. STICK: I hope we are not going to get into the cost of living.

The CHAIRMAN: Mr. Wright.



*By Mr. Wright:*

Q. On page 10 (prepared brief) you say:—

Expenditures for supplies and services provided members of the North Atlantic Treaty Organisation.

And, under (b)—

Training of pilots and navigators for members of the North Atlantic Treaty Organisation.

Can the deputy minister give us any idea of the costs of training these other members of the NATO organization in Canada, or has that been broken down? What is charged back to them for training in Canada?—A. Nothing is charged back. No disbursements or expenditures we incur are charged back to the other members of the North Atlantic Treaty countries.

Q. This training is a free service to other members of the NATO organization?—A. That is correct.

Q. Have you any breakdown as to the costs of training?—A. I have not here, but I can procure it.

Q. I would like to have a breakdown.

Mr. MACDOUGALL: On page 6 (prepared brief), in the second paragraph this statement says:

When travelling on duty, service personnel are paid per diem travelling allowances except on rare occasions where the duty is such that these are not suitable . . .

Who is not suitable, or what is not suitable?—A. I apologize for the grammar, but “these allowances are not suitable”.

*By Mr. Cavers:*

Q. In what cases would it not be suitable to do that?—A. It is not entirely suitable to pay a per diem allowance, which is based on the average cost of travelling within Canada, when travelling in foreign countries—some of which are very high cost countries. The costs do not fit these per diem rates we have and, those are the instances in which actual expenses are paid.

Q. Well, in that instance, what check have you on relationship of the expenses that are submitted with the rate in that particular country?—A. Well, a man who is claiming for actual expenses has to produce an itemized account. There is very little travel done in any country in which we have not a foreign mission, who keep the Department of External Affairs here and the Treasury provided with a general idea at least of scales of costs, and the itemized account will be placed against, or tested against, this general scale of costs.

*By Mr. MacDougall:*

Q. In the penultimate paragraph (prepared brief) on page 7, fourth line from the bottom, and I quote:

To meet emergencies, senior officers in commands are also authorized to procure directly from the trade within limits set by the deputy minister, and approved by the the Department of Defence Production.

Now, just what does the word “limits” signify? What jurisdiction is meant by that, wide or narrow?—A. Narrow.

*By Mr. Jones:*

Q. Under the subheading (a) (page 10 of the prepared statement)—transfer of equipment from existing stocks—could we have that broken down as to whether it was a gift, a sale or a loan, and to what countries?—A. I have not got it, but I can easily provide information on the transfer of equipment



from existing stocks. That refers to the transfers which have been made from time to time, and announced by the minister, of the armament and ammunition for one division to The Netherlands, for one division to Belgium, and one division to Italy, some 25-pounder guns to Luxembourg, some anti-aircraft guns, those are the main items.

Q. Could we have that information?—A. I will have that produced.

Mr. MACDONNELL: Can you state that information in terms of divisions? How much equipment have we sent? We have equipped how many divisions in Europe?

The WITNESS: We have provided the armament and ammunition for three divisions.

Mr. WRIGHT: When you speak of ammunition, you speak of ammunition for what period or what amounts of ammunition?

The WITNESS: What is known as first and second line in the army, and this is the ammunition normally carried in the first and second line transports of the formation using a particular type of gun. The numbers of rounds vary with the equipment.

*By The Chairman:*

Q. Would you just elaborate once more on Mr. Macdonnell's question? You have told him that we have provided equipment for three divisions in Europe. Is that correct?—A. Yes, armament and ammunition.

Q. Will you name the countries?—A. The Netherlands, Belgium and Italy.

Mr. MACDONNELL: How do those divisions compare in size with our own, roughly, do you know that?

The WITNESS: I do not know that offhand.

Mr. STICK: Do you base it on a Canadian division or the numbers contained in a division in those countries?

The WITNESS: We base it on the British war establishment of a division.

*By Mr. MacDonnell:*

Q. When you say "armament", does that mean virtually everything except uniforms and living accommodation, and so on?—A. No, Mr. Macdonnell, it does not include motor transport. It does not include medical equipment. It does not include wireless. Armament is, roughly speaking, the fighting weapons.

Q. Of the infantry soldier?—A. The infantry, the artillery, all the fire power.

Mr. WRIGHT: Does that include tanks?

The WITNESS: A British division has no tanks in it, so it does not include tanks.

The CHAIRMAN: Mr. Hunter, have you a question?

Mr. HUNTER: My question has been answered.

*By Mr. Quelch:*

Q. In connection with our troops in Europe under NATO, do we make any payments directly for the acquirement of property, or are all those payments made directly by the NATO organization?—A. As Mr. Claxton pointed out yesterday, we have not yet concluded any arrangements as to tenure of property nor how necessary acquisition of property is to be financed.

Q. In the meantime, the housing that we are using—are we paying for that?—A. We are at the present moment in Germany occupying barracks at Hanover lent to us by the United Kingdom.



Mr. CHURCHILL: In connection with this section on page 10 that we are discussing, which is one of supply for NATO, could we have a little information on the significance of that? Could we have the total amount of funds appropriated, with the breakdown under the three categories listed there?

The WITNESS: I will have that produced.

Mr. WRIGHT: Could we have the present members of the Defence Research Board listed, as to what universities and what organizations they belong to?

The WITNESS: I have not got that here, unfortunately, but I will also have produced for you, the composition of the Defence Research Board.

The CHAIRMAN: When Mr. Drury was giving his evidence it occurred to me that we should have had some names on the chart at the same time. It might have been very useful to us. I do not know whether that occurred to the committee or not. For instance, the name of the vice chief of naval staff, I know his name, but I do not know who the assistant chief of the naval staff is. Perhaps that information will be useful; if the committee desires it, we could have it on record.

Mr. McILRAITH: I think it would be very useful to have it on record. Several of these might appear as witnesses and it would be most useful to have that information at this stage.

Mr. MACDONNELL: I suppose I should not ask who the members of the cabinet defence committee are.

The CHAIRMAN: Then Mr. Drury will give us the names of the persons under the various headings on both charts, the chart headed by the minister and chart No. 2.

Mr. MACDONNELL: Are you not going to give the names of the members of the cabinet defence committee?

The CHAIRMAN: I would like to know myself.

Mr. MACDONNELL: Is it a matter of security?

Mr. McCUSKER: Could we not return these charts and have the names put on opposite the positions? The names could be lettered in white on these charts before our next meeting.

The WITNESS: I am not sure what the mechanics of this is.

The CHAIRMAN: Could you possibly produce a table that we could put on the record showing their titles and their names.

The WITNESS: If that will be convenient I could produce a typewritten list showing who the chief of staff is and who his principal officers are, etc.

*By Mr. MacDougall:*

Q. In this chart headed the Organization of the Department of National Defence, you went down to the position of deputy minister and you went over the various ones under the deputy minister, and unless I missed hearing correctly, I think you omitted this laddie who is in the real estate advisory business. Now, he is a civilian, is he not?—A. He is a civilian.

Q. And you may have in your department many of such characters throughout the Dominion of Canada for local appraisal valuations of real estate.—A. The Department of National Defence has not in its direct continuous employ anyone outside of Ottawa reporting to the real estate advisor.

Q. Well, if you were going to acquire property, for instance, in Vancouver, I do not imagine that the real estate advisor here in Ottawa would know very much about appraisals in Vancouver, so it could be that for the purpose of securing appraisals of real estate in Vancouver you would use a Vancouver man?—A. That is correct. It may be someone in private life, in the real estate



business in Vancouver, or in some other government department. The Department of Veterans Affairs have people in the land business in the Vancouver area, to have the Department of Transport and so have the Department of Public Works, and in the ordinary course of events we would proceed through a government agency if this was desirable.

*By Mr. Macdonnell:*

Q. A government agency to buy for you or just to advise you?—A. Generally speaking, Mr. Macdonnell, to buy, to act as our agent in acquiring.

Q. Does that not tend to put prices up? I mean, as soon as a government agent begins to negotiate, to my mind it would be making it more difficult.—A. In some instances we have felt that this would be the case and, consequently, have operated through a private real estate agent acting for an anonymous principal.

Q. Do you think it would always be the case?—A. They tell me it is not always so.

Mr. CAMPNEY: Does not the threat of expropriation act as a check in some cases?

The WITNESS: I think we have found it safe to say generally that we are prepared to offer a fair and reasonable price, and if an individual or a group of individuals is endeavouring to make a killing or hold us up, there is always, as Mr. Campney mentioned, the possibility of expropriating if no settlement can be reached. We can take it to the Exchequer Court.

Mr. MACDONNELL: I realize you have an advantage there.

The WITNESS: The taxpayers have an advantage.

*By Hon. Mr. Power:*

Q. What takes the place of what formerly was called the air council, the militia council, and the navy council?—A. There still is a committee within the navy, under the chairmanship of the chief of naval staff, which has no legal responsibility any more, known as the naval board. The responsibilities which at one time were vested in the naval board are now vested, under the new National Defence Act, entirely in the chief of the naval staff. He still, however, continue to make use of the naval board as an advisory body to him. There is also in the air force a committee known as the air members.

Q. Air members air council, it used to be called.—A. I do not think that is called air members air council any more. It is an air body which jointly considers air problems.

Q. Do they make recommendations to the chief of staff?—A. As the chief of the air staff sits on this body, there will be no necessity, I think, for formal recommendations.

Q. And have you a similar set-up of the militia council?—A. There is no formal body at all. However, the chief of the general staff does assemble once or more weekly his principal assistants and follow the same procedure as the chief of naval staff and the chief of air staff with the naval board and the air members respectively.

Q. I take it that this organization had been abolished much in the expectation of better co-ordination between the services. Have you found that this new set-up makes for greater co-ordination?—A. I have not had any personal experience with the earlier dispositions, but we have had a great deal of success with this arrangement in getting co-ordination.

*By Mr. Wright:*

Q. Our terms of reference allow us to examine all expenditures made from March, 1950, I think it was. I suppose there have been barracks constructed



for the air force and army, and also naval barracks. Could you produce figures to show us what the cost of barracks constructions has been since March, 1950. Could you give us the approximate cost per capita for barrack space for men in the army, navy and air force, constructed during the period that our reference covers?—A. I can do that and will produce figures. They will require some elaboration in that the navy traditionally have found more satisfactory a combination of living quarters, eating arrangements and recreational facilities in the one building, whereas the army and the air force, having generally larger units to accommodate, have preferred to have sleeping accommodation in a separate building from messing and recreation.

Q. I do not want my question to cover the housing problem, but rather the barrack construction.—A. Well, the result might be or appear to be that the per capita cost in the navy is very much higher than it is in the air force or the army, in that the building which provides the sleeping accommodation for the naval men also contains the kitchen and messing facilities, and it is difficult to break out from the total cost for a building that operation.

Q. In submitting your figures, could you give a similar coverage for the army and the air force in the messing and recreational facilities?—A. I will try and see that they are made comparable.

Mr. JONES: Would it be possible to give us land properties purchased, too, since March, 1950 in different parts of the country?

The WITNESS: I will do that.

*By Mr. Stick:*

Q. Could you give us the locations of those? Could you give us their locations by provinces?—A. Properties purchased by provinces?

Q. In the different provinces where you have your establishments, could we have it in that way, location by provinces, if you like.—A. I am not sure which it is you want by provinces.

Q. I am going to elaborate on Mr. Wright's request. He wants to know where we have expended the money.

The CHAIRMAN: As I understood, Mr. Jones asked you what land you have acquired. Mr. Stick wants to know where it is located. Now, that is the composite question, aside entirely from barracks.

Mr. CHURCHILL: Would it not be wise to get a complete picture and show land that is leased as well?

Mr. McILRAITH: He used the word "acquired".

The CHAIRMAN: I used the word "acquired", but I did not have in mind leased land. Did you have in mind leased land when you said acquired?

The WITNESS: No, I did not. I was thinking of outright acquisition, but now this will include leases entered into since April 1, 1950.

The CHAIRMAN: I am sure that the committee is aware that all this information won't be available in one morning. We are getting tall orders, but we will fill them all.

*By Mr. George:*

Q. Mr. Drury just said leases entered into since March, 1950. Why not make it leases existing today in addition to that?

The CHAIRMAN: Mr. George, when Mr. Drury gives us the information he will give us all the leases that have been entered into from March 31, 1950 to date.

Mr. GEORGE: If we are asking for the complete picture, let us get it. There are buildings on land not leased today, the leases for which were entered into previous to the date requested. Let us have the whole thing.



The CHAIRMAN: Our terms of reference are very wide, we can go forward and not backward. Existing leases, that will mean since March 31, 1950.

Mr. GEORGE: Yes, but not necessarily incurred since then.

Mr. McILRAITH: Not necessarily entered into.

The CHAIRMAN: That is right. Since March 31, 1950. I misunderstood you. Do you understand the question, Mr. Drury?

The WITNESS: I understand it, Mr. Chairman.

The CHAIRMAN: Any further questions, gentlemen?

Mr. MACDONNELL: Possibly it would save time in the future if I took time now just to indicate the sort of general information we would like to have. First of all, we would like to have a statement showing the budget for the year from March 31, 1950 to March 31, 1951, the budget of expenses and actual expenses; then, from March 31, 1951 we would like to have, month by month, budget expenses, total expenditures.

The WITNESS: If I might just interject, perhaps, Mr. Macdonnell, to get clear in my own mind point by point what you are asking. It is difficult to say there is a month by month budget for expenses in the current year.

Mr. MACDONNELL: Well, then, that is perhaps part of the answer. I have thought that you would have had a budget, say, on the 31st of March, 1951, I would have thought that you would have had a program before you of expenditures over a certain period of six months—if too long, then whatever your period was. Quite frankly, what I want to know is how your performance is living up to your own expectations. I think that would be interesting. It is either living up or it is not, and you will point out reasons to change it.

One other general comment I would like to make, we want to secure information with regard to all the various kinds of equipment—how much is in ordnance, how much is on order, how much has been paid for, how much has been ordered and outstanding.

The CHAIRMAN: Ask the questions for the purpose of the record so they can bring in an answer.

Mr. MACDONNELL: We think as a preliminary to all that we should know what has been the expenditure up to date in Korea. We presume that troops in Korea are all fully equipped. What is the cost of the equipment, of maintenance, of the Korea airlift, and figures with regard to the cost of navy and air transport in that field of operations.

And, then, we would like the cost of training the troops for Korea, including Fort Lewis. And we would like similar figures for the European force. I will not repeat all the details again. And we want similar figures for the active army. *Mutatis mutandi* there will be certain adjustments. And then we will want similar figures for the reserve army.

We have already had some indication of our obligations for the supply of arms and equipment to Europe. We would like to know how much has been sent, and at what cost, and what commitments have we still, and at what cost. Rather than wait, I intend giving a list of the weapons. Everybody knows what the weapons are, but here is the list: pistol, machine carbine, rifle, light machine gun, medium machine gun, piat bazooka, 2" mortar, 3" mortar; and for the artillery: 25-pounder, 105 mm, 17-pounder (anti-tank), 5-pounder, 40 mm (Bofors), and ammunition for all the above. Equipment for an armoured division: tanks—Sherman, Centurion (in Europe). Navy, (a) commission, (b) under construction, (c) in mothballs. Air Force: type of plane—bomber, fighter, night fighter, transport; armament of night fighter, and any weapons not listed above forming part of the equipment of any of the services. With



regard to each of these, the following information is required: (a) amount in ordnance; (b) amount on order; (c) amount expended to date; and (d) amount committed for.

We have set out the various weapons used by infantry, artillery, and in a very general way that is really the question to date, and I will give that to the reporter to be incorporated in my question.

Mr. MACDOUGALL: The only thing that Mr. Macdonnell is not asking for is the cost of the C.W.A.C.s.

Mr. MACDONNELL: I will leave that to you.

The WITNESS: Mr. Chairman, I just want to make myself clear to Mr. Macdonnell that it is going to be quite difficult to break out the cost of training of the force sent to Korea. Our accounts are not kept that way.

Mr. MACDONNELL: Well, I hope you will find us reasonable.

The WITNESS: It can be done, but it will involve a considerable number of assumptions and estimates, and it will take some time.

Mr. MACDONNELL: Perhaps we can talk about that together and see what is reasonable. We do not want to ask for things just for the sake of asking for them.

The CHAIRMAN: That seems very useful information that the committee should have. I am sure it will be provided. Now, are there any other questions or information that any other member of the committee is interested in, so as to give the deputy minister some kind of warning of what may be expected of him.

Mr. WRIGHT: I would like to know what grants in the way of capital assistance or in the way of equipment have been made to various companies producing equipment for the army, companies such as Canadair.

The CHAIRMAN: You appreciate it is really not a question for Mr. Drury.

Mr. WRIGHT: Probably Defence Production.

The CHAIRMAN: Yes, Defence Production. Are there any more questions for Mr. Drury, gentlemen?

Mr. CHURCHILL: When we are dealing with the equipment shipped over to the allied countries in Europe, are we entitled to the information as to what equipment remains in this country?

Mr. GEORGE: Could we have a copy of the security regulations?

The CHAIRMAN: Mr. Churchill, I am sorry you asked that question. Let it stand for the moment. Do you mind?

I find that we will not be requiring Mr. Armstrong. Mr. Drury has covered the situation pretty thoroughly. I think we will not be requiring Dr. Solandt. The intention for Thursday's meeting is to have Mr. Mackenzie and Mr. Bryce. Mr. Mackenzie may have to bring with him Mr. Lowe, in order to give members of the committee some details on matters of contracts. Mr. Bryce will give you information on the matter of finance control. By that time we should have some of the information that we asked for in the earlier meeting.

Mr. MACDONNELL: Who will give this information of the kind that I have asked for, Mr. Mackenzie or Mr. Bryce?

The CHAIRMAN: You will have a co-ordinated statement. Someone will be available to question on them.

Mr. MACDONNELL: Will we have that information by Thursday?

The CHAIRMAN: You won't get it on Thursday, not this Thursday nor the next Thursday.



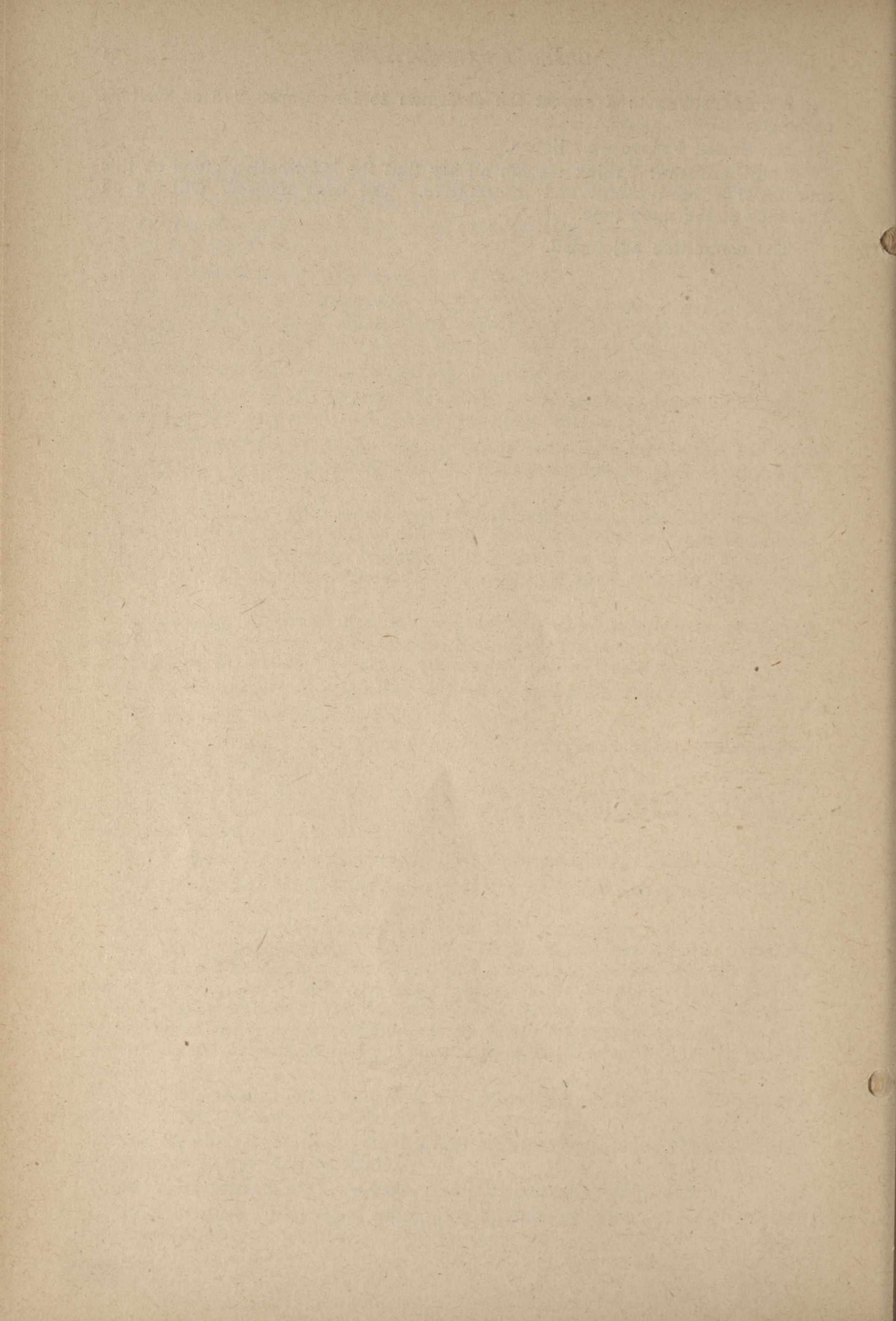
Mr. MACDONNELL: I expect the chairman to be co-operative as well as ourselves.

Mr. STICK: I move we adjourn.

The CHAIRMAN: I think we can all say that the information given us this morning has been useful and informative. The next meeting will be on Thursday at the same time.

The committee adjourned.







HOUSE OF COMMONS  
Fifth Session—Twenty-first Parliament  
1951  
(Second Session)

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SPECIAL COMMITTEE  
ON  
**DEFENCE EXPENDITURE**

Chairman—Mr. DAVID A. CROLL

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 2

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THURSDAY, DECEMBER 6, 1951

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WITNESSES:

Mr. M. W. Mackenzie, C.M.G., Deputy Minister, Department of Defence  
Production.

Mr. R. B. Bryce, Assistant Deputy Minister, Department of Finance.

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## MINUTES OF PROCEEDINGS

THURSDAY, December 6, 1951.

The Special Committee on Defence Expenditure met this day at 11 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Balcom, Blanchette, Campney, Cavers, Churchill, Croll, Drew, Gauthier (*Portneuf*), George, Henderson, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Pinard, Power, Quelch, Stick and Wright (21).

*In attendance:*

From the *Department of Defence Production*: Mr. M. W. Mackenzie, Deputy Minister, Mr. T. N. Beaupre, Special Assistant, Mr. G. W. Hunter, Executive Assistant, and Miss Ruth E. Addison, Administrative Assistant.

From the *Department of Finance*: Mr. R. B. Bryce, Assistant Deputy Minister.

From the *Department of National Defence*: Mr. C. M. Drury, Deputy Minister, and A. S. Duncan, Deputy Minister's Secretariat.

The Comptroller of the Treasury, Mr. B. G. McIntyre.

As agreed at the last meeting, Mr. W. M. Mackenzie was called. He read a prepared statement and was questioned.

Copies of his brief (departmental chart attached) were distributed.

He filed with the Clerk for the information of the Committee two departmental documents identified as follows:

1. Manual of Departmental Procedure (Defence Production) for the guidance and instruction of the staff (to December 1, 1951).
2. Book of Standard Forms respecting contracts.

A discussion took place with respect to the tabling of information. It was agreed to follow the procedure in relation thereto decided upon at the first meeting of the Committee.

Mr. R. B. Bryce was then called. He made a brief statement on the role of the Treasury Board and the control of expenditure. He undertook to send copies of his statement for distribution.

Mr. Bryce also undertook to supply the names of those composing the Treasury Board.

A discussion arose as to the date of the next meeting.

After further discussion, Mr. Drew moved "that when the Committee rises this day, it stands adjourned until Friday, December 7, at 11 a.m."

The question being put, it was resolved in the negative.

The Chairman assured Mr. Drew that his request for an early meeting would be taken into consideration by the Sub-committee on Agenda.

At 1.20 o'clock p.m., the Committee adjourned to the call of the Chair.

ANTONIO PLOUFFE,  
Clerk of the Committee.



MEMORANDUM FOR THE RECORD

The following information was received from the Bureau of the Census on the 15th day of August, 1888, in relation to the population of the United States in 1880, and is hereby published for the information of the public.

The total population of the United States in 1880 was 50,191,220, an increase of 25,300,000 since 1860, and of 10,000,000 since 1850. The increase since 1840 is 35,000,000, and since 1830 is 45,000,000.

The population of the United States in 1880 was 50,191,220, of which 25,300,000 were born in the United States, and 24,891,220 were foreign born. The foreign born population was 49.4% of the total population.

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## EVIDENCE

December, 6, 1951.

11:00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. We have Mr. Mackenzie and Mr. Bryce here, and I would ask you to allow Mr. Mackenzie make his presentation and then questioning will be open to you.

**Mr. M. W. Mackenzie, Deputy Minister, Department of Defence Production, called:**

The WITNESS: Mr. Chairman and gentlemen:

The origin of the Department of Defence Production lies in the decision of the government made just before the last war to embark on a policy of civilian procurement of the requirements of the three armed services. That policy has been consistently followed since that time, and now finds its expression in the existence of the Department of Defence Production. It may, however, be well to review briefly the various organizational developments in the carrying out of this policy, in order to clear up any misunderstandings that may exist regarding the relative positions of the new department and the Canadian Commercial Corporation.

It will be remembered that the Department of Munitions and Supply handled the procurement, not only for the Canadian forces, but also for the United Kingdom, the United States, and for other allies to the extent that these countries purchased in Canada. In addition, the Department of Munitions and Supply was responsible for the supervision of the mutual aid program. The Department of Munitions and Supply operated under a combination of the Special Act, which created the department, and the War Measures Act, but the important point is that it operated under special emergency legislation and that to carry out its functions it had extraordinary powers, including those to command production, to determine priorities, and to renegotiate contracts into which it entered. In the early stages, the requirements of other countries in Canada were essentially warlike stores, and were of substantially the same type as the goods being purchased by the Department of Munitions and Supply for the Canadian services. However, as the years passed, procurement in Canada by other countries included more and more goods of a civilian type. It was therefore decided that it was not appropriate to apply the special purchasing procedures that had been developed for the procurement of munitions and general service supplies to transactions which normally would have been handled through commercial channels, with prices and contractual conditions determined by commercial considerations. To meet this situation, it was decided, in January of 1944, to establish a new agency known as the Canadian Export Board to handle procurement of civilian type supplies for other governments. Because of the relation of this trade to the ordinary export trade of the country, this agency was established as a part of the Department of Trade and Commerce. In carrying out the operations of the Canadian Export Board, it became apparent that the contractual relations with the purchasers and the suppliers would be materially simplified if the contracting agency were a crown corporation, capable of contracting in its own name rather than having all transactions direct with the Crown. Accordingly,



in May, 1946, by an Act of parliament, the Canadian Commercial Corporation was brought into being and took over the operations of the Canadian Export Board.

While this agency for foreign procurement of civilian type goods was being built up, the direct procurement activities of the Department of Munitions and Supply were decreasing. The war was over, and it was no longer felt appropriate that purchasing should be carried on under the special emergency powers that had been found necessary during the war. By this time the volume of purchasing through Canadian Commercial Corporation on account of foreign governments had risen to an aggregate greater than the amount of purchasing being done on behalf of the Department of National Defence. A good many of the staff who had been in the Department of Munitions and Supply had by then been transferred to the Canadian Commercial Corporation, and it was apparent that there was no useful purpose to be served by maintaining two procurement agencies. In February, 1947, under appropriate authority, the procurement for the Department of National Defence was taken over by the Minister of Trade and Commerce from the Minister of Reconstruction and Supply (who had by then replaced the Minister of Munitions and Supply), and arrangements were made for the Minister of Trade and Commerce to utilize the Canadian Commercial Corporation as his agent in purchasing the requirements of the Services. It should be noted that, while the Canadian Commercial Corporation acted as a principal in dealings with foreign governments, it acted only as an agent of the Minister in procurement of the requirements of the Canadian Services. It performed as the Minister's agent the same general functions for the Services as had been performed by the Department of Munitions and Supply: namely, the receipt from the Services of details of their requirements, the canvassing of the market to determine the best source of supply, the awarding of the contracts, and the follow-up of deliveries. It did not assume any responsibility for inspection, nor did it pay the suppliers, these two functions being the responsibility of the Department of National Defence. The size of the operation is indicated by the figures for the year ended March 31, 1948, which was the first full year of operation of the Canadian Commercial Corporation. During that year the Corporation handled some 45,000 contracts for the Department of National Defence, having a total value of some \$82 million, compared with purchases on behalf of foreign governments and other agencies amounting to some \$88 million. From that point on, the purchasing on behalf of the Department of National Defence steadily increased: 65,000 contracts for a total of \$145 million in 1949; 84,000 contracts with a value of \$221 million in 1950; and 112,000 contracts to a value of \$676 million in the year ended March 31, 1951. At the same time, the business on behalf of foreign governments and other agencies steadily decreased.

On April 1 of this year the Defence Production Act came into force and provided for the establishment of the Department of Defence Production. In the month or two immediately preceding the 1st of April, 1951, various steps were taken in the Department of Trade and Commerce in anticipation of the coming into force of the Defence Production Act and the setting up of the new Department of government. Included in these arrangements were the steps necessary to provide for the transfer of the bulk of the staff of the Canadian Commercial Corporation to the new department when it was established. It was decided to retain the Canadian Commercial Corporation as an entity, for substantially the purpose for which it had been originally created: namely, to facilitate the carrying out of transactions with other countries. This was really the same function for which War Supplies limited had been incorporated in the Department of Munitions and Supply days. It proved a very successful arrangement. With the creation of a special Department, however, there was no need for a Crown company to act as an agent for the Minister of Defence



Production as it had for the Minister of Trade and Commerce in connection with procurement in Canada of defence requirements. Actually, as the situation stands today, all procurement, whether for Canadian account or the account of other countries, is, in fact, handled by officers of the Department of Defence Production, but to facilitate the contractual arrangements, the transactions with the purchasers outside of Canada are processed through the Canadian Commercial Corporation. Thus, for example, the Bureau of Ordnance of the United States Navy has a contract with the Canadian Commercial Corporation for the supply of naval guns; the Canadian Commercial Corporation looks to the Department of Defence Production for the supply of these guns; and the Department, in turn, has one contract with the Canadian supplier for the aggregate of the United States requirement as well as the Canadian requirement for that particular type of weapon.

#### *Nature of the Program*

Before describing the basic structure and organization of the department, it will probably be well to review briefly the nature of the program for which the Department was established. In introducing the Defence Production Bill in the House, Mr. Howe pointed out that the government was then embarking upon a \$5 billion defence expenditure program, which would be spread over a three-year period. This did not mean, however, that the new Department would make purchases of anything like that amount, for a very substantial part of the total cost was represented by military pay and allowances, Department of National Defence administrative costs, rentals, purchases of land, and various other services which are not dealt with by the Department of Defence Production. Over the three-year period, these expenses were estimated to amount to something over \$1½ billion, which would leave just under \$3½ billion for the purchase of goods and materials by the Department of Defence Production. To this figure would have to be added whatever production was done in Canada for purchase by other governments through the facilities of the Department.

These figures are cited to indicate the approximate proportion of the total defence budget—say 60 to 70 per cent—which could be expected to be spent by the Department of Defence Production. Little purpose could be served by any detailed analysis of the \$3½ billion figure quoted, since the program is continually changing as it develops and, further, the composition of the program, in any event, is not the responsibility of the Department of Defence Production. However, the Committee may be interested, and it may help to get the situation into focus, if I give a rough breakdown of the contracts let by our Department for the first six months of the current fiscal year. These figures, of course, may not be readily comparable to published program figures of the Department of National Defence, since we are concerned with the overall of, say, the textile program of the three Services, and not primarily concerned with the breakdown between the textile requirements of the Army, Navy, and Air Force. Again, when we refer to the field of electronics, we are thinking of all the electronic equipment that has to be procured, whether it will ultimately be incorporated in a stationary structure such as a radar station, in a gun, on a ship, or in an airplane. There is one other rather obvious qualification that I should mention in putting these figures on the record; that is, that the mere dollar volume of a particular program is not necessarily the measure of its complexity. Neither does the mere number of individual contracts tell the story. However, in order to give the Committee some indication of the job we are setting out to do, as background for a description of the general organization of the Department, I may say that in the first six months of this fiscal year the Department has placed orders to the extent of some \$1,100 million. Of this, over a third, or some \$430 million, was



for aircraft. Next in importance is electronics, which represents some \$120 million. Construction has amounted to over \$100 million, as has shipbuilding. Mechanical transport has amounted to some \$80 million. Textiles and clothing including boots and shoes, have amounted to over \$50 million, while ammunition and explosives have amounted to \$60 million, and guns and weapons to some \$50 million. From these rounded figures that I have given totalling about 1 billion dollars it is apparent that the bulk of the program is concentrated in these fields. The balance represents such requirements as fuel, food, barrack-room stores, building supplies, and general supplies.

Another point that should be mentioned at this stage is the element of "insurance" that is included in the program. It is not a program designed solely to produce great quantities of material in short order. That, of necessity, had to be the program when the Department of Munitions and Supply was established, but the program today is concerned with building now for production levels in excess of anything that is included in the present planned procurement. When it becomes necessary to establish special production facilities, the aim is to provide not only for the known requirements but also to arrange so that, with a minimum of further expense, added production can be achieved. The Department, therefore, is concerned with this problem of the development of facilities in the field of specialized equipment for direct use by the Defence Department, as well as for the production of the basic materials entering into that production.

#### *Basic Structure of the Department*

The Department's responsibilities and its authorities are set out in the Defence Production Act. The Act follows, in large measure, the provisions of the Munitions and Supply Act, and was drafted in the light of the experience gained under that Act. The rather different nature of the actual program and the great advantage of being able to set up the new Department in the light of experience of the last war meant that it has been possible to organize the Department of Defence Production on rather simpler lines than was possible in the hectic days of 1939-40 when Munitions and Supply was being brought into existence.

Now, gentlemen, I have a chart of the organization of the department. It may help to follow what I will now say if you will just keep an eye on the chart.

The basic organization of the Department rests on three main branches. There is a Production Branch, which, in general terms, is responsible for the major programs that involve specialized production; a General Purchasing Branch, which is concerned by and large, with those things that can be purchased off the shelf; and a Materials Branch, which concerns itself with the problems of the critical materials required either specially for the defence program or those required partly for defence and partly for general civilian use. That is an over-simplification of the division of responsibility between these three main branches, and one notable exception to the general principles that I have stated is that the whole of the textile program, which is very much of a production problem, is, in fact, handled by the General Purchasing Branch. However, it remains true that, by and large, the General Purchasing Branch, which is responsible for fuel, food, clothing, barrack-room stores, and general supplies, can be generally described as purchasing off the shelf, or at least as purchasing items ordinarily produced in this country, as distinct from the highly specialized production programs of aircraft, ships, ammunition, guns, etc.

You will note on the chart that under the general purchasing branch the breakdown is not as clear-cut. There is a division known as general supply



number 1 and general supply number 2. That is purely for organizational convenience to divide it in two parts. There is no real distinction between the two divisions.

The third major division that I have mentioned is the Materials Branch, but, with minor exceptions, its activities do not involve the expenditure of Crown funds, but rather are of a regulatory nature, such as limitations on distribution and use of critical materials. Some expenditures have been made by this Branch, of which two examples are the development of the Emerald Tungsten Mine and the rehabilitation of the explosives plant of Canadian Arsenals at Valleyfield, but the branches with which this Committee will, I presume, be primarily concerned are the General Purchasing Branch and the Production Branch. If I may, I would suggest that in dealing with the control of expenditures, an attempt be made to consider, on the one hand, the general purchasing which, to a very large extent, can be and is done on the basis of competitive tenders, and, on the other, the specialized programs which involve, in the first place, selection of facilities, and in the second place negotiated contractual arrangements. Here again there is not a clear dividing line on the purchasing techniques and policies between the Production Branch and the General Purchasing Branch, for wherever possible the Production Branch does call tenders and awards business on the basis of competitive bids. Alternatively, the General Purchasing Branch from time to time is involved in allocation of orders and negotiated contractual arrangements. But it remains true that the General Purchasing Branch has more opportunity to follow the desirable course of purchase by competitive tender. To the extent that the Materials Branch is involved, its problems are obviously more akin to those of the Production Branch than the General Purchasing Branch.

The rest of the Departmental organization consists of those Divisions whose functions may be classed as horizontal rather than vertical. There is an Administration Branch, which is responsible for all matters of personnel and general office management, industrial security, and also is responsible for the very important functions of receipt and opening of tenders. The Comptroller's Branch is responsible for all matters of accounting and preparation of financial statements and for the maintenance of what are known as the Central Inventory Records, being the record of all capital assets purchased by the Department and made available to contractors. The Comptroller is also responsible for the operation of the revolving fund, through which the Department is enabled to place pool orders for materials, parts, and components for inclusion in the actual products for delivery to the Department of National Defence. Still a further responsibility is the general control of such warehousing as is necessary of supplies purchased through the revolving fund. The Legal Branch, assisted by a General Counsel on a part-time basis, is, of course, responsible for all legal matters, including the drafting of formal contracts. The responsibility of the Economics and Statistics Branch is just what is implied in its title.

A particularly important function is discharged by the Financial Adviser, you will see up in the left hand corner there, who is responsible for the Contracts Authorization Division. The Financial Adviser concerns himself with the financial implications of the activities of all the various Divisions, with particular reference to the profit margins allowed to contractors, the terms on which Crown-owned facilities are made available to contractors, the implication of patent and royalty payments, and in due course, in such re-negotiation of contracts as may be found necessary. The Contracts Authorization Division represents a system of internal audit, independent of the purchasing and negotiating officers. It reviews all contracts over \$10,000 before the actual orders are placed. It is the responsibility of the officers of



this Division to satisfy themselves from the records that the established procedures of the Department for the calling of tenders and the awarding of the contracts have been complied with and that the terms of the contracts to be awarded are in accord with the general policies that have been established. Purchases representing expenditures not in excess of the limits provided in the Defence Production Act, (i.e., \$25,000.00 or \$50,000.00, where competitive tenders have been obtained and the lowest tender is being accepted) are returned by the Contracts Authorization Division to the appropriate official, who exercises signing authority on behalf of the Minister. Purchases representing expenditures in excess of the aforementioned limits are directed to the Deputy Minister's office for his approval, thence to the Minister, and from there to the Governor in Council. It should be noted that, in accordance with the special provisions of the Defence Production Act, the Minister, or the Deputy Minister on the Minister's behalf, may, and does from time to time, authorize the entry into firm contracts without prior submission to Council. These transactions are, however, subsequently reported to Council.

The Washington Office is treated in the chart differently from the District Offices because of the special responsibilities resting on the Department's senior representatives in Washington. It is necessary for a good many of the individual Branches and Divisions to maintain representatives in Washington, but the Washington representation heads up in the Director of the Washington Office, who also holds the rank of Minister at the Canadian Embassy. The Canadian Commercial Corporation maintains a small staff in Washington, in addition to the appointment of a special officer, a Vice-President of the Corporation whose particular responsibilities are to make known to the various governmental organizations in the United States the facilities in Canada for the production of defence requirements.

It will be noted that two Crown Corporations are shown in the body of the chart—the Canadian Commercial Corporation, to which reference has already been made, and which you will see is included under the General Purchasing Branch and Defence Construction (1951) Limited, which is the Crown corporation established for the purpose of carrying out the defence construction program. These two are integrated closely with the Department, whereas five Crown companies are shown on the organization chart as being associated. These are in the box up at the top left hand corner of the chart. Four of these five are Crown companies which, while reporting to the Minister of Defence Production, are not directly related to the defence production program. These are Crown Assets Disposal Corporation, Eldorado Mining and Refining (1944) Limited and its subsidiary, Northern Transportation (1947) Limited, and Polymer Corporation Limited. The remaining Crown company which is shown as associated is Canadian Arsenals Limited. In this case, the company is shown as associated because its relation to the various branches of the Department is primarily that of any one of the Department's contractors. It has, of course, its ordinary relationships with the Minister and the Deputy Minister, but, for example, it is only one of the contractors responsible for gun production.

You will recognize that there is a division of the production branch called the gun division which is responsible for supervising the whole of the gun production program. Part of that is being produced by the Crown in Canadian Arsenals but parts in other plants. Hence, the Canadian Arsenals is shown in a rather different category.

Similarly in the case of ammunition the Department places orders with many contractors for individual components of the ammunition program, although Canadian Arsenals is, of course, the most important. You will see the two blocks on the right hand side: the Defence Production Board of the



North Atlantic Treaty Organization. There, the Canadian government representative is Mr. H. R. MacMillan and the alternate representative is Mr. R. G. C. Smith who is a permanent officer of the Department of Trade and Commerce on loan to the Department of Defence Production. Then, there is the Canadian Industrial Preparedness Association which acts in an advisory capacity with no executive responsibility in any way.

#### *Staff of the Department*

At October 31, 1951, the total staff of the Department, excluding Crown Companies, was 1,563 persons, of which 1,223 were located in Ottawa and 340 outside of Ottawa. Of the total staff, 205 persons have been appointed under the special provisions of the Defence Production Act, and the balance of 1,358 have either been employed under the regular Civil Service procedure or were transferred to the Department from existing Departments and agencies of government. At March 31, 1951, this is just before the bringing into being the new department, the total strength of the Canadian Commercial Corporation was 665, whereas its present strength is only 38 persons, so that something over 600 persons were initially transferred to the Department of Defence Production from Canadian Commercial Corporation. In addition, 174 persons were taken over from the Department of Trade and Commerce, so that there is a net recruitment in the Department since April 1st of this year of 755 persons. The 205 special appointees now on the staff of the Department have all been engaged with the approval of the Treasury Board; 92 were appointed on a salary basis, 99 on the basis of no salary; and some 14 on the basis of partial salaries or honoraria. For the last two groups, expenses are paid while these men are in Ottawa, in addition, of course, to all travelling expenses while on government duty.

Special living allowances have been determined for members of the staff stationed outside of Canada, with the exception of locally engaged personnel. These allowances are established at levels not dissimilar to, but if anything on a slightly lower scale than the levels established for career foreign service officers.

#### *Departmental Procedures*

The general procedures, which are followed in the Department in handling Contract Demands received from the Department of National Defence and in carrying out purchasing functions, have all been codified and are now set out in a very extensive office manual. I have got a copy of it here and it is a very comprehensive and extensive document. This manual is of necessity a voluminous document, and is probably not one that the Committee will want to examine in detail. However, it is important that in a purchasing organization of the size of the Department of Defence Production the procedures should be carefully spelled out, and if it is the desire of the Committee, a copy of the manual, which is a restricted document intended only for government use, can be made available to the Secretary of the Committee for reference by any member.

I would not like to see this manual circulated widely, however. It gets out of date and has to be continually amended.

Before the committee proceeds to the consideration of detailed procedures for the placing of contracts and in order to facilitate such consideration, it may be useful to outline some of the general policies that are followed by the Department. Later, in examining some of the details of the procedure, the Committee may wish to call witnesses more closely associated than I am with the day to day operations. Certainly in so far as purchasing by competitive tender is concerned, Mr. W. D. Low, who acts as co-ordinator of the General



Purchasing Branch, would be more familiar than I am with many of the examples that might be used to illustrate procedures in which the Committee is interested. With the Committee's permission, therefore, I propose to proceed to an outline of some of the general policies followed by the Department.

### General Policy Questions

#### *Types of Purchase Contracts*

1. *Fixed Price Contract, with selection of contractor based on competitive tenders.*

This is always our first choice as to the type of contract to be used, and it is the basis on which the great proportion of the total number of contracts are let. The low tenderer is normally awarded the contract, but this is not always the case. Reasons for not taking the lowest tender might be due to delivery dates unsatisfactory to Department of National Defence, unsatisfactory experience with previous orders, financial insecurity, doubt as to productive capabilities. Quite often, where some of these conditions apply only to a minor extent, the low tenderer is awarded a part of the contract estimated to be the amount that he can handle. In such cases, negotiations are undertaken with the second or subsequent low tenderer to endeavour to have him reduce his price to the low tenderer's price. Those negotiations may or may not be successful.

2. *Negotiated Fixed Price Contract, with selection of contractor either on the basis of cost estimates submitted by those contractors thought capable of undertaking the contract or, in some cases, with selection of contractor based purely on the Department's knowledge of potential suppliers.*

There are in the defence procurement program many items that it is perfectly clear can only be obtained from one source of supply.

In many cases the Department of National Defence specifies, for one reason or another, supplies from a particular contractor or of a particular make. This is often justified by the problem of maintenance spares, either in the case of the purchase of spare parts for existing equipment or sometimes when adding new units of equipment to existing stocks. It might also be justified by a desire to test certain types of specialized equipment, or as a result of previous experience with patented or technical equipment.

Unfortunately, the complexity of the program is such that there are a good many cases where that has to be done, but there is no doubt at all about the policy or the scrutiny that is given contract demands to determine, first of all, if it is possible and proper to call for tenders.

3. *Ceiling Price Contract subject to reduction to cost plus a fixed percentage.*

Where benefits of volume production cannot be determined accurately in advance, this type of contract has certain advantages.

There are many cases where an item to be produced is substantially the same as the civilian type item but in giving a contract to a contractor he figures his cost on the basis of his commercial experience. He may not be able to calculate in any precise way the benefits he will get in the long run, so we frequently negotiate contracts in which there is a ceiling price as the top price which cannot be exceeded. In some cases, if it happens that the cost is less than that ceiling price, then there will be a refund to the department.

4. *Target Price Plus Incentive Contract, which results in payment to the contractor of actual costs ultimately determined by audit plus a fixed fee, being a percentage of the target price, plus a bonus representing a percentage of the difference between the cost ultimately established by audit and the original target cost.*

This type of contract retains the advantages of an incentive to the contractor for cost reduction, but is only practicable if target costs can be determined with



reasonable accuracy or if there is some other valid criterion by which they can be judged; for example, in cases where production in Canada is being started on an article previously imported, and where the current laid-down import price is known.

You might well set a target price for the production in Canada of, let us say, an air-frame. You may know what it would cost you to buy it in the United States; you do not know what it is going to cost in Canada. The contractor cannot give you a firm price but for strategic or for other reasons it might have been decided to make the air-frame in Canada. You sit down with the contractor and agree on a target price. You know whether that target price is reasonable because you know what it would cost to bring in the completed article and then you say, "So long as we can get them for that target price, then we will give you that price plus some agreed rate of profit, but if you can, through efficient operation, get those costs down, you will get some part of the benefit of that efficiency; we will share the reduction in cost that results."

#### 5. *Cost Plus Fixed Fee Contract.*

This type of contract is preferable to the type of contract generally known as "cost plus", since increased costs do not mean increased profits or fees to the contractor.

#### 6. *Cost Plus Contract.*

These contracts, which result in the contractor being rewarded by a fixed percentage of whatever his costs may be, are, in general terms, the least desirable, but under certain circumstances are inevitable; e.g., where it is not possible to estimate with any accuracy at all the size or complexity of the job.

You could have, for example, a target price contract which also has a ceiling price in it.

These are the principal types of contracts that are used, though sometimes arrangements with a contractor may involve a combination of one or more of the types I have mentioned, other than the first clear-cut type, i.e., fixed price contracts based on competitive tender. Statistics that have been kept thus far of contracts let simply distinguish between those based on competitive tender and all others. We are continually trying to improve our statistical methods and classifications. At the present time I can give the Committee some figures for the last six months of the fiscal year 1950-51. In that six month period the Canadian Commercial Corporation, which was then the purchasing agency, issued on behalf of the Department of National Defence 53,704 contracts, of which 42,632 or about 80 per cent by number were on the basis of competitive tender, while 11,072 were on other bases.

I have not put in this memorandum the value of these contracts. I have the values here and they can be given to the committee, but I want to illustrate how difficult it is to interpret the position from the aggregate values. Those 42,632 contracts have a value of \$94 million, whereas the 11,072 contracts had a value of \$429 million. On the face of it, that needs some explanation. There was one contract alone in the allocated orders which was a contract for over \$30 million. It was for radar sets, being manufactured by Canadian Arsenal Limited, and that one contract ran to, I think, \$35 million. Now, I want to give you another example. These figures are for a different period. During the first seven months of this current fiscal year, the mechanical transport division issued 901 contracts, and 892 of them were by competitive tender. But those 892 contracts amounted to \$2 million. There were 9 contracts issued by other than competitive tender, and they amounted to \$42 million. The reason is obvious, of course. A very substantial part of the mechanical transport requirement could only be purchased from one place, the United States government. So there was a very substantial contract for



purchasing American types of equipment, and you cannot call for tenders when you are buying from the American government. In addition, there was the decision to manufacture 3 types of vehicles in this country, so it was only open to the 3 really big automotive companies. Therefore, there was no point in going to tender. You could not call for tenders on a contract to produce a Chrysler-built vehicle. You could only go to the Chrysler Company. I mention this because if one takes the values it does look as if a very substantial part of the business was allocated rather than called by tender. But if you look at the number of contracts which we let, which really is the measure of whether or not we are following the policy, in the mechanical transport field there were 901 contracts issued and 892 of them were let by competitive tender.

Mr. MACDONNELL: And those amounted to \$2,000 each?

The WITNESS: In that 7 month period there were altogether 82,000 contracts let of which something over 60,000 were let on competitive tender.

#### *General Conditions of All Contracts*

The Department has developed a series of General Conditions, which are published and which, by reference, are incorporated into all contracts. The main set of conditions, which is applicable to all contracts irrespective of their nature, is known as Form DDP-26, and covers such matters as arrangements for sub-letting any part of the contract, conduct of the work, inspection, acceptance and delivery, warranty, government issue, scrap, insurance, accounting, secrecy and protection of work, patent claims and royalties, Canadian labour and materials, title, default, termination, and other similar matters. In addition to this form, there are special conditions attaching to aircraft overhaul, ship-building, ship repairs, capital expenditures, firm price contracts, cost plus contracts, construction contracts, and various others.

Actually, Mr. Chairman, there is a complete set of these standard forms, which may be made available to the committee if anybody is interested in reading them. They are very lengthy legal documents. In the first instance, these forms were developed by the Department of Munitions and Supply, but they have all been carefully revised by our legal branch and general counsel, and they are now issued in this form.

Mr. DREW: I think it would be well to dispose of that now and have a copy of the earlier document, the one governing general regulations, and this book filed for reference with the committee.

Mr. MCILRAITH: You mean the administrative manual, the earlier book?

Mr. DREW: Yes.

Mr. MCILRAITH: Yes.

The CHAIRMAN: Agreed.

The WITNESS: One of these sets of General Conditions which is of particular interest is the one known as Costing Memorandum DDP-31. This memorandum sets out the classifications of expense that will be recognized by the Department as properly constituting an element of cost. It has, of course, particular reference to any contract based on cost plus some fixed or percentage profit. It could also relate to a negotiated price contract in which the Department might have agreed to a fixed price, on the understanding that it was based on costs computed on the basis of Costing Memorandum DDP-31 plus a given rate of profit.

Very often where we cannot go to competitive tender, there is only one source of supply and we would inquire from the supplier as to the basis on which he arrived at his price. And very often we are successful in getting from him an undertaking in which he says that his selling price is based only on the sort of things we have included in the costing memorandum, and that



he is only taking a certain rate of profit. Now, if he gives us that undertaking, and if it is later found necessary to conduct an audit, the terms of that costing memorandum become a part of the negotiations. The memorandum specifies a number of expenditures which may not be included as costs. The two exclusions which are perhaps most noteworthy are interest on borrowed money and selling expenses. This is important because it must be remembered that the rates of profit which the Department sets on some of its contracts are not a net profit to the contractor. The reason for excluding these two items, interest on borrowed money and selling expenses, is so that the Department will not be placed in the position of expressing an opinion as to the proper or reasonable amount of such expenses. Interest on borrowed money is clearly an expense of doing business, but the Department could not get comparability in its treatment of various contractors if, in the case of a man largely financed by borrowings, his costs were increased by interest, while his competitor, who might be financed entirely from his own capital, would have no such element of cost in his accounts. What the Department is really saying is that the profit, to which it agrees, is the reward that it is prepared to pay for the provision of all the capital facilities, including working capital, necessary to carry out the contract.

In the case of advertising, the Department seeks to avoid the very difficult and contentious questions regarding the proper amount of advertising and selling expenses to be incurred by business concerns. It does not deny or confirm the need for such expenses as part of a company's general overhead, but simply says that it will establish a rate of profit out of which the contractor, in his wisdom, may expend such amounts as he sees fit on advertising and selling expenses. I have mentioned these two points particularly, because they are ones which frequently give rise to questions on the part of contractors, and there may still be some misunderstandings as to the reasons for our exclusion of these items.

#### *Profit Allowances*

Where the Department is successful in obtaining tenders from a number of suppliers, it is generally assumed that the margin of profit of the successful contractor need not be a matter of special investigation, since competitive factors should insure that the best value is being obtained for the taxpayer's dollar. In all cases where it is necessary for the Department to examine costs and profit margins, the general yardstick which is followed is a profit rate of between five and ten per cent of cost. The actual rate varies, depending upon the nature of the industry, the size of the contract, and the type of the contract. These rates, as I have pointed out, are not net profit to the contractor, by reason of disallowed expenses, but even without regard to disallowed expenses they are lower than the rates of profit being earned by manufacturing concerns on general commercial work, as evidenced by statistics published by the Taxation Division of the Department of National Revenue.

#### *Now a Word About the Provision of Special Facilities*

As previously stated, the overall defence program includes a large element of what has been called "insurance" in the form of provision of facilities capable of production levels in excess of present requirements. This means that facilities must be expanded or created on a basis which could not be undertaken for commercial reasons. This naturally requires provision of Crown-owned facilities, representing for the most part specialized machine tools to be installed in existing privately-owned plants, but to some extent involving the provision of new buildings. Where a whole new facility comprising buildings and machinery is involved, arrangements are made for



management by private concerns who can contribute the necessary skills and know-how. In a few cases arrangements have been made which provide for some of the capital contribution to be made by the contractor, possibly the building supplied by the contractor and the machine tools, which are movable, by the Crown. But in most cases it is found preferable that the capital facilities, whether they are buildings or machine tools or both, should be owned outright by the Crown, which then has a free hand as and when the question of disposal comes up. The general policy of the Department has been that, where the Crown must provide the capital facilities, they remain the outright property of the Crown with no strings attached. In some cases, particularly where a whole new facility is being created, part of the arrangement is to give the right of first refusal to purchase (with no price commitment at all) to the contractor occupying and managing the plant.

If a contractor is prepared to put up his own capital for buildings, building alterations, or equipment specially required for departmental orders, the department generally is prepared to extend to him the special arrangements for accelerated depreciation. It should be noted, however, that this is merely an arrangement by which he may, for income tax purposes, apply profits actually earned to write down his capital investment. He may not treat the extra depreciation as an element of cost in determining the selling price of his product to the Crown.

In a few cases it has been necessary to put up Crown funds in the form of building alterations, where it is impossible for the Crown to take title to the assets created. It is the policy in such cases to endeavour to arrive at an arrangement whereby the contractor will accept the residual value of such alterations as a part of whatever reward or profit he is entitled to make on the contract.

The great bulk of the expenditures for capital assistance represent specialized machine tools which, as I have said, remain the clear property of the Crown. In the majority of such cases, these tools are capable of being used only for the product being produced for Crown account, and no question of rental or use of these facilities for commercial business arises. Where, however, the special tools being provided by the Crown could to some extent usefully be used by the contractor for commercial business, an arrangement is made for a suitable rental to be charged to the contractor, with the end result that the Crown recovers an appropriate amount related to the use that is made of the tools for such commercial purposes.

#### *Pool Orders*

It is sometimes convenient and economical to arrange for the pooling of orders for materials or components required by a number of contractors. The outstanding example is the manufacture of the fabrics that will ultimately be made into uniforms. The policy here is, in consultation with the services, to determine the total requirements over a considerable period of time, and then to arrange for the manufacture of the fabrics to the required specifications. This cloth is then taken into warehouse and subsequently sold at a common price to all the garment manufacturers concerned, the price being calculated to return full cost and warehousing charges to the Department. This type of operation is financed through the Department's Revolving Fund, initial purchase of the fabric being paid for out of the Fund and proceeds of sales to the garment manufacturers being credited to the Fund. In this way the accounts of the Department of National Defence are affected only once; i.e., by the final payment for the cost of the completed garment. The more important advantage of this system is the benefit of quantity orders being placed for the fabrics, yet the garment manufacturer still has the full incentive for economical use of the fabric, which would not be the case if the fabric were given to him as free issue rather than being sold to him.



The same principle of pool orders—though not always involving resale to the contractor—is followed, for example, in ship components. The destroyer escorts are being built in a number of shipyards, but the Department has one contractor for the propulsion machinery for all the vessels. Whether or not the item purchased in this way is given as free issue or sold to the contractor, is decided generally by the ordinary conditions of the trade. As a general rule, materials are sold and components are supplied as free issue.

I think, Mr. Chairman, that covers the basic policy.

The CHAIRMAN: Gentlemen, Mr. Mackenzie has already indicated that there is a departmental administration manual which is a restricted document. The suggestion made is that it be left with the clerk and members of committee have access to it. There is another book, Department of Defence Production standard forms. That is not a restricted document. That also will be with the clerk.

Are there any questions?

*By Mr. Drew:*

Q. Yes. I would like to start with a question relating to the basic weapon which seems to be the sound basis for all defence. What rifles have been purchased in Canada for the defence forces?—A. Mr. Chairman, I have not got the actual detail of purchases of that type in here. I have some general figures which I can give, but they relate to the size of the various programs.

Q. No, I think that the best way to proceed would be to see exactly what you are getting in connection with the armed forces, explaining as we go along through the principal types of equipment. I should think that we should start with rifles. Now, what type of rifle is on order?

The CHAIRMAN: Just a moment, Mr. Drew. It was suggested at an earlier meeting that Mr. Macdonnell would provide a list of information which he required. That was done and it was turned over to the department in order that they might have the information available.

The purpose of this meeting was to hear Mr. Mackenzie and question him; and then to hear Mr. Bryce; and then we would have some tabling of expenditures under such headings as equipment, training, cost of administration and other information so it would be available for you to question him on at a later meeting as soon as that information is prepared.

Mr. DREW: I must say, simply having regard to the fact that Mr. Mackenzie has come forward with this brief he is the official who at this point could answer certain questions which would not take very long and which should be easily answered by him. I am simply asking as a first question what type of rifle is being ordered.

The CHAIRMAN: For my part, I see no reason why he should not answer as to what type of rifle.

The WITNESS: Well, Mr. Chairman, the answer to that question is that there are no rifles at the moment in production for Canadian account.

The CHAIRMAN: No, but he asked you what type. You say there are none—

The WITNESS: There are none in production for Canadian account.

Mr. DREW: There are none in production for Canadian account?

The CHAIRMAN: Let us not get into that field at the moment. I suggest that the information, will perhaps be here at the next meeting in answer to the requests which have been received. Then you will be able to follow that line of examination.

Mr. DREW: I presume the committee will be meeting tomorrow?

The CHAIRMAN: No, we don't meet again until Tuesday.



Mr. DREW: Now, Mr. Chairman, I do not want to start at this stage to get away from a very orderly discussion of the situation, but not one of us is unaware of the time factor that is involved. If we do not meet again until Tuesday it simply means that no real information with regard to defence expenditures is going to be obtained at all. Mr. Mackenzie has given very valuable and interesting outline of the organization of the Department of Defence Production and its functions. That, however, is something which could have been presented to the members in written form as a very helpful base. But, surely, with all the delay that there has been in bringing this committee together we should seek to get some information before the end of this session as to what we are really doing in the way of defence requirements; and, interesting though it may be, I think our knowledge of the contractual forms of this department, and information of that kind, is much less important than getting some information as to the rifles, field guns and other equipment of that kind we actually are buying at the present time for the defence forces. After all, Mr. Chairman, there is no one here who knows better than you do that that is the basis of defence; and I would have thought that with the official who has come forward it would not have taken very long to get from him a summary of information on questions relating to what the government is doing in the matter of buying rifles, machine guns, bazookas, rocket launchers and things of that kind; and then get into the large field of medium guns, light howitzers, heavy howitzers, recoilless guns, anti-aircraft guns and so on. I should think that Mr. Mackenzie would be able to give us the answers to questions of that kind in a matter of minutes, probably in less than half an hour.

Mr. MACDONNELL: I would like to point out this, Mr. Chairman, that I did ask for this information to be ready as soon as possible. Frankly, I want to say that I do not understand the reason for having called Mr. Mackenzie to give the information which he has already given. I rather expected that the information I had requested would be ready.

The CHAIRMAN: I agree entirely, Mr. Drew, about what information you require. Mr. Macdonnell outlined the sort of information desired and the committee thoroughly agreed with him. That request was turned over to the appropriate department for that purpose. I think that information might possibly be given by Mr. Drury who is procuring it and he will be available to us at our next meeting. I understand that it is not going to take a lot of time to get that information. I might inform you that you will be able to get it in the way in which you wanted it. Some of it will be available to our next meeting on Tuesday.

Mr. DREW: Let us decide now to call the committee tomorrow.

The CHAIRMAN: It is not possible to call a meeting tomorrow, Mr. Drew, because some of us here are on several other committees. Some of us are on the combines committee. Tomorrow will probably be the last meeting. We should be there.

Mr. DREW: I understand the importance of it but I do not think there is anything more important than to get the basic information on what we are getting together in the way of defence. The contracts for buildings, the contracts for a number of other things are individually the process by which we get the things which give the defence forces on land, sea or air more hitting power, and I would think the most important thing we should know, and as early as possible, is what we are actually buying and at what price and from whom.

As far as these things are concerned, Mr. Mackenzie has not indicated that he would be unable to tell us what weapons are being bought, and that being so I would think that there would be no difficulty in very quickly



covering the ground with these various questions and finding out just what weapons are being supplied and the type of weapons being made available for our defence forces. It seems to me that from the broad structural information he has given us, Mr. Mackenzie has made it quite clear that the department with which he is associated handles the purchase of these things.

Naturally there would have to be consultations in the case of military requirements doubtless with the Department of National Defence, but it would be Mr. Mackenzie who would have to give Mr. Drury the information on what was on order. I for one would like an opportunity of putting those questions to him.

Mr. McILRAITH: Might it not be a good idea to re-read the minutes of the steering committee which were read at the start of the first meeting. The proceedings of the last meeting have not yet been printed and there seems to not be a good deal of appreciation of what the system agreed on by the committee was.

I think everyone here is anxious to go forward as quickly as we can with this matter; it is a big subject and a difficult problem but there was a procedure agreed on by the committee and I think an effort is being made to follow it. I think that we should recall to the committee's mind exactly what was done in the steering committee meeting, the first meeting and the second meeting.

The CHAIRMAN: We requested at our first meeting for the tabling of certain information which will probably answer the questions that Mr. Drew now asks and others will wish to ask. Now, the question arises when the meeting will be, whether it should be called tomorrow or early in the week.

Mr. MACDONNELL: I would say, Mr. Chairman, that if this were three or four weeks from the end of the session that would be all right. Let us be honest with each other. That thing won't amount to anything before we adjourn or prorogue or whatever we are going to do.

Might I ask that if there is a real desire to meet tomorrow can't we do it? Now, as has been said by Mr. Mackenzie, these figures are surely routine figures and I cannot see why they cannot be given just right off hand. That is the reason I put my request forward on Tuesday so that there would be no element of surprise.

The CHAIRMAN: There is no element of surprise. All the information that is available as a result of the report of the Sub-Committee on Agenda will be made available to this committee—everything that they asked for. It was merely a matter of orderliness. We thought we should have the background. We still have one more witness; we can finish with him today if the questions are short and the next time a meeting is called we can immediately give the information that Mr. Drew and others require.

Mr. DREW: Mr. Chairman, just on two points that have been raised. I do not think we should be unduly impressed by formality or otherwise. If the purpose of this committee is really to get down to defence expenditure, and that means expenditure on defence, then our greatest concern is to find out what is being spent on defence and for what purposes; and interesting though the expansion of the information about the structural build-up might be, since we are limited by time. I would have thought it was very proper that now that Mr. Mackenzie has given us this information and, for instance, in relation to his figure of \$50 million which he has mentioned as a figure for weapons that we, simply as an example, take that and find out from him just how that is made up and I would think that most people—in fact I think I read something that you said once yourself which emphasized the primary part that weapons play in defence organizations, and I thought it would be



appropriate in relation to that while Mr. Mackenzie is still here that certain questions be asked which could be answered very quickly.

I leave it at that point. In regard to the other committee meeting I know the committee to which you refer and which you are attending tomorrow. Might I say, Mr. Chairman, that if we are going to get ahead with this matter, recognizing the limited time that is still available, that I would have thought, while recognizing the special qualifications you have to act as chairman in this case, that we could have proceeded tomorrow with the use of a deputy chairman if you could not be here.

The CHAIRMAN: May I just point out that there are several members of the committee who are equally involved tomorrow.

Mr. DREW: You cannot tell—they might support your motion at the other committee?

The CHAIRMAN: That is my hope but, gentlemen, I realize that there is a great deal of truth in what you are saying, Mr. Drew. We are trying to get on. Prorogation is ahead of us. The endeavour is to get as much information as is humanly possible before the House rises.

Mr. DREW: It is just with that point in mind, Mr. Chairman, that if you would let me question along this line for twenty minutes we would have some interesting information on what we are getting in the way of defence requirements.

The CHAIRMAN: Mr. Drew, you are first on the list for the next meeting. You can have all the time you like. Let us finish with Mr. Mackenzie. I have Mr. Bryce who will also give you some information, and then we will get down to the details at the next meeting. Are there any questions at all for Mr. Mackenzie?

*By Mr. Stick:*

Q. I would like to ask one question. The Department of Defence Production does not decide the type of weapon you are going to buy; that is the Department of National Defence?—A. The department does not decide on anything to be bought; we simply receive the requisitions from the Department of National Defence.

Q. They make the decision as to what type of weapon you are going to buy?—A. Exactly.

Q. I wanted to get that clear in my mind.

*By Mr. Drew:*

Q. Just as a matter of procedure and in relation to the structural organization which you have described to us, take the purchase of the two DeHavilland comets. Will you just explain as an illustration how that was proceeded with or what course was followed in acquiring those two DeHavilland comets?—A. The procedure for all purchases on behalf of the services starts with a formal document what is known as a contract demand which comes from the Department of National Defence. That demand is received by the Department of Defence Production which then proceeds to take purchasing action.

Now, in the case of the purchase of the DeHavilland comet, it is perfectly obvious you could not call tenders; it is simply a question of negotiating there on price and further arrangements to be made with the DeHavilland company on delivery, and so on. Our activity is initiated by the receipt of a contract demand.

Now, the demand for certain items does not come from the Department of National Defence or some other department of government. They are the ones



that are initiated by the Minister of Defence Production and that is where he is laying in supplies that will ultimately be used in the manufacture of items for the Department of National Defence. In other words, the Minister of Defence Production himself decides that it will be advisable to buy certain yardages of cloth and raises that demand himself. I might say it is done in consultation with the services but the contract demand for that type of item comes from the Minister of Defence Production. All other demands come from the agency which will eventually have the ownership of the asset.

Q. From whom did the contract demand emanate in the case of the two DeHavilland comets in England?—A. It must have been the Minister of National Defence. I have not the document in front of me but it must have been by reason of the amount involved.

Q. I wonder if you would check that. I think it would be helpful if we saw a copy of the contract demand in that particular case. I am simply taking this as an illustration of the procedure that would be helpful to us. Would that contract demand come from the Minister of National Defence or would it emanate from the Chief of the Air Staff?—A. We would not know that, Mr. Drew. The document that we receive is the formal contract demand which requires the minister's signature if it is over a certain set amount and I am confident the Comets you speak of were over that amount.

Q. You would be able to produce a copy of the contract demand?—A. I do not know whether that document should be produced or not, Mr. Chairman.

*By the Chairman:*

Q. The document exists?—A. It must.

Q. Is it in your possession?—A. Not at the moment. I suppose it is in the department.

Mr. DREW: There cannot be any terms of secrecy applying to a demand for aircraft being sold for ordinary commercial purposes throughout the world.

*By the Chairman:*

Q. I am not sufficiently aware of what the contract consists. Let us find out who has it. Is it probably in the minister's possession?—A. No, it will be in the department's possession. We have hundreds of thousands of contracts in the files of the department.

Q. Well, Mr. Drew asks that the contract be produced. I see no reason why it should not be. Is there anything secret about it?—A. I would not have thought so.

*By Mr. Drew:*

Q. Then, I think also at the time that that is prepared it would be helpful, Mr. Mackenzie, if you would find out who actually carried out the negotiations with the DeHavilland company and the date on which the negotiations were opened with the DeHavilland company and also whether at the time that this was done it was done by any competitive tender or simply done as an order without reference to any other possible types?

Mr. BALCOM: It might be important to know who negotiated the contract, whether a member of the staff or someone else?

The CHAIRMAN: It may become important.

Mr. DREW: If I did not put it in that way I intended to put it that way; but who first opened negotiations with the DeHavilland company in connection with these and at what time?

Mr. MACDONNELL: Mr. Chairman, I would like to ask a question—

The CHAIRMAN: The reporters are complaining that they do not hear you clearly. Please, Mr. Macdonnell, speak louder.



*By Mr. Macdonnell:*

Q. About halfway down page 4 it speaks of the Department of Defence Production receiving from the services details of their requirements. Now, does the department exercise any control over this money? Does it question any of the amounts required because, after all, some of us know something about the army and we know that whatever virtues may be attributed to its officers—and they are many—you cannot expect them to be as worried about money as we are. Now, I would like to know if there is any check of any kind or if that statement is to be taken without qualification—“received from the services all the details of their requirements.” I am thinking not only of guns and rifles and whatnot, but ordinary civilian supplies. I saw a tender not so long ago which had amounts in it which seemed to me very high. They might have been all right but they seemed to me very large for ordinary supplies, and I raise the question is there any check of any kind upon the moneys? Is the first and last responsibility taken by the military officials?—A. The Department of Defence Production does from time to time question the volume of a demand but it is done, not on the basis of the cost or the requirement of the service, but from the supply standpoint. We had a perfectly good example sometime ago when the Department of National Defence raised a contract demand for a very substantial number of blankets. I have forgotten the number, but it was a very substantial number. We thought that, as a matter of procurement, to put an order of that size into the market at that particular time would have been most unfortunate and would have had very serious results on the civilian supply. Consequently, we went back to the service, we discussed it with them, we arranged, instead of placing an order of that size, to spread it out over a longer period of time so there would be a better source of supply.

Q. I can understand that point of wise purchasing but do I understand correctly that you do not question the amount they asked for, that you just take that and work from that, that there is no authority — that there is no outside authority who raises any question as to what is being spent for the services?—A. I cannot answer the question as to whether there is any such authority. I can only speak for the Department of Defence Production. As far as the Department of Defence Production is concerned it accepts the contract demand, it accepts the requirements it receives from the Department of National Defence.

The CHAIRMAN: Any further questions, gentlemen?

*By Mr. Drew:*

Q. Just so that there won't be any possibility that Mr. Mackenzie would be unready to answer the related questions which I will ask in relation to the broad structural information perhaps you can answer a question now and if not I would ask that you make a note so that you can answer it when you obtain the other information.

Having regard to the fact that the Canadian government through its agencies has spent considerable money on the development of a jet airliner in the Avro plant in Toronto, I would like to know what consideration was given to the comparative advantages of transferring the purchase to the type of airliner which has been developed at public expense and what conclusions led to the decision to choose another type of airliner for what would be the same kind of service for which that airliner had been developed. Can you answer off hand?—A. I can say off hand that the two aircraft were quite different in the uses to which they could be put.



Q. In what way?—A. The range of the aircraft, for one thing. They are very different. I cannot go into an argument on the technical points but I am sure that the two aircraft are not interchangeable; they are built for different purposes.

Q. I do not want to question you on a matter which you cannot answer, but I was under the impression from press reports that I have seen that the purpose that had prompted the buying of the De Havilland comets was for school training and interceptor work. That, might not be right. If that is so I would be curious as to why the range of the aircraft is so important because I did understand that one jet airliner built by Avro was being used for doing something of a comparable nature to the De Havilland comet.—A. Mr. Chairman, I do not think that I am really competent to get into a discussion of the suitability of the various aircraft.

The CHAIRMAN: My advice is don't.

Mr. STICK: Mr. Chairman, would that be a question of policy?

Mr. DREW: I think that I can remove any suggestion that it is policy. After all, if one is buying anything one wants to try to buy it as cheaply as one can and that does not involve departmental policy. I am curious to know why an airliner on which public money has been spent was not regarded as suitable and another type was purchased for a somewhat comparable purpose. I imagine that could be easily answered in that way without anything savouring of departmental policy.

Mr. MCILRAITH: I think that could be brought forward. Part of it was answered the other day in the House on the orders of the day, but I think the whole information on that point should be brought forward. I am not clear whether it could be fully brought up by the ministers from each department but I think it could be brought forward. The main point is that the two kinds are not comparable and it seems that that is more or less a technical discussion. I think it could undoubtedly be brought forward and I think the committee should have it.

The CHAIRMAN: On that point, you were having some difficulty with a technical discussion in the House the other day.

Mr. MCILRAITH: Well, I did not know how far to go and the second thing was I did not have all the technical information.

The CHAIRMAN: We have Mr. Bryce who will take ten or fifteen minutes and if we clear him today we can carry over the other information to the next meeting.

*By Mr. Macdonnell:*

Q. You must have tens of thousands of these contracts, many over \$2,000 and a great many must be very trivial amounts, and I just raise the question of whether there is any possible way of lessening the number. You must have hundreds and hundreds of these contracts and if my arithmetic is correct they must only run into a few dollars.—A. There are many contracts of very small amounts.

Q. Would not that mean that a lot of legal work must go into them? Perhaps there is no way of avoiding it.—A. Might I just say this to you, Mr. Macdonnell, that when you refer to contracts, that does not always mean a long legal document. These are called contracts for the purposes of statistics. The bulk of these would be evidenced simply by the acceptance of a purchase order.

Q. You mean just a letter?—A. We have, for instance, "an acceptance of order" form and that form simply says: "Your offer is accepted. The



purchase is subject to the general conditions above" and so on. It does not mean a long voluminous contract every time.

*By Mr. Churchill:*

Q. I have one question whether the Department takes into account the time factor involved in regard to manufacturing establishments right across the country. An example of this came to my attention some time ago in manufacturing for the CWAC's and tenders were to be opened, I think, about the end of August and the delivery was set as the first of October. Well, certain Winnipeg manufacturers thought that that was a serious hindrance when tendering because of the time limit whereas they estimated that the bringing of material into Winnipeg, manufacturing it and then shipping it back and trying to meet the deadline would amount to about thirty days and would put them at a distinct disadvantage to the manufacturer who was closer to the point of delivery which I think was Montreal or here. How does the department deal with situations like that?—A. Well, Mr. Chairman, I obviously do not know the details of that particular transaction. The general approach is, within the limitations of the deadline set by the department of National Defence as to when they want delivery, to call tenders and allow as long a time as is considered appropriate in order to give an opportunity across the country. That certainly is what we are striving to do. There might have been some special circumstances in connection with that particular order that required a narrowing down of the time limit. I would be glad to investigate any individual case that you suggest. But certainly our general approach is to try and give tenderers right across the country time to get in their tenders.

You did mention the question of paying freight on the material. I might say that we are paying freight from the central warehouses on material out to the contractors now.

Q. Well, it was not a question of getting the tenders in; it was completing the manufactured product in time to meet the deadline set by the department. In that particular case it seemed to me it was a very, very short time. There may have been some special reason.—A. This is a very common problem. The department will require a particular supply by a certain date. We continuously strive to get these requirements out as soon as we can, but this problem does come up from time to time and then where we get into the cases we have to split the order to meet the deadline of the Department of National Defence. One contractor cannot handle the whole thing; it has to be split.

*By Mr. Wright:*

Q. On page 10 of mimeographed statement it says:

It should be noted that, in accordance with the special provisions of the Defence Production Act, the Minister, or the Deputy Minister on the Minister's behalf, may, and does from time to time, authorize the entry into firm contracts without prior submission to Council. These transactions are, however, subsequently reported to Council.

What is the type of contracts and what is the principle on which the contracts are let and what are the reasons for letting that type of contract without prior submission to Council?—A. Well, I can give an illustration very quickly. A very common one—I should not say a very common one because there are not a tremendous number of them but there are quite a few—they come quite frequently in the textile program. We got into the business of buying wool. We had to because the industry felt that they could not handle the actual purchase of wool. I am speaking now of six or eight months ago



when it was decided, in consultation with the industry, that the department would buy wool. Now, when you go out to buy wool you get an offer and you have to accept it within a matter of hours; otherwise the offer is gone. In such cases, the minister or the deputy minister places the contract and then reports to council what he has done.

Q. It is in that type of contract?—A. It is that type of thing. Occasionally at the last minute before a certain deadline there may be 2 or 3 items which come up. I think that happened just before the despatch of troops to Korea. At the last minute something was remembered which had been overlooked, so contracts had to be placed very quickly in order to catch the sailing of a boat. Sometimes it happens in respect to the repair of a vessel. And there are cases when you have to make up your mind very quickly. The minister or the deputy minister is authorized to act and all such cases are reported to council.

*By Mr. Stick:*

Q. What about the Washington office? You have an office in Washington and a councillor in the embassy as well? Why should there be an office of the Canadian Commercial Corporation in Washington as well as a councillor in the embassy? I am not clear on it. Does our representative in the Canadian Commercial Corporation in Washington let contracts in Washington, or does he consult you before he lets contracts? How far can he go, and where does he stop?—A. The office in Washington, of course, is carrying on as part of the departmental organization. But as to Canadian procurement from the United States services, and in the case of Canadian sales to the United States, the United States prefers to deal—I am speaking of the services—they prefer to deal with a government agency in Canada. So, when they want to buy something from Canadian production, the contract is placed with the Canadian Commercial Corporation in Washington, and from Washington they are sent to Ottawa. Actually the contractual arrangements are made up here in Ottawa.

Q. Negotiations, however, are carried on in Washington?—A. Yes, the preliminary negotiations. And I have seen transactions come in all the way from \$1.50 up. It may be that in small transactions there is a final settlement made down there, but it would be governed by the degree of authority possessed by the individual officers in Washington. Throughout the department, various officers have commitment authority up to certain limits, so I think there would be a number of people in the Washington office who would have authority up to those limits.

Q. It has to be done through the office there?—A. Yes; but in connection with other activities of the department, such as negotiations with the United States authorities for the allocation of steel and the arrangements of the International Materials Conference on base metal (there are international committees meeting which cover copper, lead, zinc, and so on) all such activities are handled through the Washington office.

Q. That means that what is required for NATO in the way of basic metal requirements are co-ordinated at Washington and then discussed and allocated to the different countries?—A. There is the International Materials Conference at which a number of countries are represented. Canada is represented on some of those committees. These committees meet and make recommendations to the governments concerned. There is nothing completely formal about it; but the international group makes recommendations to governments which may or may not accept them.

Q. And the headquarters of that group is in Washington?—A. Yes, the headquarters of the International Materials Conference is in Washington and we have every extensive connections with them.



*By Mr. Macdonnell:*

Q. I was going to ask the witness about the Canadian Commercial Corporation because it was stated that the purpose for which it was originally set up was not now so important. But I take it that because the United States wants to deal with a corporation, that is the reason the corporation is still kept going even though you have the Department of Defence Production as well?—A. That is one of the reasons, yes. It is a very convenient agency through which to handle contracts with the United States government.

Q. You have only that Crown corporation which can do it? It has not got much else to do but that, has it?—A. It conducts dealings with other countries, but the United States is the principal one. There are some dealings with the United Kingdom, and it is also used for the purchase of such materials as have been bought by the Department as strategic reserve. It bought the imports of tin, for instance, that were made some time ago.

*By Mr. Henderson:*

Q. Suppose a Canadian contractor wishes to purchase a piece of machinery in the United States. What, briefly, is the procedure he would have to go through?—A. I think anybody who has been trying to purchase machinery in the United States lately would say that you could not describe it briefly. It is a very involved procedure, particularly if you are speaking of machine tools. The machine tool situation is very complicated and very difficult because the supply is very short. Our office in Washington would facilitate the purchase of machine tools but it is a most elaborate procedure. First of all, there must be 70 per cent "set aside" for the American services; and then there is only 30 per cent available for the civilian purposes. It is a most complicated procedure. Of course, I am speaking of the United States procedure.

The CHAIRMAN: I think Mr. Henderson is interested in learning what office he should visit first, and how many, and where does he get a "yes"?

The WITNESS: I would not attempt to answer that question. I suggest that if there is a Canadian who wants to get some machine tools from the United States, he would be very well advised to talk to our people before he gets into it. He should speak to the Machine Tools Division of our department.

Mr. DREW: I have one point, Mr. Chairman, which I would like to raise now, so that we may not be confronted with any suggestion of uncertainty on this point. At the first open meeting a list of weapons about which information was required was presented by Mr. Macdonnell. In going over it, it is quite apparent that the intention was to obtain information in regard to all the weapons that are regarded as weapons necessary for the land, sea and air forces; and if there are weapons which have been decided upon and which have become standard, other than those mentioned, I ask that Mr. Mackenzie, or whoever can answer it, be ready to answer to the point. I am referring particularly to the fact that questions may be asked as to guns of a particular calibre, or weapons of a particular nature, and it may be that decisions have been made to change to other types of weapons useful for the same general purpose. So I would ask that that thought be kept in mind when preparing the necessary report, namely, that we are anxious to know what weapons are being purchased for the various land forces, and what for the naval forces, and what for the air forces?

The CHAIRMAN: I think we understand that, Mr. Drew.

Mr. DREW: I was only trying to avoid any misunderstanding, Mr. Chairman.

The CHAIRMAN: I do not think there is any misunderstanding on that point.

Thank you, Mr. Mackenzie.

(The witness retired).



Now, Mr. Bryce.

**Mr. R. B. Bryce, Assistant Deputy Minister of Finance called:**

The WITNESS: Mr. Chairman, I understood that you wish to have from me a description of the role of the Treasury Board and the Department of Finance in dealing with defence expenditures to complete, to some extent, the understanding of the committee of the roles of the various bodies and agencies. I had intended to speak from a few notes, but in view of the hour, I think it might save time if I just read four or five paragraphs which I have here. It would only take me a few minutes.

Mr. DREW: If this is profered in the same form as that of Mr. Mackenzie's presentation, it might be helpful if we had it before us.

The WITNESS: I am afraid I have not got copies. I am sorry.

Mr. MACDONNELL: Will the witness have it profered later?

The WITNESS: Yes. I shall have it mimeographed and given to the clerk.

The formal procedures and responsibilities of the Treasury Board in dealing with defence expenditures and related matters are much the same as in regard to similar matters relating to other departments, with some modifications in detail to take account of the much larger size and number of the transactions and of the elements of the program and establishments. The major decisions in regard to the defence program, budget, and establishment are of such importance, however, that they are made by the Cabinet or by the Cabinet Defence Committee in the first instance, and the Treasury Board does its work within the framework of the policy so determined. The Department of Finance prepares material for the use of the Minister of Finance at the Cabinet or Cabinet Defence Committee in considering matters relating to defence expenditure. For this purpose the officers of the department consult frequently and closely with the officers of the Department of National Defence and of the defence forces, and where necessary, I might add, of the Department of Defence Production. The form and nature of such consultations do not follow a formal or fixed pattern, but depend upon the circumstances in each case.

The Treasury Board consider and take decisions upon, or make recommendations to the Governor in Council upon, the following types of question relating to defence expenditures:

- (a) details of defence estimates within the general program and budget approved by the cabinet;
- (b) changes in the details of the estimates that are recommended by the minister or the Department of National Defence during the year, and which require transfers between allotments established within the defence appropriations.

You may recall that at the back of the estimates there are supporting details which constitute the allotments that bind the department, unless the Treasury Board approves a transfer among them.

- (c) the authorization of specific construction projects within the defence program, many of which cannot be finally settled at the time the estimates are approved;
- (d) changes in the scales of pay and allowances and the various regulations relating to pay and allowances and the conditions of service in the forces;
- (e) special pension cases and problems. Formerly the board authorized all pension payments, but the routine cases are now dealt with



directly within the forces and the Department of National Defence, under the recent amendments to the Act;

- (f) certain other special types of transactions, some of a relatively minor but troublesome nature, such as settlement of damage claims, ex gratia payments, special travel and removal claims falling outside the normal regulations, payments of capitation rates to other countries in respect of materials and services provided to the Canadian forces, and purchase of office equipment;
- (g) allotment of funds for capital assistance projects undertaken by the Department of Defence Production under the Defence Production Act and related appropriations, such as Votes 77 and 681.

It may be noted that the Treasury Board do not consider and deal with the procurement contracts for the Department of National Defence, which are handled directly by the Governor in Council, in accordance with the details of the Defence Production Act.

In addition to the matters dealt with by the Treasury Board and the Cabinet Defence Committee noted above, the Department of Finance

- (a) assists the Minister of Finance in reaching agreement with the Minister of National Defence on the rank structure for the Canadian forces within the total number of forces authorized by the Governor in Council. In other words, in setting the number of colonels, brigadiers, sergeants, privates, and so on.

The two ministers jointly are responsible for setting that up.

- (b) In the working out with the defence department and forces, the chairman of the chiefs of staff, the Department of External Affairs and others of the arrangements with other countries under the North Atlantic Treaty, and the preparation of messages, instructions, and reports for Canadian representatives taking part at meetings of the North Atlantic Treaty Organization, and
- (c) In the working out, with other departments and agencies various financial and economic measures required to implement the defence program and offset any unfavourable economic effects of defence expenditures.

That really relates to various economic matters which I presume are not of direct concern to this committee.

Finally, I should mention of course the Comptroller of the Treasury and his organization of disbursing and accounting offices. They play a very large role in the administration of defence expenditures. But I understood that you propose later, if necessary, to get a statement directly from Mr. McIntyre about that, so I did not endeavour to cover it except to summarize, in brief form, the role of the Department of Finance and of the Treasury Board with which we are concerned.

Obviously a great many of the items with which we deal are essentially policy items, but I think it would be of interest to the committee to know how the machinery works in reaching those decisions.

The CHAIRMAN: In the memorandum which you suggest you will file with us, will you have more information than you have already given us?

The WITNESS: I was proposing to file only this brief memorandum, but I can elaborate on it.

The CHAIRMAN: The information you have given us, I think, is sufficient. My purpose in asking you was to make sure all you wish to say is on the record. I feel that the information which has been given to us by Mr. Drury, Mr.



Mackenzie and yourself will be useful for later committees. We want to make sure that we have on the record what you feel would be sufficient for our purpose.

The WITNESS: Yes.

Mr. STICK: I was going to ask a question, Mr. Chairman. Will Mr. Bryce be available to us later on to go into this? I was going to ask a question about the frozen assets we have over there, but I presume that will come up later, and that this is not the time to ask about them.

The WITNESS: That is right.

*By Mr. Drew:*

Q. Well, again only seeking something in the way of an illustration of method and perhaps there is an advantage in taking the same illustration as an example, Mr. Bryce, what I was discussing before, in the case, for instance, of a decision or in the case of the consideration of the purchase of something that costs a substantial sum of money like two jet transport aircraft, would the fact that the order was being, or rather would the fact that the Department of National Defence or Department of Defence Production indicated that it wished to buy a certain type of aircraft be the deciding factor or would the Treasury Department go into the question of whether some consideration should be given to the \$8 or \$9 million which had been spent by the Canadian government to back up an aircraft that was being manufactured in this country—would that be decided by the Treasury Board or would the simple matter that the decision had been made by the Department of Defence Production be taken as a sufficient basis for proceeding with the expenditure?—A. Well, sir, in the appropriations and estimates of the department there will be an item for procurement of aircraft and if this purchase comes within their budget the actual procurement, the choice of the aircraft and the actual price at which they are procured will not normally come before the Treasury Board. The procurement contract will go to the Governor in Council in due course from the Minister of Defence Production, but eventually as it is within their budget and program we are not further concerned. In other words, the choice of the particular aircraft and the price would be regarded primarily as an administrative problem within the responsibility of an individual minister rather than collectively unless the matter was large enough to merit the consideration of the cabinet itself.

Q. Then, I take it from what you say that the question as to whether the abandonment of one type might mean the failure to reap the benefit from certain expenditures would be a question of policy with which you would not be concerned?—A. We would, sir, ordinarily, in establishing the budget for the department at the beginning of the year. We will study their aircraft program in some detail and the Treasury Board and the Minister of Finance will be concerned with the types of aircraft that they are proposing to purchase and the reasons given in support of it, but any amendment, any detail in the course of procurement as long as they are within the general budget will be regarded as the responsibility of the minister directly concerned unless it raises major questions of policy which the cabinet feels they should consider.

Q. Well, again as a matter of information and having regard to the fact that this is a matter of common interest at the moment, could you tell us whether in the particular case authorization was given for the purchase of these aircraft or a memorandum was made available to the Treasury Board explaining why it was not regarded as desirable to proceed with the construction of jet airliners with which the government had been experimenting and on which development expenditures had taken place?—A. As I recall that particular case, sir, the transaction did come within the general budget of the



department and consequently did not involve any reference to us for consideration in regard to the choice of a particular type of aircraft.

Q. So that your recollection is that the decision was not one that was reviewed by the Treasury Board?—A. Not as such, sir.

*By Mr. Queleh:*

Q. Will Mr. Bryce give us the names of the persons who constitute the Treasury Board today?—A. I would be glad to do so. There is an order in council setting up the board and I will have that done.

Q. With due deference to you and other senior officers present, I wish to protest about Mr. Bryce referring to the army as being made up of nothing but brigadiers, colonels and sergeants.

Mr. DREW: Before we adjourn there is still the subject of when we meet again, and I do repeat my remarks that having regard to the time—we have only to look at the calendar to see how close we are to Christmas—and the desirability of having the information in the time at our disposal we should meet tomorrow, and while I recognize your desirability in the chair and while I recognize your qualifications to be in the chair, at least if you cannot be here I think a deputy chairman should be appointed for tomorrow because in the nature of the evidence outlined a discussion is going to relate to general activities of the department involved.

The CHAIRMAN: Because of the season I do not wish to fight with you.

Mr. DREW: Will we meet tomorrow?

The CHAIRMAN: No, the next meeting is on Tuesday. We need time to obtain the information.

Mr. DREW: Now, Mr. Chairman, we have got on very amicably this morning, but let us not get away from the fact that if we do not meet until Tuesday it could only be described as an intention to make this committee ineffective in this session. It is perfectly clear that we are not going to have enough meetings at the very outside to effectively cover the information that this committee should have if it really wants to get all the information about defence expenditures. Now, there is not any reason why this committee should not meet tomorrow.

Mr. BLANCHETTE: I was just going to observe that there are a lot of committees finishing and yesterday the public accounts committee, to which a number of the members of this committee belong, was at the instance of Mr. Fleming's strong representations called for tomorrow, and there is a lot of overlapping of these committees. I do not see how we can carry on with committees, some of which are finishing up in the last couple of days.

Mr. MACDONNELL: What about Monday?

Mr. DREW: I would suggest that—

The CHAIRMAN: Mr. Drew, I started out to say that we have asked for information and I have discussed the matter with the officials of the department and asked them to give us every bit of information available. They are working as hard as they can to collect that information. They would not like to bring half-baked or incomplete information and then have the question raised: Why can't we have the answer on this today? Why was not the whole answer brought in?" The House has yet another week to live, I think.

Mr. DREW: I hope you are not regarding that amended motion before the House as a want of confidence motion?

The CHAIRMAN: By common consent we agree that we will sit another week. We will try during the week to get some of the information. I will speak to the departmental officials and ascertain whether the information is



ready. If it is ready I have no objection to calling a meeting on Monday. There is no reason I know of why that should not be done if that is the wish of the committee.

Mr. STICK: Mr. Chairman, we have a steering committee on this committee. Mr. Drew's suggestion is a reasonable one, but I think if we leave it to the steering committee—

Mr. DREW: Which one, tomorrow or Monday?

Mr. STICK: Mr. Chairman, I think as we have a steering committee we should leave the matter to be dealt with by the steering committee, to give consideration to the suggestion which has been made by Mr. Drew. They might find it possible to accommodate him. But we have a steering committee and I suggest that that steering committee do its work.

Mr. DREW: Mr. Chairman, why delegate to the steering committee our responsibility. We should decide what we want to do. I should think we ought to meet tomorrow, or at the latest on Monday; and I repeat my request for tomorrow. I think this committee is not going to be able to do its job, even the very limited job it might hope to do during this current session. There is only one course open to me as I see it, and that is to test the committee. I move that this committee when it adjourns today meet at 11 o'clock tomorrow morning.

The CHAIRMAN: It has been moved by Mr. Drew that this committee meet tomorrow morning at 11 o'clock.

Mr. DREW: If the chairman will undertake that we will meet at 11 o'clock on Monday, I am prepared to withdraw my motion; otherwise I can only regard it as a desire not to meet, but a desire to delay the whole committee.

The CHAIRMAN: I think it is just as well not to pass up that accusation, that there is a desire to stifle the committee. I can assure the committee that there is no such thought in my mind. I am just as anxious as any member on this committee to get on with our work. It is my money as well as everybody else's money. We are all concerned with it. There are billions of dollars being spent, and I want to know about that expenditure as well as anyone else. I would point out, however, that at the present time there are two things involved: there is the collating and obtaining of this information, and that is not just as easy as pushing a button, and it has to be intelligently presented in a form that is easily understood. The next matter is that there have been commitments by members for other committees. Now, I indicate that it might be quite possible that we could meet on Monday.

Mr. DREW: All right then, let's meet on Monday.

The CHAIRMAN: Mr. Stick has pointed out something which I think is important, that we should have a meeting of the steering committee and leave it to the steering committee to decide. I suggest we leave the matter to the steering committee. I think we will work it out.

Mr. MACDONNELL: And they might find it possible for us to sit on Monday.

The CHAIRMAN: Yes.

Mr. MACDONNELL: I think we should be able to have a meeting on Monday because even though the officials will not have an opportunity to bring down all the information, there will be enough of it available for us to be able to proceed on Monday. Well, if they can do it, that is O.K., and what they are not able to produce for our use at the meeting on Monday can be brought forward at our next meeting. I do not think that anyone believes there is not a great deal they could give us on Monday.

The CHAIRMAN: I think we will be able to call the committee on Monday, but in view of what Mr. Stick said I think we should have a meeting of



the steering committee. I have indicated what my view is, I do not think there will be any great difficulty about arranging a meeting for Monday morning.

Mr. DREW: There is only one point further that I would like to point out and it is this; it is quite possible to adjust matters by a motion of the House this afternoon. There has been further information of a general nature which it has been indicated ought to be presented to us and it can be presented to us without the necessity of inquiry as to whether the experts are going to have the other information available. I wish to repeat my motion, that when this committee rises, it rises to meet again at 11 o'clock tomorrow.

The CHAIRMAN: It has been moved by Mr. Drew that the committee when it rises today sits again tomorrow morning at 11 o'clock. All those in favour? Those opposed?

I declare the motion lost.

I will call a meeting of the steering committee for the purpose of discussing this matter further.

The committee adjourned to the call of the chair.



## APPENDIX I

OTTAWA, December 6, 1951.

THE ROLE OF THE TREASURY BOARD AND THE  
DEPARTMENT OF FINANCE IN DEALING WITH  
DEFENCE EXPENDITURES(Statement by R. B. Bryce, Department of Finance)  
presented this day

1. The formal procedures and responsibilities of the Treasury Board in dealing with defence expenditures and related matters are much the same as in similar matters relating to other Departments, with some modifications in detail to take account of the much larger size and number of the transactions and of the elements of the program and establishments. The major decisions in regard to the defence program, budget, and establishment are of such importance, however, that they are made by the Cabinet or by the Cabinet Defence Committee in the first instance, and the Treasury Board does its work within the framework of the policy so determined. The Department of Finance prepares material for the use of the Minister of Finance at the Cabinet or Cabinet Defence Committee in considering matters relating to defence expenditure. For this purpose the officers of the Department consult frequently and closely with the officers of the Department of National Defence and of the Defence Forces, and where necessary, of Defence Production. The form and nature of such consultations do not follow a formal or fixed pattern, but depend upon the circumstances in each case.

2. The Treasury Board consider and make decisions upon, or make recommendations to the Governor in Council upon, the following types of question relating to defence expenditures:

- (a) details of Defence estimates within the general program and budget approved by the Cabinet;
- (b) changes in the details of the Estimates that are recommended by the Minister or the Department of National Defence during the year, and which require transfers between allotments established within the Defence appropriations;
- (c) the authorization of specific construction projects within the defence program, many of which cannot be finally settled at the time the Estimates are approved;
- (d) changes in the scales of pay and allowances and the various regulations relating to pay and allowances and the conditions of service in the Forces;
- (e) special pension cases and problems. Formerly the Board authorized all pension payments, but the routine cases are now dealt with directly within the Forces and the Department of National Defence, under the recent amendments to the Act;
- (f) certain other special types of transactions, some of a relatively minor but troublesome nature, such as settlement of damage claims, ex gratia payments, special travel and removal claims falling outside the normal regulations, payments of capitation rates to other countries in respect of materials and services provided to the Canadian Forces, and purchase of office equipment;



- (g) allotment of funds for capital assistance projects undertaken by the Department of Defence Production under the Defence Production Act and related appropriations, such as Votes 77 and 681.

It may be noted that the Treasury Board do not consider and deal with the procurement contracts for the Department of National Defence, which are handled directly by the Governor in Council, in accordance with the details of the Defence Production Act.

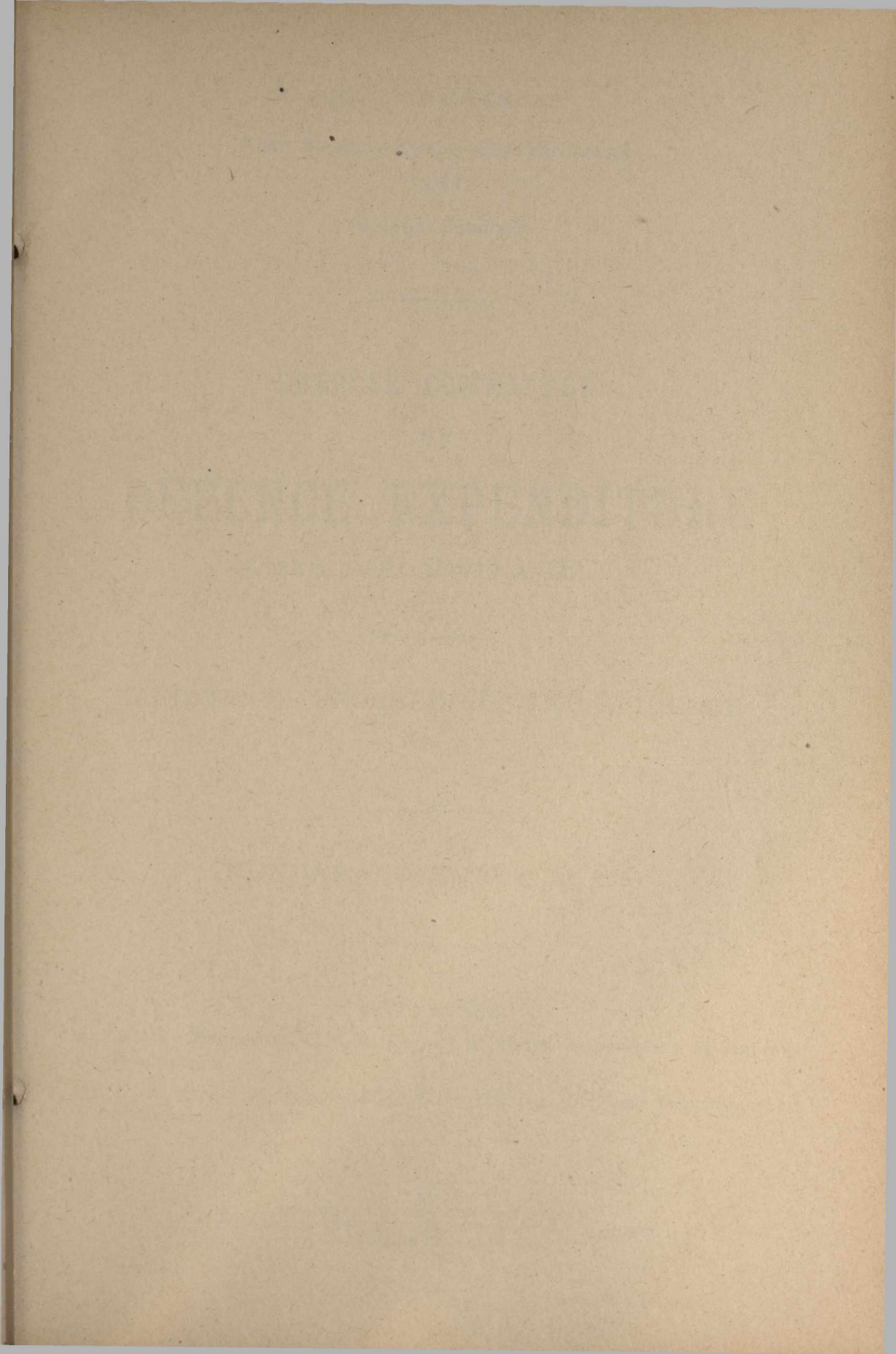
3. In addition to the matters dealt with by the Treasury Board and the Cabinet Defence Committee noted above, the Department of Finance

- (a) assists the Minister of Finance in reaching agreement with the Minister of National Defence on the rank structure for the Canadian Forces within the total number of Forces authorized by the Governor in Council,
- (b) takes part in the working out with the Defence Department and Forces, the Chairman of the Chiefs of Staff, the Department of External Affairs and others of the arrangements with other countries under the North Atlantic Treaty, and the preparation of messages, instructions, and reports for Canadian representatives at meetings of the North Atlantic Treaty Organization, and
- (c) works out, with other Departments and agencies concerned, various financial and economic measures required to implement the defence program and offset any unfavourable economic effects of defence expenditures.

4. The Comptroller of the Treasury and his disbursing and accounting offices play a large role in the administration of defence expenditures. It is understood, however, that the Committee is to obtain a special statement on this subject later.

NOTE: This statement was distributed to the Members of the Committee.











HOUSE OF COMMONS

Fifth Session—Twenty-first Parliament

1951

(Second Session)

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SPECIAL COMMITTEE

ON

# DEFENCE EXPENDITURE

Chairman—Mr. DAVID A. CROLL

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

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MONDAY, DECEMBER 10, 1951

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WITNESSES:

Mr. M. W. Mackenzie, C.M.G., Deputy Minister, Department of Defence Production.

Mr. C. M. Drury, C.B.E., D.S.O., E.D., Deputy Minister, Department of National Defence.

OTTAWA  
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1951



## ERRATUM

*Minutes of Evidence of December 6—No. 2*

Page 53—delete paragraph 6 and substitute the following therefor:

“Part of the information was given the other day in the House on Orders of the Day. The whole information as to why the De Havilland Comets were purchased should be produced to the Committee. I am not clear whether this evidence could be given by either of the Deputy Ministers from the two Departments here to-day but it is available in the Department and could be brought forward. The two aircraft, namely the de Havilland Comet and the Avro Jet Liner are not comparable but the reasons why they are not comparable are more or less technical. I think the Committee should have the reasons for the purchase and they can be produced.”



## MINUTES OF PROCEEDINGS

MONDAY, December 10, 1951.

The Special Committee on Defence Expenditure met this day at 11 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Adamson, Balcom, Blanchette, Campney, Cavers, Churchill, Drew, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Power, Quelch, Stick, Weaver, and Wright. (23).

*In attendance:*

From the *Department of Defence Production:* Mr. M. W. Mackenzie, Mr. T. N. Beaupre, Mr. G. W. Hunter and Miss Ruth E. Addison.

From the *Department of National Defence:* Mr. C. M. Drury, Mr. E. B. Armstrong, and Mr. A. S. Duncan.

From the *Department of Finance:* Mr. R. B. Bryce.

The Chairman tabled:

1. P.C. 6171—Composition of the Treasury Board.

(See Appendix A),

2. Mimeographed copy of Mr. Bryce's statement made on December 6, copies of which were mailed to the members of the Committee. (See Appendix I to Evidence of December 6, No. 2),
3. A correction in Mr. Mackenzie's statement made on December 6 last, copies of which were also mailed to the members.

The Committee resumed its consideration of defence expenditures and commitments.

Mr. Mackenzie was called. He gave full particulars with respect to the purchase of two De Havilland Comet aircraft, as asked by Mr. Drew, quoting from certified copies of requisition, correspondence, contract, purchase order, etc. The witness was examined thereon and he supplied additional information as requested.

The witness filed with the Clerk a certified copy of the above documents.

Mr. Drury was called and tabled the following documents in answer to questions asked on December 4th and 6th, namely:

Appendix B—List of senior appointments at National Defence Headquarters. (*Supplementary to Chart No. 2 distributed at meeting of December 4.*)

Appendix C—Personnel of the Defence Research Board.

Appendix D—Monthly rates of pay and allowances for all ranks for the Armed Services. (November 30, 1951).

Appendix E—North Atlantic Treaty Organization, Mutual Aid Program, (1950-51 and 1951-52).

Appendix F—Statement of estimates, allotments and expenditures for the Armed Services (1950-1951 fiscal year).



Appendix G—Cumulative statement of expenditures (forecast and actual) for the Armed Services. (1950-51 fiscal year).

Appendix H—Analysis of requests for contracts by Procurement Agency for the Armed Services. (1951-52 fiscal year).

Appendix I—Summary of expenditures for the Armed Services (1950-1951) and (1951-1952)—April 1—October 31, 1951, also for Defence Research Board and departmental administration.

Appendix J—Statement covering:

1. The cost of training, equipping and maintaining the 25th Brigade now in Korea,
2. The cost of R.C.A.F. participation in the Korea airlift,
3. The cost of naval operations in Korean waters.

Appendix K—Return showing the cost of training, equipping and maintaining the 27th Canadian Infantry Brigade.

Thereupon, Mr. Wright tabled a series of eight questions relating to defence contracts. (*See Evidence for details*).

Mr. Drury commented on the documents he tabled and was questioned.

In the course of his examination, he explained that the Standing Group of NATO was a military committee and he gave its composition.

In answer to questions, the witness read into the record figures concerning the special account of NATO Mutual Aid Program on ammunition and the transfer of armament equipment.

Mr. Drew expressed his surprise that answers to the various types of weapons for land, sea and air were not available at this meeting. The Chairman answered that these, along with other replies, would be given as soon as compiled and cleared by the departments concerned.

A discussion on the possibility of holding a meeting before Thursday next took place.

Mr. Drew moved that "when the Committee rises this day, it stand adjourned until Tuesday, December 11 at 11 o'clock a.m."

The question being put, it was resolved in the negative.

At 1.10 o'clock p.m., Mr. Drury's examination still continuing, on motion of Mr. Stick the Committee adjourned until Thursday, December 13, at 11 o'clock a.m.

ANTONIO PLOUFFE,  
*Clerk of the Committee.*



## EVIDENCE

MONDAY, December 10, 1951.

The CHAIRMAN: Gentlemen, I see a quorum.

There are a few matters which I think we should dispose of. A question was asked by Mr. Bryce about the composition of the Treasury Board. He has made a return and I am putting it on the file. I do not think it is of great importance at the moment.

Mr. GEORGE: Mr. Chairman, will that appear in the record?

The CHAIRMAN: Yes.

(Appendix A: Personnel of Treasury Board).

Then you have all received a copy of Mr. Bryce's statement. I think we should also have that on the record to make sure that it will be there with the statement he made. That, I think, disposes of Mr. Bryce.

(See Appendix I—Evidence of December 6—No. 2: Duties of Treasury Board in relation to defence expenditures).

The members also received a correction of Mr. Mackenzie's statement deleting the first six lines of page 12 of his mimeographed brief and replacing them by a correction that he wishes to make. That will be done.

Now, at the last meeting, Mr. Drew asked for a certified copy of documents relating to the purchase of two de Havilland Comet aircraft. I will call Mr. Mackenzie.

**Mr. M. W. Mackenzie, Deputy Minister, Department of Defence Production, recalled:**

Mr. WRIGHT: Before you call Mr. Mackenzie, Mr. Chairman, I asked for information about the members of the Defence Research Board. Is that information available?

The CHAIRMAN: Yes, Mr. Wright, as soon as Mr. Drew completes his questioning. We will then refer to questions by other members. (See Appendix C).

The WITNESS: Mr. Chairman, the purchase of two de Havilland Comets starts with a requisition received from the Department of National Defence by the Minister of Trade and Commerce. This was Requisition number 93, dated February 26, 1951, which covered a number of types of aircraft, but the item concerned was item number 9. I have here a copy from which I will read:

### *"Requisition*

To: The Minister of Trade and Commerce  
c/o Canadian Commercial Corporation.

There is n RCAF requirement for following:—

Item No.	Primary No.	Nature of Material or Work
9	62	Procurement of 4 Four-Engine Long Range Transport Aircraft

Funds have been requested in the 1951-52 preliminary estimates for the above items. Would you therefore arrange provision of the



above in accordance with detailed contract demands to be forwarded to the Canadian Commercial Corporation over the signature of the Deputy Minister or other authorized officers of the Department of National Defence."

That was recommended by D. M. Smith, and signed by C. M. Drury and by the Minister of National Defence.

Hon. Mr. DREW: Is that the full report on that subject?

The CHAIRMAN: It is coming.

The WITNESS: That was the first step. On September 19, 1951, the Rt. Hon. C. D. Howe, Minister of Defence Production, accompanied by departmental officials including Mr. A. C. MacDonald, deputy coordinator, production branch, visited the de Havilland plant in London, England, and inspected and flew in the Comet 1A jet aircraft. Following this visit Mr. Howe instructed Mr. MacDonald to determine whether any of these planes were available from production. Mr. MacDonald was advised by Mr. Thom, of de Havilland, that none were available from production but that a French airline company had an option on two aircraft, although there was some doubt as to whether they would exercise this option. Under those circumstances Mr. Thom suggested that a non-exclusive option at no cost to the Canadian government could be granted for these aircraft if Canada so desired. Mr. Howe, believing that the Department of National Defence might be interested in these aircraft, arranged for a non-exclusive option at no cost to the Canadian government until October 7th. The offer and acceptance of the option were confirmed in an exchange of letters between the Rt. Hon. C. D. Howe and Mr. C. S. Thom, business director, of the de Havilland Aircraft Company Limited. I have these two letters here, if you would like to have them read.

The CHAIRMAN: Would you, please?

The WITNESS: This is one letter:

September 20, 1951.

The Rt. Hon. Mr. C. D. Howe, P.C.,  
c/o Miss Rooney,  
Office of the High Commissioner for Canada,  
Canada House, Trafalgar Square, London S.W.1.  
Sir:

Confirming our telephone conversation last night with Mr. A. MacDonald, we have the honour to offer to the Canadian government a first option, covering the whole of the world less France on two Series IA Comets, Numbers 17 and 18, which are scheduled for the delivery in December 1952 and January 1953. The price of the aircraft is £450,000, each ex-works, fully equipped to B.O.A.C. specification, but less radio, which would be installed to the Canadian government's requirements.

We agreed that this option would come into force today, and will extend until October 7, 1951.

An option on these two aircraft is already held in France, but this option specifically excludes the North American continent, where we have retained our right to sell the two aircraft in question.

We trust that this arrangement is satisfactory to the Canadian government, and that we may look forward to their esteemed order.

We have the honour to be, sir,

Your obedient servants,  
for The de Havilland Aircraft Company Limited.

(Sgd.) C. S. THOM,  
Business Director.



Mr. Howe replied to that from London, England, on September 20, 1951:

I wish to thank you for your letter of September 20. The matter of the possible purchase of two Series IA Comets, Numbers 17 and 18, will be given early consideration by my Government.

Subsequently this option was extended to October 14 by an exchange of wires between Mr. A. C. MacDonald and Mr. Thom. On the 5th of October Mr. A. C. MacDonald, Division of Defence Production wired to Mr. Thom.

Your letter to Right Honourable C. D. Howe granting option on two Comets until October seventh with reservation respecting France. Air force officers here actively progressing recommendation which at this stage appears favourable and would greatly appreciate your extending option closing until October tenth, nineteen fifty-one. Please cable undersigned.

That was replied to by Mr. Thom on the 6th of October in which he cabled Mr. MacDonald:

Your cable received very pleased extend option further week compliments.

As Mr. Howe planned to remain in the United Kingdom until the end of September he directed Mr. MacDonald who was returning to Canada to advise the Department of National Defence regarding the existence of this option. On September 25, Mr. A. C. MacDonald advised Air Marshal W. A. Curtis, Chief of Air Staff, of the option.

The Department of National Defence decided that the acquisition of the two Comets offered in the option would satisfactorily meet an outstanding requirement for four engine long range transport, to meet the normal attrition of this type of aircraft. I am advised by National Defence, who made this decision, that these are the considerations which led them to this conclusion. Two other considerations dictated the desirability of acquiring the Comets. One of those is the necessity for providing personnel of air transport command with first hand familiarization in both operation and maintenance of modern high speed multi-engined jet transports. The other is the urgent requirement for having an aircraft capable of simulating flight conditions of a modern strategic bomber attack. This is required in order to exercise the air defence system in this country in a realistic and adequate fashion.

Consideration was given to the utilization of the Avro jetliner as an alternative but was rejected on the following grounds:

The jetliner is in the prototype stage only and further development is required. The additional development and production for the small R.C.A.F. requirement would be a very costly matter since these would have to be absorbed over a very few units. Furthermore, an indefinite lengthy period would elapse, probably in excess of two years, before additional aircraft became available.

Any additional effort expended on the jetliner would have a direct effect on the output of the CF-100 production.

The de Havilland Comet is a proven type currently in production and therefore will be a cheaper aeroplane.

The de Havilland Comet offers the R.C.A.F. a much greater flexibility in employment than the Avro jetliner since it has a much longer range and considerably greater payload.

I might say that just before the option expired, in a telephone conversation from Mr. Claxton to Mr. Howe, Mr. Howe was advised that the air force were proposing to buy these Comets and further informal advice went to the de Havilland company.



The next document on the record is dated October 9 and is a formal contract demand. I perhaps should say, Mr. Chairman, that in my evidence the other day I referred to a contract demand carrying the signature of the Minister of National Defence. I used the wrong term. The original document the minister signs is a requisition; the contract demand is a subsequent document to the requisition. I just say that for the correction of the record.

This document reads as follows:

Service Ref. No.	Part or Stock No.	D. H. DEHAVILLAND COMET TRANSPORT Detailed Description of Requirements (Complete details will facilitate purchase)	Section No. Misc.	Quantity re-quired	Amount Encum-bered
		CD 511673 is raised for the purchase of DeHavilland Comet 4 engine Transport Aircraft (four D.H. Ghost gas turbine engines) and provisioning of Airframe Spares, Spare engines, a/c and engine accessories and publications.....			
	A	DeHavilland Comet 4 engine transport (c/w 4 D.H. Ghost gas turbine engines).....		ea 2	
	B	Spare Engines Ghost Gas turbine.....		ea 8	
	C	Spares to be supplied to the following percentage value Range and quantity to be advised later— (i) Airframe Spares (15% of unit cost)..... (ii) Engine spares (to be advised later)..... (iii) Engine and Aircraft accessories (to be advised later).... (iv) Electronic Equipment and Spare (to be advised later) . (v) Other GFP Spares and spare parts (to be advised).....			
	D	Special tools and Ground Handling equipment (to be advised).			
	E	Publications (to be advised).....			
Note	1	Delivery of aircraft to be ea 1 before 31 Mar 52 and ea 1 after 1 April during fiscal year 1952-53.			
	2	Inspection to be arranged by AOC AMC Inspection.			
	3	Delivery of Aircraft arranged by AOC AMC.			
	4	Inspection Receipt Vouchers to be prepared by consignee designated.			
	5	Price shown on CD is an estimate only; any additional funds required are to be referred by means of a DDP-16 to RCAF Liaison Officer, Room B251, No. 2 Temp. Bldg.			
	6	All shipments against this CD must be accompanied by priced shipping documents for customs purpose.			
	7	All customs clearances and Sales Tax on equipment affected by this CD will be cleared by consignee.			
	8	Copies of Acceptance of Tender are required by— CTO/DND..... 1 copy      AMC..... 5 copies DAF..... 2 copies      Consignee..... 3 copies			
		Total Estimated Cost.....		\$ 3,500,000.00	
		Cash.....		\$ 1,750,000.00	
		*F. Y.....		\$ 1,750,000.00	
		Oct. 9, 1951.      *FUTURE YEARS COMMITMENT			

This bears six or seven signatures:

A. E. McKnight; G. J. Lanigan; T. L. Doolittle; V. S. J. Millard; and it is certified that provision has been made in the approved estimates for that commitment and that the appropriate item has been charged therewith—that is signed by O. J. Gillin; it has been certified by the chief treasury officer that



the unencumbered balance is available for the current fiscal year's expenditure—signed C. A. Morrow; and it is signed for the Department of National Defence by A. B. Coulter.

On November 16, the Minister of Defence Production forwarded to council a submission recommending purchase of the two Comet transports.

Mr. DREW: On November 16?

The WITNESS: Yes.

The undersigned has the honour to represent:

That a requisition has been received from the Department of National Defence requesting that the undersigned arrange for the procurement of two (2) De Havilland Comet (Mk. I) Aircraft, complete with 8 Spare Engines therefore, and a quantity of Ancillary Equipment consisting of Spares, Accessories, Special Tools and Ground Handling Equipment, and Publications for the maintenance of the said Comet Aircraft, to meet the requirements of the Royal Canadian Air Force;

That negotiations were entered into with the De Havilland Aircraft of Canada Limited, Toronto, Ont., the Canadian subsidiary of The De Havilland Aircraft Company, Hatfield, England, who is the manufacturer of the Aircraft required, as a result of which it has agreed to supply the said Comet Aircraft at a price of £450,000 each, f.a.f. Hatfield, England, and has agreed to supply the said Spare Engines and Ancillary Equipment on a "price to be negotiated" basis, which price is presently estimated to amount to \$812,672.00;

That the undersigned proposes, subject to the approval of Your Excellency in Council, to enter into a contract with The De Havilland Aircraft of Canada Limited covering the supply of the said 2 Comet (Mk. I) Aircraft, Spare Engines and Ancillary Equipment, on the foregoing basis:

That the said contract is to provide for payment to the contractor as follows:

1. Twenty-five per cent of the total of the above mentioned prices per aircraft and estimated cost of Engines and Ancillary Equipment when the said contract is placed;
2. Twenty-five per cent of the price per aircraft when the said aircraft shall be 60 per cent complete;
3. Thirty per cent of the price per aircraft when the said aircraft shall be 90 per cent complete;
4. The balance of the price per aircraft upon delivery of the said aircraft;

That the total expenditure involved, presently estimated to amount to \$3,512,672.00, is chargeable to Department of National Defence Financial Encumbrance No. 47412;

That the proposed contract is in the public interest.

The undersigned, therefore, has the honour to recommend that authority be granted to enter into a contract with The De Havilland Aircraft of Canada Limited, accordingly.

Respectfully submitted,

C. D. HOWE,

*Minister of Defence Production.*

Then there is the order in council passed on the 20th of November, 1951, bearing number P.C. 6213. This is certified to be a true copy of a minute of a meeting of the Privy Council, approved by His Excellency the Governor General on the 20th of November, 1951.



The Committee of the Privy Council have had before them a report, dated 16th November, 1951 from the Minister of Defence Production, representing:

That a requisition has been received from the Department of National Defence requesting that the minister arrange for the procurement of two (2) de Havilland Comet (Mk. 1), aircraft, complete with 8 spare engines therefor, and a quantity of ancillary equipment consisting of spares, accessories, special tools and ground handling equipment, and publications for the maintenance of the said Comet aircraft, to meet the requirements of the Royal Canadian Air Force;

That negotiations were entered into with The De Havilland Aircraft of Canada Limited, Toronto, Ont., the Canadian subsidiary of The De Havilland Aircraft Company, Hatfield, England, who is the manufacturer of the aircraft required, as a result of which it has agreed to supply the said Comet aircraft at a price of £ 450,000 each, f.a.f. Hatfield, England, and has agreed to supply the said spare engines and ancillary equipment on a "price to be negotiated" basis, which price is presently estimated to amount to \$812,672.00;

That it is proposed, subject to the approval of the Governor in Council, to enter into a contract with The De Havilland Aircraft of Canada Limited covering the supply of the said 2 Comet (Mk. 1) aircraft, spare engines and ancillary equipment, on the foregoing basis;

That the said contract is to provide for payment to the contractor as follows:

1. 25% of the total of the abovementioned prices per aircraft and estimated cost of engines and ancillary equipment when the said contract is placed;
2. 25% of the price per aircraft when the said aircraft shall be 60% complete;
3. 30% of the price per aircraft when the said aircraft shall be 90% complete;
4. the balance of the price per aircraft upon delivery of the said aircraft;

That the total expenditure involved, presently estimated to amount to \$3,312,672.00, is chargeable to Department of National Defence Financial Encumbrance No. 47412;

That the proposed contract is in the public interest.

The Committee, therefore, on the recommendation of the Minister of Defence Production, advise that authority be granted to enter into a contract with The De Havilland Aircraft of Canada Limited, accordingly.

On November 28, the Department of Defence Production sent a purchase order to the de Havilland Aircraft of Canada Limited for two de Havilland Comet 4-engine aircraft, and eight ghost gas turbine engines, and appropriate spares. This purchase order was confirmed by C. H. Dickens on behalf of de Havilland Aircraft of Canada Limited on December 4, 1951.

On November 27, the Department of National Defence announced the purchase of two Comet Transport aircraft.

The actual purchase order is here, Mr. Chairman. It repeats all these technical details. Would you like to have it put on the record?

Mr. DREW: I would not think there is any necessity of having it put on the record, Mr. Chairman.

The CHAIRMAN: I think we ought to have it on the record, but you need not read it all if it is repetitious.

The WITNESS: It sets out all the particulars of the payment.

The CHAIRMAN: It has been covered by the order in council?

The WITNESS: Yes, but it is probably in a little more detail.



The CHAIRMAN: If it is something that this committee ought to have, this is the opportunity to deal with it. So you had better read it.

The WITNESS:

DEPARTMENT OF DEFENCE PRODUCTION

Ottawa, November 28, 1951.

The De Havilland Aircraft of Canada,  
Station "L",  
Toronto, Ontario.

Attention: Mr. C. H. Dickens.

All invoices, shipping bills, waybills, packing slips and packages must show all the following purchase order numbers.

B.18-38-217/AIR/C.D. 511673/FE 47412 P.C. 6213  
2-B-1-714-CDEF-101

Serial

PURCHASE ORDER

Please sell and/or supply to His Majesty the King in right of Canada, upon the terms and conditions set out herein and on the reverse side hereof, the supplies and/or services listed below and on any attached sheets or schedules at the price or prices set out therefor.

Delivery is to be made—see below.

Consign shipment to—to be arranged.

F.O.B.—see below.

Sales Tax—see below.

Cash Discount Terms—net.

Quantity	Item, Part or Ref. No.	Description of Supplies	Price
2 only		De Havilland "Comet" four engine Transport Aircraft (4DH Ghost Gas Turbine Engines) equipped to standard specification, less radio.....	Canadian dollar equivalent to £450,000-0-0 each
8 "		Ghost Gas Turbine Engines.....	To be arranged
		Following spares are to be provided with details to be supplied later:	" "
		1. Airframe Spares 15% of unit cost.....	
		2. Engine Spares.....	
		3. Engines and Aircraft Spares.....	
		4. Electronic Equipment and Spares.....	
		5. Special tools and ground handling equipment.....	
		6. Publications.....	

Invoices less Progress Payments made.

INVOICES: To be made out to and paid by Dept. of National Defence. Send original and two (2) copies to Consignee; one (1) copy to Chief Treasury Officer, Dept. of National Defence, "A" Building, Ottawa, Ontario; and one (1) copy to Department of Defence Production, Ottawa, Ontario.

Vote: 600-62-73-575 HQ. FILE: MISC 511673

Est. Cost  
\$3,512,672.00



## DELIVERY

One Aircraft is to be delivered by December 1, 1952, second aircraft by January 1, 1953. Delivery of spares to be arranged.

## PAYMENT

On receipt of this order there will become due and payable to you the Canadian dollar equivalent of £ 254,930 sterling representing 25% of the price of the aircraft and 25% of the estimated price in the United Kingdom in pounds sterling of the eight spare engines. In addition, there will become due and payable to you an amount of \$100,000 representing 25% of the estimated cost of the spare parts.

On receipt of documentary evidence of 60% completion of each aircraft, a further payment in the Canadian dollar equivalent of £ 112,500 sterling per aircraft shall become due and payable and on receipt of documentary evidence of 90% completion of each aircraft a further payment in the Canadian dollar equivalent of £ 135,000 sterling per aircraft shall become due and payable.

A certificate signed by the RCAF Inspector or the representative of the RCAF's duly authorized inspection agency will be accepted as evidence of percentage of completion.

The balance of the price of each aircraft will be paid on acceptance of the aircraft. The balance of the price of spare engines and spare parts will be paid on delivery to, and acceptance by RCAF.

Inspection to be to the satisfaction of the Air Officer Commanding, Air Material Command, R.C.A.F., Ottawa, or his authorized representative, by whom arrangements for inspection at source or destination will be concluded, and to whom all matters pertaining to the inspection or acceptance of goods should be referred, and to whom the contractor will apply for any technical information regarding the goods or work supplied under this contract, unless otherwise specifically directed.

All shipments against this order must be accompanied by priced shipping documents for customs purposes.

The above mentioned price shall include delivery of the Aircraft F.A.F. Hatfield, England. Spare engines and spare parts will be delivered by you F.O.B. Cars, Toronto, Ontario.

*Sales Tax* on aircraft will be paid by RCAF as RCAF will take title to Aircraft in the United Kingdom. *Sales Tax* on spare engines and spare parts to be paid by you and included in final prices agreed upon.

Supply and installation of radio, if required, to be negotiated when RCAF requirements are known.

General Condition (Secrecy and Protection of work) contained in Form CCC-314A shall be applicable to and shall form part of this Purchase Order.

Accepted by the de Havilland Aircraft of Canada Ltd.

C. H. DICKENS, Director.

(Returned under date of Dec. 4/51)

MINISTER OF DEFENCE PRODUCTION

Per W. F. Murphy.



By Mr. Drew:

Q. Does that complete the picture?—A. I think that is the complete story, Mr. Chairman.

Q. Then, having regard to that, I am interested in the sequence of events from this point of view: on December 3, 1947, by P.C. 4436 the Canadian government decided to support the development and construction of an aircraft known as the C-102 jet transport. You are aware of that order in council, Mr. Mackenzie, and under that order in council various sums were advanced for the development of that aircraft. Do you know the total amount that was advanced in connection with the development of that aircraft?—A. The total amount advanced to October 31, 1951, by the Canadian government was \$6,568,363.

Q. Is any more payable under that order in council?—A. There is an item in the estimates of the Department of Defence Production, and if my memory serves me correctly, it is \$1 million. That is in the estimates for this year. For the first seven months of 1951-1952, \$275,000 has been spent against that \$1 million. There may be some other charges, but I can say that they will undoubtedly be small, because the work has been largely suspended in order to get on with the other items in the plant.

Q. You say the work has been suspended?—A. Largely suspended.

Q. What is still being done in that connection?—A. In the first place, one prototype only has been made. The prototype is there but the development of it is not going ahead very fast at the moment. It has been set aside in order to get on with production of the more important item—the fighter aircraft. I cannot say that work has been completely stopped, but the great bulk of the efforts of the A. V. Roe Company has been directed to fighter aircraft.

Q. I am interested only from this point of view: I do not think that anyone who has been following the development of jet transport is in any doubt about the status of the de Havilland Comet. I recall the demonstration of the jet liner here on March 12, 1950, which, I fancy, a number of those who are here today also attended. But I was under the impression that it represented a model that was in production. What we saw under demonstration at that time. We were given an explanation of its speed and its utility. That would indicate, I think, one of the things that naturally concerns this committee, namely the fact that this demonstration was put on by the Department of National Defence in a manner and with explanations which gave the impression that this was the presentation of a proved aircraft. There was undoubtedly a suggestion that it was intended as a transport aircraft which, in addition to any other uses, would be available for military transport service as well.

Now, you do not indicate exactly how much is still being done, but according to what you say, development of this aircraft has been substantially stopped.

I was interested in an item which I saw in a very reliable publication in the United States, the *Newsweek* of December 10, from which I quote at page 69:

... a major U.S. airline has indefinitely put off plans to put the Avro jetliner into service. Avro Canada stopped making it to turn out jet fighters.

Do you know of any arrangement made with a major United States airline to use the Avro Jet liner?—A. No.

Q. That would not come to your attention. The reason I ask you is that the activities of A. V. Roe are very substantially under constant supervision by the



officials of your department through the association of that plant with the department with which you are associated. That is correct, is it not?—A. Yes, indeed.

Q. There were a number of things which gave rise to the belief that this was a practical air liner because on June 7 last year, there was a British United Press dispatch from Sydney, Australia, dated June 7 which said:

. . . Canada's Avro jetliner will operate regular transport flights across the Australian continent before the end of 1950, air line officials said today.

I merely mention that there was some reason to believe that this jet liner had reached a point at which there was a fair measure of production.

I understand that one of the things which held up commercial delivery was the orenda engine which was to be installed in it. Is that correct?—A. No, sir.

Q. Was it the orenda engine which was in the one which was flown here?—A. No, sir. I am almost certain that the C-102 jet liner was never intended to be powered by the orenda. I know that the prototype which is now flying certainly does not have the orenda engine.

Q. I know that, but at that time, on March 12, 1950, neither did the CF-100. That is correct, is it not?—A. I could not say as to that specific demonstration. The CF-100 has flown with an orenda engine.

Q. But at that time, you will recall, there were English engines, were there not?—A. That is correct. But I understand that the 102 is not designed—I am sure that it is not designed for the orenda engine.

Q. Then it would seem to me to be of direct interest to this committee to know what the decisions of your department were. I am not speaking of policy, but of decisions from the point of view of the considerations which led to that decision, to at least suspend for all practical purposes the development and production of the Avro jetliner because I recall that great emphasis was placed on the fact that we must not be dependent on aircraft produced either outside of Canada or outside of this continent.

I recall as an example a number of reports and I shall refer to one specific report dated April 20, 1949. This report appeared in the *Toronto Daily Star* of that date, and I read:

Had the RCAF selected the British Vampire as the backbone of its first-line fighter strength, Canada would soon have a "complete orphan" in its air force, R.C.A.F. officials declared today. Under the best circumstances necessary for the growth and maintenance of an adequate fighter force, the latest Vampire would be non-standard with both the U.S. air force and the R.A.F.

I recall a number of cases when we were told that the reason that it was not desirable to acquire newer types of Vampires was because of the fact that it would be undesirable to have what were described as orphans. In what way does the general decision with respect to the De Havilland Comet differ from the decision that was made in regard to the other types of aircraft?—A. Mr. Chairman, this is essentially a question for National Defence, but I think I can say this with safety, that there is a very great difference between buying two transport aircraft in order to gain experience with four-engine jet aircraft and a decision to embark on production of a particular type of fighter aircraft to equip a whole fighting force. It seems to me the two situations are quite different.

Q. Perhaps I can ask a question which will throw some light on that. One of the reasons that you gave for the decision to buy this particular aircraft



was that it would make it possible to simulate flight conditions in a bomber attack. Are any jet bombers on order?—A. There are no jet bombers on order by the Canadian air force.

Q. Or by the Department of Defence Production?—A. I should say by the Department of Defence Production. I should say that the explanation of the decision to purchase which I read was the explanation given me by the Department of National Defence, because we in the Department of Defence Production do not decide or assess the reasons why they want or do not want transport aircraft.

Q. I realize that. I was simply asking the question whether any jet bombers of any type are now on order by the Department of Defence Production?—A. No, sir.

Mr. WEAVER: Could I ask the witness the difference in range between the Comet and the Avro jet air liner?

The WITNESS: Mr. Chairman, I can give a certain amount of information. I am not going to pose before the committee as an expert on aircraft, or on the comparability of aircraft. I have a few notes here that were supplied to me by some of our officials. The ultimate range of the Comet is 3,450 statute miles, and that of the Avro jet liner is 2,000 statute miles. The pay load of the Comet at ultimate range is 10,000 pounds. The pay load of the Avro jet liner with a range of 1,250 miles is 10,000 pounds. I must beg off getting into any detailed explanation of ranges because it is all tied up in with pay loads and speeds and altitudes, and all sorts of technical details.

*By Mr. Drew:*

Q. One of the questions that you may or may not be able to answer, but which would be disclosed by what you have examined, is why it was decided to buy the Comet with the Ghost when I understand that the Mark II Comet will have Rolls Royce Avons of a much greater thrust. Do you know if that consideration came before your department?—A. I do not think it came before our department. Certainly the specifications as written by the air force specified the Ghost engines.

Q. Are you aware of the fact that the Mark II is being equipped with the Avon?—A. I am afraid I am not familiar with that.

Q. I merely mention that because I understand the Mark II is being equipped with them, and that it is a much more powerful engine.

Mr. McILRAITH: It seems to me we are now getting into a situation which involves the giving of evidence, and I think that if we are going to have some evidence we should have it all.

Mr. DREW: I think we would be glad to have it all.

Mr. McILRAITH: The point, Mr. Chairman is this: we are being told that this plane is now being equipped with this new engine. Now, it seems to me we should be told the next step, when, because in it there is a question of delivery. Dates become important in all these discussions on production, and if there is any further knowledge on that point by the Leader of the Opposition if he would let us have it, it would be helpful.

Mr. DREW: I cannot, of course, give the delivery dates, but Janes Aircraft which came out last week gives the details of the Comet II with the Avon engines and describes it "in production".

Mr. McILRAITH: It does not say when those will be ready for delivery.

Mr. DREW: That is what the Department of Defence Production can give us.



Mr. McILRAITH: I object to having evidence of that sort put on the record unless it is put on completely. You can see the danger we are getting into. I do not think it is too germane at the moment, but if there is information as to the date that it can be delivered we should have it.

Mr. DREW: That may be one reason why they did not do it. I do not think the Department of Defence Production is responsible for ascertaining facts of that kind. The request was simply for four long-range transports without even asking for jets, and the proceedings from that point on were proceedings that resulted from the indication by the Department of Defence Production that this was a desirable aircraft, so I was merely asking a question in relation to a new type which has been off the secret list a long time and on which I thought the Department of Defence Production could tell us what the delivery date would be.

The CHAIRMAN: I understand Mr. Drew asked a question. I do not understand that he is to give information. Information is to come from the witness.

Mr. DREW: Quite right.

Mr. McILRAITH: That was my point.

The CHAIRMAN: A good point, and we will be a little more careful in asking further questions.

Mr. DREW: Certainly there cannot be much uncertainty or secrecy about those that are shown in Janes Aircraft as being machines now in production.

The CHAIRMAN: Quite right.

*By Mr. Drew:*

Q. I recognize that the witness is not in a position to do more than simply describe the actual steps that have been taken. Questions of policy are beyond the realm of both his authority and what he should be permitted to answer, so I will not ask them. I am merely asking if in making the decision from the point of view of money and the consideration of money, if in the discussions of which he is aware there was a discussion as to the number of millions of dollars that had been invested in the jet liner known as the C-102, and if information was obtained as to when that might be in production and when that might be delivered with such new types of jet engines as might be available, and with the installation of English engines if the Canadian government was going to turn to English equipment, because that would have to be a further consideration that involved the expenditure of money for advance performance. Are you aware of any discussion along that line as to the comparative dates on which delivery might be expected of the C-102 as compared with the de Havilland Comet?—A. I cannot give any precise date, Mr. Chairman. It was clear that, to carry through and build two Avro jet liners, they would have to be built as a custom job. There were no other firm orders on the books; therefore, you would have to go about setting up production, setting up tooling, and really building two custom-built aircraft, which is a different thing from buying aircraft coming off a production line. Whatever the time would be, it would certainly have been longer to make delivery of two of those aircraft to the air force than the delay required in getting two Comets, which type had proceeded to a much more advanced stage in development, which was in production and being sold commercially around the world. You asked the question with what engines the subsequent Marks of the Comet are going to be powered. All I know is that every jet engine manufacturer in the world is working on some new development and some new Marks and improvement of their engines. As and when those



engines come into production is a matter than only time will tell. But what was available were two aircraft with proven engines that would serve the purpose for which the air force raised the demand.

Mr. CAMPNEY: Did you not say that another major consideration was the desirability of the Avro concentration on CF-100—

The CHAIRMAN: Members cannot hear a word you say, Mr. Campney. Would you speak a little louder? Ask the question again so that all members in the room can hear.

Mr. CAMPNEY: I asked Mr. Mackenzie whether in fact the desirability of the Avro Company concentrating on CF-100's long-range bombers was not another factor in that procedure. I understood you to say so earlier.

The WITNESS: That factor is the reason that the Avro Company was directed and encouraged to concentrate all their efforts on the development of the fighter and the reason that the development of the jet liner was slowed down. Therefore it is a contributing factor to the possible availability of delivery.

Mr. DREW: There was one point I want to clear up on the record. Mr. Campney asked about the concentration on C-100 bombers.

The CHAIRMAN: He meant fighters.

Mr. CAMPNEY: Of course I meant fighters.

Mr. DREW: That is better.

*By Mr. Adamson:*

Q. The witness said that the jet liner production was slowed down. I understood it was stopped altogether. Which is correct?—A. To all intents and purposes it was stopped. There may be some small items of expense going on, but to all intents and purposes it has been stopped, and this is evidenced by the fact that in the seven months of 1951-52 the total amount that the Canadian government has contributed to its development is \$275,000.

Q. Have you any estimate of what that aircraft has cost up to now?—A. I gave the figure earlier.

Q. I am sorry.

*By Mr. Drew:*

Q. That is the Canadian government's contribution. Do you know whether the company would have expended an amount above that?—A. Yes, it has.

Q. Do you know what that amount would be?—A. Yes, during the same period the company has expended \$2,317,772, a total of \$8,886,135.

Q. Which is directly chargeable to this particular aircraft, to its development?—A. That is the total cost of the development of the aircraft.

*By Mr. Macdonnell:*

Q. Mr. Mackenzie has referred to setting aside the work which was going forward on this type and he has explained very clearly the reasons which impelled the department to order the two de Havillands, because, as he said, the Canadian product would have had to be custom built, there being no other demand for them. Were those considerations in people's minds when the decision to spend that large amount of money took place, or have there been new conditions set up which have necessitated the virtual abandonment, as I understand it, for an indefinite time, of the work on which so much had been invested?—A. Well, I think the evidence here perhaps will help to clear up Mr. Macdonnell's point. The Canadian government's contribution to the development of the C-102 in the year 1950-51—



The CHAIRMAN: May I suggest that you break those figures down, and by doing that you will help the committee. Members of the committee will not see them for a little while. Could you have these figures broken down by years?

The WITNESS: I should just put in this qualification, that the figures for the first three years are in round figures. They are more accurate in the last two years. I will read, first of all, the figures of the Canadian government's contribution to this project.

In 1947-48, \$1,500,000; 1948-49, \$2,000,000; 1949-50, \$1,500,000; 1950-51, \$1,293,363.

Then 7 months to date in 1951-52, \$275,000; total, \$6,568,363.

The A. V. Roe Company contribution during the same years:

1947-48, \$580,000; 1948-49, \$705,000; 1949-50, \$585,000; 1950-51, \$293,169.

Then 7 months to date in 1951-52, \$154,603; total, \$2,317,772.

So that the falling off in expenditures starts in 1950-51 and is fairly well down in the first 7 months 1951-52, whereas the purchase of the Comet developed only really in the last few months; starting, as I explained, from Mr. Howe having a ride in a Comet in September of this year. He seemed to be impressed that this airplane might serve the purpose very satisfactorily.

Mr. MACDONNELL: If I understand you correctly the drop-off in expenditure began at the beginning of the current fiscal year. There had been already indicated a very marked decrease. And now, has that any significance? Does that indicate that there was already a change in mind, or am I attributing some significance that is not there? Do I make my point?

The WITNESS: I think I see what you are getting at, Mr. Macdonnell. The falling-off here is an indication of the added pressure that had been put on to the development of the CF-100 fighter, and it was done at the expense of development on the C-102 jet airliner.

Mr. WRIGHT: Can we have those figures again, Mr. Chairman?

The CHAIRMAN: Sorry, we can't hear you, Mr. Wright.

Mr. WRIGHT: Could we have similar figures for the fighter planes as you have just given us for the transport?

The WITNESS: I haven't the figures here, and that is another matter altogether.

Mr. MACDONNELL: Mr. Chairman, might I ask one further question. When you described the setting aside of the work, as being largely suspended, is that because of want of factory space or want of labour or why is it that this could not have gone on longer?

The WITNESS: There are a number of considerations there. I should think one of the most important is the shortage of senior engineering ability and general managerial skill; that the top directorate of the Avro were asked to put their best foot forward on the fighter, and if necessary for that purpose really to suspend their activity on the jet airliner.

*By Mr. Drew:*

Q. I would suggest, Mr. Mackenzie, following that explanation, that factory space would hardly be a factor because I think you will agree with me that very substantial additional factory space has been built there in their forward development of the CF-100. Is that not correct; I mean, within the last few months?—A. There has been to my knowledge no new space at the A. V. Roe Company plant provided for making airframes.

Q. That is quite so, but is it not true that in order to get into production that a plant has been built or is being built at the present time at Malton for that purpose?—A. There is a new engine plant being built at Malton.



Q. Exactly.—A. That is for engine design and production, not for airframes.

Q. Of course any type of development goes into the same type of walls, and I would imagine that if you decided to proceed with this program of production you would have been able to arrange for the provision of a larger plant at Malton for that purpose similar to the new plant for engine production.—A. No, sir. The engine plant is an entirely separate operation.

Q. I realize that.—A. And there would not be room, I am quite sure, in the A. V. Roe airframe operation to build both at the same time.

Q. I would not suggest that it be put either in the present airframe operation or in the new engine building. I am merely suggesting that if there had been reason to go ahead on the new jet liner that at the same time as orders were placed for the new engine building at Malton the proprietors or the government could also have placed orders for new space for this further airframe production.—A. I suppose it could have been done if circumstances had warranted it.

Q. Yes. Then I want to go back for a moment to one further question referring to development. I understand that it was intended to acquire an aircraft that would be able to simulate the flight conditions of a bomber attack. That implies, of course, the training of bomber crew. I then come to this question. Is it at present planned to order jet bombers? I am only asking you, what is under consideration; or, whether a decision has been made?—A. Mr. Chairman, that would not be for me to answer. This department, the Department of Defence Production, can only deal with the orders which it has received.

Q. Well then, have any decisions been communicated to you about the placing of orders for jet bombers?—A. No, sir.

Mr. FULTON: It seems to me that the discussion here of the situation as regards discontinuing the development work on jet airliners possibly indicates a situation which is closely parallel to what, as far as I have been able to gather, exists in the United States where there is a difference of opinion between the over-all defence production direction there and the defence personnel themselves as to whether there is a sufficient cut-back in civilian production in United States so as to allow for the defence production which the Defence Departments want. I would like to ask Mr. Mackenzie what the position is here and whether in fact the decision to discontinue the development work on the jet airliner and to concentrate on the CF-100, is indicative of at least a tendency towards a cut-back of civilian production and effort, and a further concentration on defence.

The CHAIRMAN: Mr. Fulton, I think that is possibly a question of policy. Do you really think that Mr. Mackenzie is the person who should answer that? He is here for the purpose of giving information to this committee on matters on which the committee has jurisdiction. Don't you think you are getting a little far afield?

Mr. FULTON: Well, I assume, Mr. Chairman, Mr. Mackenzie, being the deputy minister of the department charged with matters relating to defence production, would be aware of the decisions that have been taken, if they had been taken, as to the issue either of instructions or orders, whatever they may have been, to cut back civilian production and to concentrate on defence program.

The CHAIRMAN: If such a decision had been made we would have been informed of it in the House of Commons.

Mr. FULTON: But, Mr. Chairman, they are not always announced in that form.



The CHAIRMAN: If a decision of that kind had been taken it would have been a decision at the highest level; it would have been a policy decision and would have been communicated to us in the ordinary way.

Mr. FULTON: No, I do not think so, that does not follow at all.

The CHAIRMAN: It should follow, and it usually does.

Mr. MCILRAITH: Mr. Chairman, if I may: isn't that a question of policy? Surely, the deputy minister is not the one to give evidence on policy decisions, as to what decisions have been taken or may be taken. It seems to me that is absolutely beyond the evidence which a deputy minister should be expected to give.

The CHAIRMAN: Let us for the moment deal with the matter we have before us without waiting any decision on Mr. Fulton's questions.

Mr. FULTON: What was the matter before us?

The CHAIRMAN: The matter before us was the request made by Mr. Drew relating to the purchase of two de Havilland Comet aircraft. I think, in fairness to other members of the committee who are not as well briefed on this matter as some who have taken a more keen interest in it, they ought to be given an opportunity to read the record before we go any further on this matter. We can come back to it again at a future time. Are there some immediate questions members have on this particular subject?

*By Mr. Adamson:*

Q. There is one question along this line—about the development of the jet airliner. It was certainly my impression and certainly I think the impression of the Canadian people that the jet airliner was a tremendous step forward, that there was a large future for it and a large potential number of orders. And now, is this committee to understand that there will be only two orders placed?—A. Mr. Chairman, there are no orders that I know of for jet airliners. As I understand it, the question we have been dealing with is whether or not the service requirement for two jet type transport planes—whether that order should have gone into an Avro airliner rather than the Comet. I don't know whether I should go back over that field again—

Mr. ADAMSON: No.

The WITNESS: But there are no orders of which I know for the Avro jet airliner. It is still only a prototype airplane. It is not in production.

Mr. ADAMSON: I appreciate that, but I was under the impression that there were potential orders for large numbers of this type of aircraft.

The CHAIRMAN: Then, Mr. Adamson, just before putting these questions and asking for answers. Do you think it is wise that we should lay the industry open to embarrassment through questions that might be asked here? Is it not possible that something said here might in some way unfairly reflect on that industry unnecessarily? I leave it for you to decide.

Mr. ADAMSON: I trust that nothing said before this committee will in any way prejudice their interests, that is the last thing I would want to do.

The CHAIRMAN: Mr. Adamson, as you know, a great many people read the record of our proceedings here. My only thought was that some of the answers given might do harm to the industry. However, it is a matter which I leave to you.

Mr. ADAMSON: Well, Mr. Chairman, I don't think for a moment that it will hurt the industry.

The CHAIRMAN: All right, go ahead.

The WITNESS: My understanding of the question is that there has been consideration given to the possibility of further development and utilization



of the Avro jet airliner. As far as I know the consideration has not got to the stage of actual ordering, and no doubt further development would be necessary before orders could be placed. The slow-down of development has been dictated on the one side by the urgency of getting on with the CF-100. The whole thing has not been scrapped or abandoned as such, it has been set aside so that priority could be given to the undertaking of further development of the fighter aircraft.

Mr. ADAMSON: That is just exactly the answer I wanted; the jet airliner has not been sufficiently developed to be in the production stage, and that the facilities existing at the A. V. Roe Company were not sufficient to carry on the dual program of the jet airliner and the jet fighter. Is that correct?

The WITNESS: That is correct.

*By Mr. Macdonnell:*

Q. My question is this. If this work has been largely suspended and set aside—the words are different from those Mr. Mackenzie used but their significance is the same—what benefit, if any, will we have got for the expenditure of eight million dollars of public money; and, in asking that question I point out that this has been going on for 5 years; so there has been plenty of time in which to foresee developments. My immediate question is: What benefit will we have got if production is not resumed?—A. We undoubtedly have a very substantial benefit in the existence of the A. V. Roe Company which has been working on the development of and on developing jet engines, and airplanes to be powered by jet engines. However, whether or not this jet airliner ever gets into production, it has meant the building up of an industry which is now getting on with the production of jet fighters and presumably can return to production at some later date if conditions permit the production of civilian jet aircraft.

Q. Then the requirements for both must have been in the minds of those concerned for years. Why do we—I don't know why we should run into this difficulty now.

Mr. GEORGE: Mr. Chairman, apropos of that question, nobody has brought up the thought that things have been changed by the international situation. I would like to ask a question along these lines. If the war had not come on and if there had not been a sudden demand for fighters, would we not have continuer to develop these jet liners?

The WITNESS: I would presume so.

Mr. GEORGE: Is that not the answer?

Mr. STICK: May I interject something?

The CHAIRMAN: Yes, Mr. Stick.

Mr. STICK: Mr. Macdonnell said there was \$8 million of public money.

The WITNESS: \$6 million.

Mr. STICK: Mr. Macdonnell said \$8 million, and I wanted to keep the record straight.

Mr. MACDONNELL: I think Mr. Mackenzie can correct it.

The WITNESS: It is \$6,500,000 of public money up to the end of October 1951, and \$2,300,000—

Mr. MACDONNELL: With the obligation of how much? An additional \$750,000?

The WITNESS: In the estimates of this year an amount of \$1 million has been provided, but that is not an actual commitment.

Mr. STICK: I only raised the question to keep the record straight.



Mr. DREW: Unless this is stopped completely it is to be assumed that the \$750,000 will be used, so it carries the figure to over \$7 million of public money. Is that not right?

Mr. McILRAITH: Before the question is answered, the evidence is that there was an estimate put in for this year. Surely that does not warrant the assumption now, when the evidence has been that the program has been largely set aside, that it is going to be all expended.

The CHAIRMAN: I think we are limited to expenditures or commitments, strictly.

Mr. DREW: The commitment is there up to whatever amount has been allowed—it is going to be used—and Mr. Mackenzie can perhaps answer this, unless it has been practically stopped there are obviously expenditures that are going to call upon the remainder of this estimate?

The WITNESS: Mr. Drew, the \$1 million estimate is an authorization and I pointed out that in the seven months of the year a total of \$275,000 has been spent. I would think it extremely unlikely that the balance would be spent in the remaining five months of the year.

The CHAIRMAN: Gentlemen, we are now reverting back to our original task—

*By Mr. Drew:*

Q. I just want to raise one question and I assure you this will terminate it. You spoke of the value that had been obtained from this expenditure, Mr. Mackenzie, even though work has stopped on the C-102. In doing so, you emphasized the experience and advancement that took place in engine development in this country—development of the jet engine.—A. I mentioned jet engines and airframes to be propelled—

Q. I am pointing out to you that you said a short time ago your understanding was this aircraft was not going to use the engines going to be produced there?—A. If I remember correctly I said the development of jet engines and airframes to be propelled by jet engines—

Q. Then this money had nothing to do with the development of the particular jet engine, if it was not going to be used for that particular aircraft?—A. It was to develop airframes designed to be propelled by jet engines.

Q. Well, Mr. Mackenzie, Mr. Macdonald's question related to the advantage that had been gained by the expenditure of this money. If the airframe has to be obtained, then there must be some other advantages— and you mentioned the advantage of the jet engine?—A. I think I said the department was interested in the development of the over-all problem. I think the two are not unrelated.

The CHAIRMAN: When did the Avro plant establish in Toronto?

The WITNESS: I do not know—after the termination of the last war. It would have been about 1945, or 1946, but I have not the specific date.

Mr. DREW: If nobody objects I can suggest to you, Mr. Mackenzie, that it was in 1946.

Mr. WEAVER: Mr. Chairman, may I ask—

The CHAIRMAN: May I just follow my question for one minute. Have you any idea of the number of people employed there in 1948, 1949, 1950 and 1951?

The WITNESS: I cannot give you any figures offhand on that.

The CHAIRMAN: Now, Mr. Weaver?



Mr. WEAVER: It seems to me that these two aircraft are built to do entirely different jobs, because on the figures Mr. Mackenzie gave, one has very nearly three times the range of the other. In other words, one could fly the Atlantic and the other could not. Am I not correct in that?

The WITNESS: They are entirely different. They are fundamentally designed for different purposes.

The CHAIRMAN: For the moment that brings to a conclusion questions with respect to the two de Havilland aircraft, until such times as you have had an opportunity of reading the record—which will not be soon—perhaps not this session—nevertheless you have the information. Now, we revert back to our previous proceedings and start again with Mr. Drury.

Mr. FULTON: Mr. Chairman, are we not to question Mr. Mackenzie further at this stage on general subjects?

The CHAIRMAN: Not at this stage.

Mr. FULTON: Will he be back?

The CHAIRMAN: Yes.

Mr. WRIGHT: At this session? I have a series of questions that would come within Mr. Mackenzie's jurisdiction. I think they could be put on the record now and be answered later.

The CHAIRMAN: It would not be possible for him to answer questions at the moment.

Mr. WRIGHT: No.

The CHAIRMAN: At a little later stage I will suggest to the committee a method of obtaining answers in the interval.

Mr. WRIGHT: I want them put on the record so the information will be available at a later date, at this session.

The CHAIRMAN: I assure you of an opportunity to do that, Mr. Wright.

Mr. FULTON: At this sittings?

The CHAIRMAN: I do not know.

We now have Mr. Drury.

**Mr. C. M. Drury, Deputy Minister of National Defence, called:**

The CHAIRMAN: It is my purpose, gentlemen, to have questions answered in the order in which they were asked. In this respect we are very fortunate in that we have a copy of each answer for every member of the committee—so they will have it immediately before them. In that way you can proceed and question on the matters now or later.

The first document is in answer to a question asked by the chairman, a list of senior appointments, supplementing Chart 2 tabled on December 4 by Mr. Drury. You have the list before you, with your permission we will table this document.

Mr. CAMPNEY: Would it not be better to have it printed in the proceedings?

The CHAIRMAN: Is it agreed that all these be printed?

Agreed. (See Appendix B).

The second document is in answer to a question asked by Mr. Wright about the defence research board. Shall that be printed in the report?

Agreed.

(See Appendix C).

Next is a table of monthly pay and allowances, asked for by Messrs. Stick and Churchill. We will revert to these documents in a few minutes.

(See Appendix D).



Next is a statement on NATO mutual aid program, asked for by Messrs. Wright, Churchill and Macdonnell.

(See Appendix E).

Next is a statement of estimates, allotments and expenditures, asked for by Mr. Macdonnell.

(See Appendix F).

Next is a cumulative statement of expenditures, forecast and actual, asked for by Mr. Macdonnell.

(See Appendix G).

Next is an analysis of requests for contracts by procurement agency, 1951-52, asked for by Mr. Macdonnell.

(See Appendix H).

Next is a summary of expenditures, 1950-51, etc., asked for by Mr. Macdonnell.

(See Appendix I).

"And then we have a statement covering (1) the cost of training, equipment and maintaining the 25th Canadian Brigade now in Korea; (2) the cost to the RCAF of its participation in the Korea airlift; and (3) the cost to the Navy of its participation in Korea naval operations. This return was asked for by Mr. Macdonnell.

(See Appendix J).

Finally, there is a return on the cost of training, equipment and maintaining the 27th Canadian Infantry Brigade, also asked for by Mr. Macdonnell.

(See Appendix K).

The Department have not yet been able to bring down answers to all questions. There are half a dozen which are being prepared. That will be done as soon as possible.

Just at this stage I appreciate that you cannot digest all this information in a minute; it will take you some time.

Might I suggest that if there are any of you who have questions, you let us have them now. This will not be the last time, but it is an opportunity. You have some questions, Mr. Wright?

Mr. WRIGHT: Yes.

The CHAIRMAN: Have you very many?

Mr. WRIGHT: I have 8 questions, Mr. Chairman.

Mr. BALCOM: Mr. Chairman, should we not have time in which to digest this material? I suggest that we have an adjournment.

The CHAIRMAN: I am trying to use our committee time usefully by asking anyone who has questions to state what they are. That should not take much time. Now, Mr. Wright, before Mr. Drury has something to say on these returns, are there any questions? You have said that you have some?

Mr. WRIGHT: Yes.

The CHAIRMAN: Then let us have them.

*By Mr. Wright:*

Q. They have to do with Canadair. My questions are as follows:

#### DEFENCE CONTRACTS

1. (a) How many contracts has the government (including all government departments as well as crown companies) awarded to Canadair?
- (b) What product, products and or services was each contract for and what is the amount of each such contract?



2. (a) What is the total cost to the government of each of the F-86 planes (including air frames, engines, radio, armaments and other special equipment) now being built by Canadair?
  - (b) What was the total cost to the government of each of the thirty F-86 planes (including air frames, engines, radio, armament and special equipment) built in California?
3. (a) Is any of the sub-contracting for any of the parts or equipment of the F-86 awarded by the government or any crown company rather than by Canadair?
  - (b) If so, what parts are involved, to whom have such contracts been awarded and what is the amount of each?
4. (a) Does the federal government or any crown company pay for the GE-J-47 engines used in the F-86 planes being built for the government by Canadair?
  - (b) What is the price of each of the engines used in the F-86?
  - (c) What is the total amount spent for these engines in the period under review?
  - (d) From whom are they purchased?
5. (a) Have any advances been made to Canadair for capital expenditures for production and supply of aircraft during the fiscal year under review?
  - (b) If so, how much?
  - (c) How much has been cleared on advances made during the previous year?
  - (d) What was the nature of capital expenditures for which this money was spent?
6. (a) Does Canadair Limited have an agreement with the government for the use of Cartierville Airport?
  - (b) What are the terms of this agreement?
  - (c) How much does Canadair pay for the use of this airport?
  - (d) Is the airport used by any other company or by any government department?
7. (a) Is Canadair producing F-86 planes or parts thereof for any other country or countries?
  - (b) If so, what countries?
8. (a) Does the government or any crown agency own any shares in either the Electric Boat Corporation, or in Canadair Limited?

These are the questions I am asking, Mr. Chairman.

The CHAIRMAN: You will not feel angry, Mr. Wright, if you do not get quick answers to your questions?

Mr. WRIGHT: I did not expect an answer today.

The CHAIRMAN: I said "quick" answers.

Mr. STICK: Make it an order for return, Mr. Chairman.

The CHAIRMAN: Are there any other questions?

Mr. GAUTHIER: Why not put them in book form?

Mr. ADAMSON: Mr. Chairman, I suggest that the capital set-up of Canadair might well go into the record after those questions, because they are all along the same line.

The CHAIRMAN: Mr. Drury may have some comments to make on these returns which are now before you all.

The WITNESS: I think it might be helpful to say a word or two by way of explanation of some of these documents which may help the members of the committee, if I may use the term, to "digest" them.



First, the list of members of the Defence Research Board and the number of officers at National Defence headquarters I do not think need any explanation.

*By Mr. Cavers:*

Q. I notice that the chairman of the chiefs of staff is Lieutenant General C. Foulkes. How many members are on the committee of the chiefs of staff?—

A. The chiefs of staff committee is composed of the chairman, the chief of the naval staff, the chief of the general staff, and the chief of the air staff; also, the chairman of the Defence Research Board.

Q. Thank you, very much.—A. And as I pointed out last meeting, there are other people normally in attendance.

Now, will the members please turn to the “table of monthly pay and allowances for the armed forces”. You will see that the ranks are shown for each of the 3 services and it will be noted that the basic pay arrangements are the same for each of the equivalent ranks in each of the 3 services. The ranks are set forward to show the parallel names given to the ranks in the army, navy and air force.

*By Mr. Stick:*

Q. I understand that the rank of lieutenant general and vice admiral come under different categories, do they not?—A. There is no provision in the pay regulations for the pay of a lieutenant general. We only have 2, and they are provided for by a special order in council for each of them.

Q. That is what I mean. And that is why it is not here?—A. That is right.

The next document is the “NATO-Mutual Aid Program”. The initials NATO stand for North Atlantic Treaty Organization. This is a summary of the transactions since the beginning of the mutual aid program in the fiscal year 1950-51 which were brought about by a special appropriation of \$300 million. The original \$300 million appropriation was supplemented by a further appropriation this current fiscal year to bring the total appropriation for mutual aid to \$361,383,108 in cash expenditures in the 2 fiscal years in question, and authority to commit against the future year’s appropriations of \$29,720,000.

Mr. MACDOUGALL: Well, while we are on that table, Mr. Chairman, might I ask under the heading of “Armament and Ammunition, offered but not allocated” this question: Am I right in inferring that the various items under that table have been offered to NATO but have not been either accepted or allocated?

The WITNESS: That is correct. The standing group has been notified.

The CHAIRMAN: Will you explain “standing group”?

The WITNESS: The standing group is the military body of NATO which coordinates military activities on behalf of the council. It is composed of representatives of the United States, the United Kingdom, and France. The standing group is the central military coordinating agency of NATO. It is the body to whom we advise the availabilities of this equipment with the dates on which they will be ready for release; and the standing group, after considering the military requirements for equipment of the North Atlantic Treaty countries, recommends to the Canadian government the allocation of this equipment to various of the NATO countries.

Mr. GEORGE: Who is the chairman of that NATO board?



The WITNESS: I think it is General Bradley of the United States forces; the chairman of the United States joint chiefs of staff.

Mr. ADAMSON: How many members comprise that group?

The WITNESS: You mean the standing group?

Mr. ADAMSON: Yes.

The WITNESS: Three.

Mr. ADAMSON: Do you know the other two?

The WITNESS: I think they are Air Chief Marshall Slessor for the United Kingdom and General of the Air Force Leclerc for France. Their representation in Washington are Vice Admiral Gerauld Wright of the United States, Air Chief Marshall Sir William Elliot of the United Kingdom, and Lt. Gen. Paul Ely of France.

*By Mr. Harkness:*

Q. In connection with ammunition for the Netherlands, the figure of \$56,750,000 was the value placed on that equipment by the Department of National Defence. Is that correct?—A. That is correct.

Q. And when that equipment was turned over, that amount of money was to be put into a special fund which would be available to the Department of National Defence with which to buy new equipment?—A. That is correct.

Q. And for all these sums we show a total of \$220 million odd. Has that amount been placed in this special fund?—A. No. The amount shown is under the heading "committed" in the second series of columns as against the appropriated amount. Oh, excuse me, under the heading "expended to date"; the final column shows the total amount transferred into the special account, namely, \$220 million odd.

Q. That has all been put into this special account? Is that correct?

The WITNESS: My attention has been drawn to the question of "Air crew training". The sums for that item do not go into the special account.

*By Mr. Harkness:*

Q. You mean the \$40,600,000 odd?—A. No. I mean the \$2,628,000, and the \$22 million odd.

Q. \$24 million altogether, \$24,600,000?—A. That is correct.

Q. And that has not gone into the special account?—A. Further a transfer of equipment from new production does not go into the special account.

Q. The total amount in it is \$195,417,000?—A. That is the total amount that has been transferred into the special account.

Q. What expenditures, if any, have been made out of this special account?—A. I have some figures on that.

Q. Perhaps we might have a return on that. I would like the return to be similar to that showing the amount spent out of this special account and what has been referred to with it.—A. I have the figures here, although I have not got 30 odd copies of it.

The CHAIRMAN: Very well. Read them into the record.

The WITNESS: In 1950-51 there was expended out of this special account for replacement equipment \$19,885,625; this was for armament and ammunition.

In the first months of the current fiscal year up to the 31st of October, there was expended a total of \$73,549,381, of which \$18,959,295 was for armament and ammunition to supplement that spent in the previous fiscal year in replacement of equipment transferred to the Netherlands. Accompanying that was a small expenditure of \$8,546 for tools, publications, and tool sets in respect of the same equipment. In replacement of equipment sent to Belgium



in the current fiscal year, and out of this same total we have expended \$11,368,645 for ammunitions, and \$2,919,360 for armament equipment; \$19,116,021 for tanks and armoured fighting vehicles, and \$310,000 for tools and tool kits. And then against the other replacement items shown in the Mutual Aid Program list, we have expended \$2,479,153 for ammunition, and \$18,388,361 for armament.

Mr. DREW: What does that include?

The WITNESS: Guns and rifles, army armament, small arms and guns.

Mr. ADAMSON: Have you the totals there?

The WITNESS: The totals I gave initially; for the last fiscal year, \$19,885,625, and the total to date for this year, \$73,549,381.

Mr. MACDOUGALL: Have you the figures for the unexpired portion of this year—I mean, what is still left unexpended?

The WITNESS: I have not worked out the arithmetic, but what was left unspent is the difference between \$195,417,215 and \$93,435,006.

The CHAIRMAN: \$102,000,000 approximately.

The WITNESS: The items shown as transfer from existing stocks are those being, from time to time, announced as having been transferred. As I mentioned before, the armament and ammunition offered but not allocated means notified to the standing group as becoming available from time to time in accordance with the general policy to transfer this equipment to the North Atlantic Treaty Organization, and a request made for the recommendations of the standing group as to the countries or country to which the equipment should be allocated.

The aircrew training—again the recommendations of the standing group as to the allocation of vacancies to various countries desiring or needing air crew training in this country are sought and so far have been accepted. The costs of this air crew training include everything except the pay and allowance of the NATO trainees. The transfer of equipment from new production—

Mr. WRIGHT: Could you give us the numbers who are in training or trained?

The WITNESS: I have some information on that if desired. Graduated: trained for the R.A.F., 25 pilots to date—the R.A.F. of the United Kingdom; Belgium, 10 pilots and 4 navigators; Holland, 8 pilots; France, 24 pilots and 20 navigators; Norway, 10 pilots and 5 navigators; Italy, 9 pilots and 8 navigators; for a total of 86 pilots and 37 navigators, or 123 in all.

*By Mr. Stick:*

Q. What is that figure for Italy again?—A. 9 pilots and 8 navigators.

Q. And Holland?—A. The Netherlands, 8 pilots.

Q. And Belgium?—A. 10 pilots and 4 navigators.

Q. Thank you.—A. Under training now for the United Kingdom, 199 pilots and 232 navigators.

Mr. MACDOUGALL: What was that figure again?

The WITNESS: Under training now for the United Kingdom, 199 pilots and 232 navigators; for Belgium, 15 pilots and 10 navigators; for France, 26 pilots; The Netherlands, 3 pilots; Norway, 4 pilots; Italy, 15 navigators; for a total of 247 pilots and 257 navigators. In summary, that is a total of 123 graduated and 504 currently under training.

The transfer of equipment from new production shows the details of the allocation of 300 anti-aircraft No. 4 Mark VI radar sets. The allocation of these 300 sets again is on the recommendation of the standing group as to the countries which should receive them. The funds are paid direct from the appropriation to the Department of Defence Production, which in turn disburses to the manufacturer, in this case Canadian Arsenals Limited.



Mr. McCUSKER: How do you take care of the capital cost involved in providing equipment to manufacturers?

The WITNESS: In order to undertake the manufacture of these radar sets, it was necessary for certain additional tooling and facilities to be provided. The Department of Defence Production have two ways in which they can do this: either allow the user to finance the capital assistance himself and charge back the costs of this additional facility into the cost price of the article, or provide capital assets which, generally speaking, remain in the ownership of the crown but are allowed to be used by the producer. In this case, and Mr. Mackenzie will correct me if I am wrong, these assets were purchased out of the \$2,500,000 and remain in the ownership of the crown.

*By Mr. Stick:*

Q. You charge them higher? The manufacturer is using equipment on which the government has put up the money to purchase. Do you charge him higher for depreciation or anything like that?—A. That is a matter of Defence Production Department procedure, but, as I understand it, if equipment provided is to be used exclusively, as in this case, exclusively for items being manufactured for the government, there is no purpose in charging them higher for it, as they will merely charge it back again on the cost of the item.

Q. I understand if he uses his own equipment he charges the government higher?—A. If he uses his own equipment then the cost of this equipment is paid by him; but however he charges for the use of it, it is in the unit cost of the article. I think Mr. Mackenzie if one would refer to his statement the other day, dealt with this at some length.

The CHAIRMAN: The difficulty is we have not had the printed record yet.

*By Mr. Harkness:*

Q. Mr. Chairman, I would like to ask if there is any difference in the procedure of making payments out of this special fund as compared with ordinary payments, and particularly what limitations there are in regard to what that special fund can be used to purchase.—A. The procedure for making payments out of the special fund is virtually the same as for payments out of the regular appropriation. If it is desired to acquire an article using the special fund rather than the straight appropriation, a request is made of the Department of Defence Production to procure it, and so far as they are concerned it is treated in exactly the same way as any other request. The authorization of the Minister of National Defence in the requisite case is needed, an order in council in the requisite case is obtained, and there is the same procedure in respect to delivery, inspection and payment.

Q. Is there any limitation on what can be purchased out of this fund, or can it be used for any purpose the National Defence Department desires?—A. The purposes for which it can be used are laid down in the terms of the original appropriation—it is to be used for the procurement of equipment of the Canadian forces subject to the approval of the Governor in Council.

The CHAIRMAN: You will notice it is very limited, Mr. Harkness.

Mr. HARKNESS: That is what I was trying to get at, how limited it was.

*By Mr. Harkness:*

Q. Now, if you have not enough money in your appropriation to buy guns, then you can take money out of this special fund to buy them?—A. I would rather put it this way, that if there is not sufficient money in the special fund to meet the cost of the guns, then we would have to endeavour to have this amount supplemented by an appropriation.



Q. What that amounts to is that up to date all your purchases on guns or armament come out of this special fund, is that correct?—A. Not all, Mr. Harkness.

Q. You still have \$100,000,000 of that left, approximately?

Mr. MACDOUGALL: \$102,000,000.

The WITNESS: We have against the appropriation of the special fund, \$272,000,000, already committed \$206,698,176.

*By Mr. Harkness:*

Q. You have let contracts to that amount, is that what you mean?—A. No, unfortunately. This statement represents the encumbrance, the encumbrance of funds by the Department of National Defence, and the funds are encumbered or entailed when we send over a requisition carrying a certification that funds are available to the Department of Defence Production. There obviously will be a lag between the time we encumber the funds and send over the requisition to the Department of Defence Production and such time as the Canadian government places the order.

Q. What that means is this, when you will have expended in cash approximately \$93,000,000, you will have left in that fund \$102,000,000 approximately, and you have made commitments against that of another \$140,000,000 or so.—A. We have encumbered these funds to the extent of \$206.7 million. Against those encumbrances we have expended in cash \$93,435,006.

Mr. STICK: It is 1 o'clock, Mr. Chairman. I move we adjourn.

The WITNESS: That represents the rate at which deliveries are being made against these demands.

*By Mr. Harkness:*

Q. In other words, then, as far as your commitment is concerned it is almost finished and you will have to draw on your other appropriation to make up the balance?—A. No, as I pointed out, against the appropriation of \$272,000,000 we have specifically committed approximately \$207,000,000.

Q. The total amount of your fund is only \$195,000,000 to begin with, and you have to draw on your regular appropriation to have equipment and ammunition.—A. Well, in general, I would agree with your statement that we are having to draw on our regular appropriations to purchase armament and ammunition. That is correct.

The CHAIRMAN: Gentlemen, it is 1 o'clock. Just for your information, I suggest that before the next meeting you give some consideration and thought to the questions and the kind of information that you would want from the governmental officials and have them ready at the next meeting so that you can put them on record and give them an opportunity to present them to you at the proper time.

Mr. DREW: Of course I would remind you, Mr. Chairman, that we have already indicated what we are anxious to get is the answers to the questions in regard to weapons of various kinds.

The CHAIRMAN: Mr. Drew, that is not just as easy as I thought it would be. That is being worked on at the moment in the Department of Defence Production. Then it has to be sent to the Department of Defence. Then it will be considered and released to the committee. That all takes quite some time.

Mr. DREW: Mr. Chairman, Mr. Drury could tell us right now what rifles are on order, what machine guns are on order, what bazookas are on order; without all this difficulty. I cannot believe that the Department of National Defence has its records in such a state that they cannot tell any given day exactly what they have and what they have on order.



The CHAIRMAN: Mr. Drew, they can answer that question in a second—

Mr. DREW: That is what I thought, in about a second.

The CHAIRMAN: —except that they require security clearance before these questions are answered. They are now endeavouring to obtain that; and you know, as well as I do, that obtaining clearance takes time, all this material has to be looked at and reviewed from that standpoint before they can bring it down here.

Mr. DREW: You mean clearance on security grounds?

The CHAIRMAN: Quite.

Mr. DREW: There does not seem to be any reason why clearance should not have been given by this time; the items have been before the committee for some time now.

The CHAIRMAN: Since when?

Mr. DREW: Since last week, Thursday, I believe.

The CHAIRMAN: Well, all this entails a considerable amount of work. I may tell you, and the committee, that the Departmental staff worked until 12.30 o'clock last night collecting this information in form to make it available to the committee. I think they did very well.

Mr. DREW: I am raising the issue of answers to questions about the types of weapons that we have for our land, sea and air forces; and, after all, it is weapons that build real defence, with trained men behind them. We have received some general figures which are very important, but, nevertheless, that is where defence lies, in view of the very serious situation we face, and in the eventuality that we may have to fight. As you just said, they could give us those answers in a second with regard to initial production. On this matter of security clearance I appreciate, as you have said, that it is a different group of people who pass on, who decide, whether there is any measure of security involved. As I see it, that should not be very difficult to decide, particularly in view of the fact, as you pointed out, that while it involved the staff working until 12.30 o'clock last night, the material was ready for review from that standpoint then.

The CHAIRMAN: That is exactly what I said: one group of people prepared the material and it is now in the other department, the Department of Defence, for the purpose of security clearance. As soon as it is cleared it will be brought to this committee.

This committee stands adjourned until 11.00 o'clock on Thursday next.

Mr. DREW: Just before you leave the chair, I suggest that we meet at 11.00 o'clock tomorrow.

The CHAIRMAN: We stand adjourned until 11.00 o'clock Thursday morning.

Mr. DREW: Well, Mr. Chairman, I do not want to do any more than present the simple fact that if this committee adjourns until Thursday it means that this committee is not going to get any information before this session ends that is of real value in determining what our expenditures are and what our effective defence position is. I think that we should have some reason before we are told at a time when at any rate the session is coming to a close or may even terminate this week, that we are not going to meet until Thursday. I have heard no suggestion of any reason why we should not meet at 11:00 o'clock tomorrow.

Mr. McILRAITH: May I say something about that? I object to Mr. Drew's statement about our not getting more work done and about there being no



information available for this committee. Surely, information such as we have had brought forward this morning is of real value. Does he suggest that such information is of no worth at all?

Mr. DREW: I said nothing of the kind. Mr. Drury can tell us right now what rifles are on order, what machine guns are on order, and what bazookas are on order, without all this difficulty? I cannot believe that the Department of National Defence has its records in such a state that they cannot tell on any day exactly what they have on order.

The CHAIRMAN: They could answer that question in a second.

Mr. DREW: That is what I thought.

The CHAIRMAN: Except they require certain clearances before these questions are answered. They are now endeavouring to obtain those—and you know the clearances as well as I do—and until such times as they obtain security clearances—

Mr. DREW: There would not seem to be any reason why the clearances could not be granted. This came before the committee—

The CHAIRMAN: Yes, last week, but all this required a considerable amount of work. The Department worked on this until 12.30 last night, in order to bring in this essential material.

Mr. DREW: I am raising a question in regard to answers to questions about the types of weapons that we have for our land, sea, and air forces. After all, it is weapons that mean real defence, and trained men behind them—not simply general figures. Figures are very important but, nevertheless, this is where defence lies or, in the event of a more serious situation, where the ability to fight lies. As you have just said they could give the answer to any of those questions subject to the one question of whether there is security involved. It is a different group of people which will decide whether there are any security measures which apply—different from those who perhaps had to work until 12.30 last night.

The CHAIRMAN: That is exactly the situation. One set of people had to prepare the information. It is now with the Department of Defence for the purpose of security clearance. As soon as it has been cleared we will have it. That is why I intend to have this committee adjourn now until Thursday.

Mr. DREW: Mr. Chairman, I do not want to do any more than simply present the fact that if this committee adjourns now until Thursday it means that the committee is not going to get any information before this session ends.

Mr. MACDONNELL: May I ask a question following that by Mr. Drew. Why can we not meet tomorrow? You are disposing of the matter by saying that it is because the information cannot be prepared.

The CHAIRMAN: It takes some time for us to digest this information, to ask questions intelligently, and the department requires some time to prepare the information. To me, those seem to be two very good reasons.

Mr. MACDONNELL: The only reason you gave two or three minutes ago was the reason of security and that, surely, does not take a very long time.

The CHAIRMAN: I said that was one of the reasons. The information had to be collected in one department, and sent over to be cleared in another department. One of the matters which have to be cleared will be security and that is not done in the snap of a finger. It is very important.

Mr. MACDONNELL: Will you bear in mind that on Wednesday we begin sitting at 11?

The CHAIRMAN: I realize that on Wednesday we sit at 11, and that we will probably close on Friday. That is why I have encouraged this committee to ask for information. I had this in mind: A great deal of information this committee requires cannot be answered at this session. Whatever



is left over will be brought forward in the interval so that when this committee, or a similar committee, meets again in the early part of next session the information will be available for the record. We can then proceed more quickly and effectively. I think if we accomplish that we have accomplished much.

Mr. HARKNESS: Mr. Chairman, I think you are maligning the intelligence of this committee when you say that we cannot meet tomorrow and ask intelligent questions.

The CHAIRMAN: I take that back, Mr. Harkness.

Mr. DREW: Mr. Chairman, I am only going to repeat this. There is no difference between now and tomorrow morning. The whole matter of the ultimate decision on security must be a government decision. There is no difference between now and tomorrow morning with the department, and there are no questions in terms of security in relation to weapons. I will point this out—that it is very strange that we cannot get information which has been given in a very detailed form in the past few days by both the United States and Great Britain.

The CHAIRMAN: Mr. Drew, we must each understand from the very beginning that no one has been refused a tittle of information in this committee. Nothing you have asked for has been refused.

Mr. MACDONNELL: No one is suggesting that.

Mr. DREW: I am asking why we cannot meet tomorrow.

The CHAIRMAN: The main point we are concerned with is obtaining information and it is the hope of every member of this committee that every bit of information be brought forward. Because we cannot bring it forward as quickly as we would want, or as you would want it, it is not possible to meet until later in the week.

Mr. DREW: Let us dispose of this. In your own words you said that questions with regard to weapons could be answered in one second. Those were your words. You said that what prevented an answer was clearance with regard to security, and there is no possible doubt but that between now and tomorrow morning, if that decision has not already been given—clearance on security in regard to the weapons referred to can be given. There undoubtedly may be certain secret weapons but that is known, we are referring to records which are kept to the extent that an ordinary answer can be given in one second. That I think is the most vital information, because what we are doing or preparing to do here is to consider the defence of this country, or we are preparing to meet the threat of something more than defence.

The CHAIRMAN: I am anxious that every bit of that information be brought forward, so for that reason I assure you that it is not possible to do it in so quick a time. It will take a few days in order to reach a conclusion under which I hope it will be possible to give the widest possible information. I do not know what that conclusion may be, but it is important enough so that we should leave it for the next meeting of the committee.

Mr. DREW: Then I move that this committee adjourn to meet again at 11.00 tomorrow morning.

The CHAIRMAN: You have heard the motion. It is moved by Mr. Drew and seconded by Mr. Macdonnell that the committee adjourn to meet again tomorrow morning at 11.00 o'clock. All those in favour? All those against? The motion is lost.

Mr. DREW: I ask that the vote be recorded, Mr. Chairman.



The CHAIRMAN: Very well. All those in favour of Mr. Drew's motion will say "aye".

Mr. STICK: Mr. Chairman, in a committee the other day I asked for the vote to be recorded and they told me it could not be done unless I had made the request before the vote was taken.

The CHAIRMAN: I think you are right, Mr. Stick, and once the vote is taken, it is too late to ask to have a recorded vote. You should I believe, ask for it before the vote is taken.

The meeting adjourned.



## APPENDIX A

P.C. 6171

## COMPOSITION OF TREASURY BOARD

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 21st December, 1950.

The Committee of the Privy Council, on the recommendation of the Right Honourable Louis S. St-Laurent, the Prime Minister, advise:

1. That the following members of the King's Privy Council for Canada—

The Right Honourable J. G. Gardiner  
The Honourable Alphonse Fournier  
The Honourable J. J. McCann  
The Honourable M. F. Gregg  
The Honourable S. S. Garson

do, with the Minister of Finance, constitute the Treasury Board, in accordance with the terms of the Department of Finance and Treasury Board Act, Chapter 71 of the Revised Statutes of Canada, 1927:

2. That the following members of the King's Privy Council for Canada be designated as substitute members of the Treasury Board:

The Honourable Brooke Claxton  
The Honourable Lionel Chevrier  
The Honourable R. W. Mayhew  
The Honourable Hugues Lapointe  
The Honourable Walter Harris

3. That the presence of three members of the said Treasury Board do constitute a quorum thereof.

A. M. HILL,  
*Assistant Clerk of the Privy Council.*



## APPENDIX B

DEPARTMENT OF NATIONAL DEFENCE  
(To be read in connection with Chart No. 2,  
Tabled December 4)

Date: December 10, 1951.

Requested by Mr. Croll.

APPOINTMENTS OF SENIOR OFFICERS AT NATIONAL  
DEFENCE HEADQUARTERS, OTTAWA

I. MINISTER'S OFFICE

Minister ..... Hon. Brooke Claxton, DCM, KC, BCL,  
LLD, MP  
Parliamentary Assistants ..... Mr. J. A. Blanchette, M.P.  
| Mr. R. O. Campney, M.P.

II. DEPUTY MINISTER'S OFFICE

Deputy Minister ..... Mr. C. M. Drury, CM, CBE, DSO  
Assistant Deputy Minister ..... Mr. E. B. Armstrong  
(Finance)  
Real Estate Advisor ..... Mr. B. B. Campbell, OBE, ED  
Assistant Deputy Minister ..... Mr. L. M. Chesley  
(Requirements)  
Judge Advocate General ..... Brigadier W. J. Lawson, EM  
Director of Public Relations ..... Mr. W. H. Dumsday  
Chief Secretary ..... vacant  
Inspection Services ..... Mr. P. Conroy, OBE, MC  
Assistant Deputy Minister ..... Mr. J. A. Sharpe, OBE  
(Admin. & Personnel)

III. CHAIRMAN, CHIEFS OF STAFF

Chairman, Chiefs of Staff ..... Lt. Gen. C. Foulkes, CB, CBE, DSO, CD

IV. NAVY

Chief of Naval Staff ..... Vice Admiral E. R. Mainguy, OBE, CD  
Vice Chief of Naval Staff ..... Rear Admiral H. G. De Wolf, CBE,  
DSO, DSC  
Chief of Naval Technical Services .... Rear Admiral (E) J. G. Knowlton, OBE  
Chief of Naval Personnel ..... Commodore J. C. Hibbard, DSC  
Assistant Chief of Naval Staff (Plans) . vacant  
Assistant Chief of Naval Staff (Air) .. Commodore C. L. Keighly-Peach, DSO,  
| OBE, RN

V. ARMY

Chief of the General Staff ..... Lt. Gen. G. G. Simonds, CB, CBE,  
DSO, CD  
Vice Chief of the General Staff ..... Major General H. A. Sparling, CBE,  
DSO, CD  
Adjutant General ..... Major General W. H. S. Macklin, CBE  
Quartermaster General ..... Major General S. F. Clark, CBE, CD



## VI. AIR FORCE

Chief of the Air Staff .....	Air Marshal W. A. Curtis, CB, CBE, DSC, ED
Vice Chief of the Air Staff .....	Air Vice Marshal F. R. Miller, CBE, CD
Air Member for Personnel .....	Air Vice Marshal F. G. Wait, CBE, CD
Air Member for Technical Services ..	Air Vice Marshal D. M. Smith, CBE, CD

## VII. DEFENCE RESEARCH BOARD

Chairman .....	Dr. O. M. Solandt, OBE, MD, MRCP, FRSC
Chief of Administration .....	Mr. G. W. Dunn, C. A.
Chief of Division A .....	Dr. G. S. Field, MBE, DSC, FRSC, FASA
Chief of Division B .....	Dr. J. J. Green, MBE, BSc, PhD, FRAe.S, FIAS
Chief of Division C .....	Col. G. M. Carrie, OBE, ED, BSc, MEIC.



## APPENDIX C

## DEPARTMENT OF NATIONAL DEFENCE

Date: December 10, 1951

*Requested by Mr. Wright.*

## MEMBERSHIP OF THE DEFENCE RESEARCH BOARD

*Chairman (full-time)*

Omond McKillop Solandt, O.B.E., M.A., M.D., D.Sc., M.R.C.P., F.R.S.C.

*Vice-Chairman (full-time)*

Emlyn Llewelyn Davies, O.B.E., M.Sc.

*Members ex-officio*

The Chief of the Naval Staff—Vice Admiral E. R. Mainguy, O.B.E., C.D.

The Chief of the General Staff—Lieut. General G. G. Simonds, C.B., C.B.E., D.S.O., C.D.

The Chief of the Air Staff—Air Marshal W. A. Curtis, C.B., C.B.E., D.S.C., E.D.

The Deputy Minister of National Defence—C.M. Drury, Esq., C.B.E., D.S.O.

The President of the National Research Council—C. J. Mackenzie, C.M.G., M.C., B.E., M.C.E., D. Eng., D. Sc., L.L.D., F.R.S.C., F.R.S

*Members by appointment (for terms of three years)*

R. F. Farquharson, M.B.E., M.B., D.Sc., F.P.C.P.(C)., Professor and Head of the Department of Medicine, University of Toronto, Toronto, Ontario. (term expires March 31, 1952)

H. Greville Smith, C.B.E., M.A., President, Canadian Industries Ltd., Montreal, P.Q. (terms expires March 31, 1952)

A. E. Cameron, M.Sc., D.Sc., President, Nova Scotia Technical College, Halifax, N.S. (term expires March 31, 1953)

Brigadier F. C. Wallace, D.S.O., M.C., Executive Vice-President Smith and Stone Ltd., Georgetown, Ont. (term expires March 31, 1953)

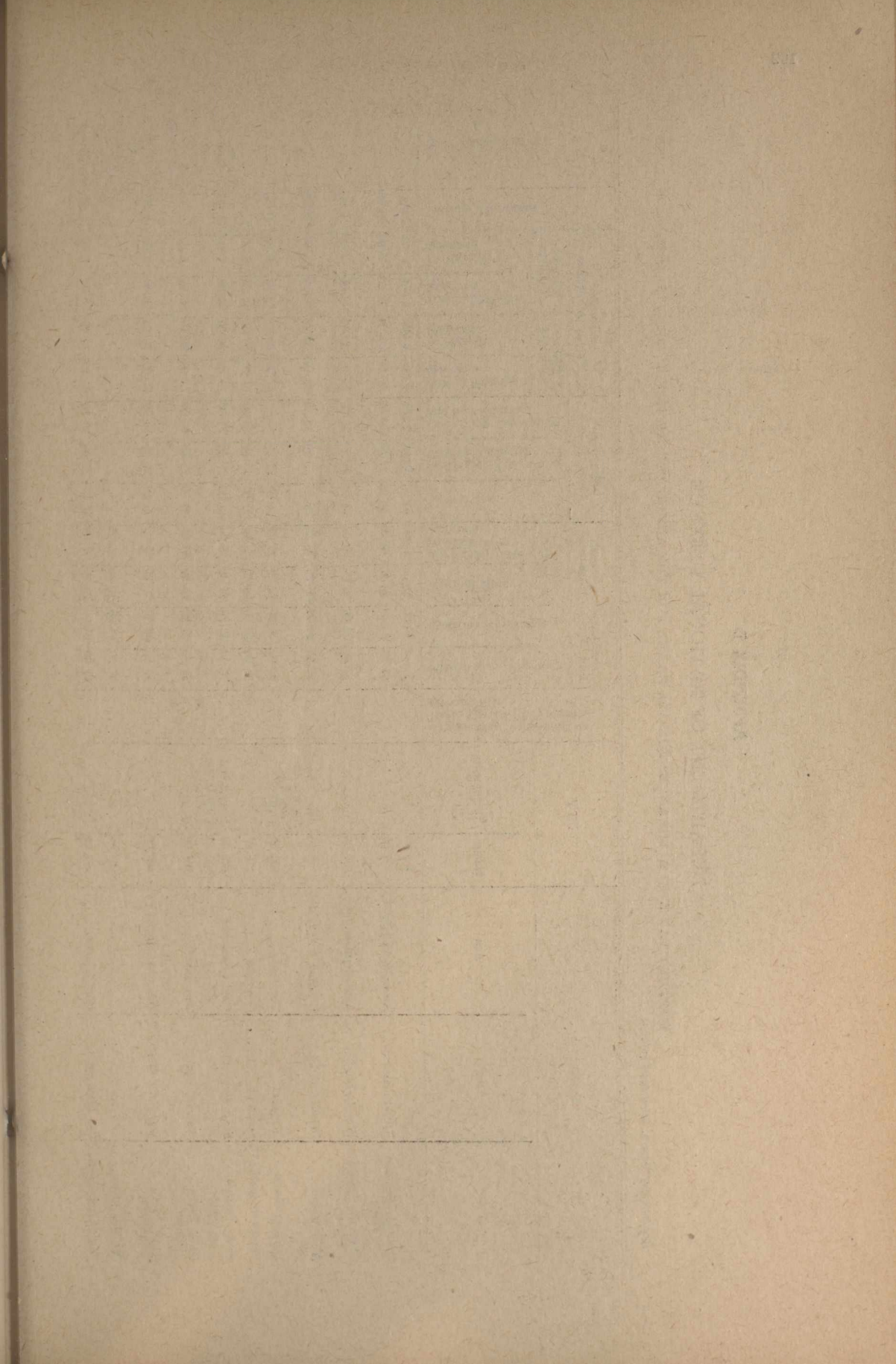
A. R. Gordon, O.B.E., M.A., Ph.D., F.R.S.C., Professor and Head of the Department of Chemistry, University of Toronto, Toronto, Ontario. (term expires March 31, 1954)

G. M. Shrum, O.B.E., M.M., M.A., Ph.D., F.R.S.C., Professor and Head of the Department of Physics, University of British Columbia, Vancouver, B.C. (term expires March 31, 1954)

*Secretary*

W. H. Barton, B.A.







APPENDIX D

DEPARTMENT OF NATIONAL DEFENCE

MONTHLY PAY AND ALLOWANCES FOR ALL RANKS FOR THE ARMED FORCES, NOV. 30, 1951

Date: December 10, 1951.

Requested by Messrs. Stick and Churchill.

RANK			PAY		Trades Pay Additional to Basic Pay and Increments-Group Rate	Subsistence, Quarters and Ration Allowances				Marriage Allowance			Separated Family Allowance				Foreign Allowance	Risk Allowance
NAVY	ARMY	AIR	Basic	Increments		Subsistence Allowance	Quarters Allowance	Ration Allowance		Living Out	Occupying Temporary Married Quarters	Occupying Permanent Married Quarters	With Children		Without Children			
								Normal Rate	Maximum Rate on Minister's Approval				Not in Married Quarters	In Married Quarters	Not in Married Quarters	In Married Quarters		
Ordinary Seaman on Entry.	Private Recruit....	Aircraftsman 2nd Cl	\$ 79 00			57 00	24 00	20 00	45 00	30 00	27 50	20 00	57 00	20 00	42 00	5 00	9 00	
Ordinary Seaman Trained.	Private 2nd Cl....	Aircraftsman 1st Cl.	83 00			57 00	24 00	20 00	45 00	30 00	27 50	20 00	57 00	20 00	42 00	5 00	9 00	
Able Seaman.....	Private 1st Cl....	Leading Aircraftsman.	90 00	After 3 and 6 yrs in the rank add \$3.00		57 00	24 00	20 00	45 00	30 00	27 50	20 00	57 00	20 00	42 00	5 00	9 00	
Leading Seaman...	Corporal.....	Corporal.....	103 00		I 4	57 00	24 00	20 00	45 00	30 00	27 50	20 00	57 00	20 00	42 00	5 00	9 00	
Petty Officer 2nd Cl	Sergeant.....	Sergeant.....	119 00		II 12	67 00	30 00	20 00	45 00	30 00	27 50	20 00	67 00	20 00	52 00	5 00	12 00	
Petty Officer 1st Class.	Staff Sergeant.....	Flight Sergeant.....	139 00	After 3 and 6 yrs in the rank add \$5.00	III 20	75 00	35 00	20 00	45 00	30 00	27 50	20 00	75 00	20 00	60 00	5 00	15 00	While undergoing Flying Parachutist and Submarine Training or while filling an appointment requiring active and continuous engagement
Chief Petty Officer 2.	Warrant Officer 2...	Warrant Officer Cl 2.	161 00		IV 28	75 00	35 00	20 00	45 00	30 00	27 50	20 00	75 00	20 00	60 00	5 00	15 00	
Chief Petty Officer 1.	Warrant Officer 1...	Warrant Officer Cl 1.	180 00			85 00	40 00	20 00	45 00	30 00	27 50	20 00	85 00	20 00	70 00	5 00	16 50	
Midshipman.....			97 00			57 00	24 00	20 00	45 00								13 50	
Acting Sub-Lieut....	2nd Lieutenant.....	Pilot Officer.....	162 00			61 00	25 00	20 00	45 00	40 00	37 50	30 00	61 00	20 00	46 00	5 00	13 50	



Sub Lieutenant.....	Lieutenant.....	Flying Officer.....	195 00	After 3 and 6 yrs in the rank and in the case of Flt/Lts after 9 yrs in their rank add \$15.00	79 00	43 00	20 00	45 00	40 00	37 50	30 00	79 00	20 00	64 00	5 00	16 50	in flying, duties parachute jumping or while appointed to serve in a submarine \$30.00 per month.
Commissioned Officer.....			234 00		79 00	43 00	20 00	45 00	40 00	37 50	30 00	79 00	20 00	64 00	5 00	18 00	
Lieutenant.....	Captain.....	Flight Lieutenant...	234 00		79 00	43 00	20 00	45 00	40 00	37 50	30 00	79 00	20 00	64 00	5 00	18 00	
Lt Commander.....	Major.....	Squadron Leader...	312 00		98 00	53 00	20 00	45 00	40 00	37 50	30 00	98 00	20 00	83 00	5 00	24 00	
Commander.....	Lt-Colonel.....	Wing Commander...	367 00	After 3 and 6 yrs in the rank add \$25.00	108 00	58 00	20 00	45 00	40 00	37 50	30 00	108 00	20 00	93 00	5 00	27 00	
Captain.....	Colonel.....	Group Captain.....	517 00	After 3 and 6 yrs in the rank add \$35.00	119 00	64 00	20 00	45 00	40 00	37 50	30 00	119 00	20 00	104 00	5 00	37 50	
Commodore.....	Brigadier.....	Air Commodore.....	689 00		128 00	68 00	20 00	45 00	40 00	37 50	30 00	128 00	20 00	113 00	5 00	49 50	
Rear Admiral.....	Major General.....	Air Vice Marshal...	786 00		135 00	70 00	20 00	45 00	40 00	37 50	30 00	135 00	20 00	120 00	5 00	55 50	



APPENDIX E

DEPARTMENT OF NATIONAL DEFENCE

NATO—MUTUAL AID PROGRAMME

Requested by Messrs. Wright, Churchill and Macdonnell

(1950-51 and 1951-52)

Date: December 10, 1951.

	Appropriation		Committed		Expended to date
	Cash	Future Years	Cash	Future Years	
	\$	\$	\$	\$	\$
<b>Transfer from existing stocks</b>					
1950-51 Armament and Ammunition for 1 Division to Netherlands.....	56,750,000		56,750,000		56,750,000
Armament and Ammunition for 1 Division to Belgium.....	56,750,000		56,750,000		56,750,000
Armament and Ammunition for 1 Division to Italy (Minor substitutes)	50,000,000		50,000,000		50,000,000
100 3.7" Guns—62,000 Rounds Ammunition—25 Search Radar—25 Gun laying radar—25 Predictors—25 Generators. (Guns allocated to France 60—Italy 16—Netherlands 16 and Portugal 8).....	31,245,000		31,245,000		31,245,000
24 25-Pounder guns to Luxembourg.....	672,216		672,216		672,216
1951-52 49 17-Pounder guns and 8,370 Rounds Ammunition to Italy.....	5,250,000		5,250,000		
Armament and Ammunition to Belgium, Denmark, France, Italy, Netherlands and Norway.....	6,030,960		6,030,960		
<b>Armament and Ammunition, offered but not allocated</b>					
108 25-Pounder Guns and Ammunition.....	5,593,527				
200 3.7" AA Guns (Guns only).....	11,526,000				
700 PIATS and 32 6-Pounder Guns.....	591,284				
36 17-Pounder Guns and 1 Year's Spares.....	1,399,680				
Armament and Ammunition for Jan. '52 release.....	7,243,002				
Armament and Ammunition for Mar. '52 release.....	36,562,482				
Armament and Ammunition—balance available for release.....	3,052,975				
	272,667,126		206,698,176		195,417,216
<b>Aircrew Training</b>					
Training Costs.....	15,114,244		2,628,967		2,628,967
Capital Costs.....	40,685,756		22,011,808		22,011,808
<b>Transfer of equipment from New Production</b>					
300 AA No. 4, Mark VI Radar Sets, allocated to: Belgium.... 18					
(Including Capital Assistance of \$2,500,000 cash) Denmark.... 28					
Italy..... 48					
Netherlands. 43	25,000,000	15,000,000	25,000,000	15,000,000	749,208
Norway..... 13					
U.K..... 150					
	300				
180 155-MM. U.S.-type Howitzers.....	2,435,982	6,500,000	2,435,982	1,564,018	
45,000 sets Walkie-Talkie Radios.....	5,480,000	8,220,000	5,480,000	8,220,000	
	361,383,108	29,720,000	264,254,933	24,784,018	220,807,199



## APPENDIX F

## DEPARTMENT OF NATIONAL DEFENCE

## STATEMENT OF ESTIMATES, ALLOTMENTS AND EXPENDITURES

1950-51 FISCAL YEAR

Requested by Mr. Macdonnell

Date: Dec. 10, 1951.

	Estimates	Final Cash Allotment	Actual Expenditures
NAVY			
01 Civil Salaries and Wages.....	12,056,688	10,955,331	10,955,330
02 Civilian Allowances.....	12,000	11,615	11,615
03 Pay and Allowances.....	24,055,850	23,770,442	23,770,440
04 Professional and Special Services—			
Corps of Commissioners.....	412,036	479,877	479,877
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	100,000	97,108	97,108
Medical and Dental Consultants and Special Services	101,700	152,705	152,704
Fees for Special Courses.....	463,350	398,437	398,436
05 Travelling and Removal Expenses.....	2,653,150	2,794,084	2,794,083
06 Freight, Express and Cartage.....	550,000	620,589	620,588
07 Postage.....	35,000	35,067	35,067
08 Telephones, Telegrams and other Communication Services.....	497,500	228,546	228,545
09 Printing of Departmental Reports and Other Publications.....	230,000	186,203	186,203
10 Films, Displays, Broadcasting, Advertising and other Information Materials.....	180,000	231,788	231,788
11 Office Stationery, Supplies, Equipment and Furnishings	466,000	448,560	448,559
12 Materials and Supplies—			
Fuel for Heating, Cooking and Power Generating Units.....	1,391,300	1,108,568	1,108,568
Clothing and Personal Equipment.....	2,385,636	1,488,666	1,488,666
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	3,035,989	2,021,870	2,021,870
Food Supplies.....	3,018,524	2,646,119	2,646,118
Naval Stores.....	6,760,710	4,038,700	4,038,699
Medical and Dental Supplies.....	118,028	108,420	108,420
Ammunition and Bombs.....	7,650,000	3,961,443	3,961,443
Barrack, Hospital, Camp and Miscellaneous Stores	1,544,500	949,725	949,725
13 Acquisition and Construction of Buildings and Works Including Acquisition of Land—			
Purchase of Real Properties (Land and Buildings)...	138,000	74,715	74,715
Construction—Major Contract Projects.....	12,951,000	8,521,810	8,434,776
14 Repair and Upkeep of Bldgs and Works including Land	3,658,500	3,818,501	3,818,501
15 Rentals of Land, Buildings and Works.....	65,000	23,331	23,331
16 Major Procurement of Equipment—			
Ships and Aircraft.....	11,940,000	7,922,684	7,922,684
M.E. including Transport.....	796,000	321,662	321,662
Armament Equipment.....	11,008,000	8,498,430	8,498,429
Signal and Wireless Equipment.....	11,725,175	3,621,325	3,621,324
Special Training Equipment.....	156,000	67,643	67,642
17 Repair and Upkeep of Equipment—			
Repair and Upkeep of Ships and Aircraft.....	10,022,286	8,169,134	8,169,133
Repairs and Spare Parts for M.E. incl. Transport..	538,250	412,459	412,458
18 Rentals of Equipment.....			
19 Municipal and Public Utility Services.....	814,700	817,619	817,619
20 Contributions, Grants, Subsidies, etc not incl Elsewhere.	68,547	50,674	50,674
21 Pensions, Superannuation and Other Benefits for Personal Services.....	107,407	132,272	132,272
22 All other Expenditures—			
Laundry and Dry Cleaning.....	50,000	49,180	49,180
Expenditures not Elsewhere Provided.....	930,000	700,828	700,828
	132,731,826		
<i>Less</i> estimated amount for commitments nominally to fall due during the 1950-51 fiscal year but not required for actual expenditures in that year.....	21,195,696		
TOTALS.....	111,536,130	99,936,130	99,849,080



## DEPARTMENT OF NATIONAL DEFENCE—Continued

## Statement of Estimates, Allotments and Expenditures

1950-51 FISCAL YEAR

	Estimates	Final Cash Allotment	Actual Expenditures
ARMY			
01 Civil Salaries and Wages.....	17,216,490	19,762,284	19,762,282
02 Civilian Allowances.....	145,500	186,501	186,500
03 Pay and Allowances.....	65,693,119	64,998,906	64,998,903
04 Professional and Special Services—			
Corps of Commissionaires.....	356,950	420,302	420,301
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	200,000	403,000	402,374
Medical and Dental Consultants and Special Services.....	653,155	787,058	787,058
Fees for special Courses.....	206,000	130,665	130,664
05 Travelling and Removal Expenses.....	6,657,517	8,007,578	8,007,574
06 Freight, Express and Cartage.....	5,516,290	4,598,612	4,598,608
07 Postage.....	127,532	139,484	139,483
08 Telephones, Telegrams and other Communication Services.....	800,987	929,191	929,190
09 Printing of Departmental Reports and Other Publications.....	319,820	643,000	642,090
10 Films, Displays, Broadcasting, Advert'g and other Info. Materials.....	1,100,000	1,082,094	1,082,093
11 Office Stationery, Supplies, Equipment and Furnishings..	1,160,366	1,151,771	1,144,246
12 Materials and Supplies—			
Fuel for Heating, Cooking and Power Generating Units.....	5,916,800	5,836,916	5,836,916
Clothing and Personal Equipment.....	14,450,092	9,760,894	9,760,893
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	2,868,413	2,149,842	2,149,840
Food Supplies.....	7,036,583	7,075,813	7,075,811
Medical and Dental Supplies.....	847,979	1,225,602	1,225,602
Ammunition and Bombs.....	2,000,000	941,226	941,225
Barrack, Hospital, Camp and Miscellaneous Stores..	8,346,640	6,507,517	6,507,516
13 Acquisition and Const. of Bldgs and Works Incl. Acquisition of Land—			
Purchase of Real Properties (Land and Bldgs).....	700,000	680,000	678,667
Construction—Major Contract Projects.....	30,527,908	27,795,041	27,512,867
Construction—Day Labour and Minor Contract Projects.....	5,600,000	5,425,000	5,424,314
14 Repair and Upkeep of Bldgs and Works including Land...	8,333,385	11,771,087	11,771,084
15 Rentals of Land, Buildings and Works.....	481,050	481,650	481,649
16 Major Procurement of Equipment—			
M.E. including Transport.....	6,270,140	12,581,277	12,581,276
Armament Equipment.....	2,282,240	1,534,304	1,434,303
Signal and Wireless Equipment.....	1,792,170	1,490,932	1,490,931
Special Training Equipment.....	135,500	114,628	114,628
17 Repair and Upkeep of Equipment—			
Spare Parts for Tanks and A.F.V.'s.....	1,289,600	2,060,690	1,960,690
Repairs and Spare Parts for M.E. incl. Transport....	9,612,070	4,745,525	4,745,524
Repair by Contract.....	2,151,300	2,384,999	2,384,998
19 Municipal and Public Utility Services.....	1,688,262	2,111,723	2,111,723
20 Contributions, Grants, Subsidies, etc, not incl. Elsewhere.....	722,437	989,496	989,495
21 Pensions, Superannuation and Other Benefits for Personal Services.....	158,616	188,337	188,336
22 All other Expenditures—			
Education of Dependent children.....	229,807	215,716	215,716
Laundry and Dry Cleaning.....	376,900	470,730	470,728
Expenditures not Elsewhere Provided.....	409,615	521,842	492,978
	214,381,233		
Less estimated amount for commitments nominally to fall due during the 1950-51 fiscal year but not required for actual expenditures in that year.....	13,000,000		
Totals.....	201,381,233	212,301,233	211,779,076



## DEPARTMENT OF NATIONAL DEFENCE—Continued

## Statement of Estimates, Allotments and Expenditures

1950-51 FISCAL YEAR

	Estimates	Final Cash Allotment	Actual Expenditures
<b>AIR FORCE</b>			
01 Civil Salaries and Wages.....	9,054,655	9,949,926	9,870,325
02 Civilian Allowances.....	241,524		
03 Pay and Allowances.....	48,483,464	44,218,477	44,218,474
04 Professional and Special Services—			
Corps of Commissionaires (40).....	37,000	44,296	44,296
Professional Fees—Architects, Engineers, Land Valuation & Legal (41).....	1,165,000	926,440	926,437
Medical & Dental Consultants and Special Services (42).....	451,357	667,342	676,341
Fees for special Courses (43).....	250,000	266,471	266,470
05 Travelling and Removal Expenses.....	4,192,600	7,199,462	7,199,459
06 Freight, Express and Cartage.....	2,525,400	1,728,906	1,728,904
07 Postage.....	65,000	82,866	82,865
08 Telephones, Telegrams and other Communication Services.....	885,000	740,019	740,108
09 Printing of Departmental Reports and Other Publications.....	784,240	572,132	568,722
10 Films, Displays, Broadcasting, Advert'g and other Info Materials.....	710,000	648,460	648,457
11 Office Stationery, Supplies, Equipment and Furnishings.....	540,760	619,575	619,574
12 Materials and Supplies—			
Fuel for Heating, Cooking and Power Generating Units (50).....	4,407,905	3,627,097	3,627,096
Clothing and Personal Equipment (51).....	9,472,796	5,184,092	5,184,091
Gasoline, Fuel Oil and Lubricants for Ships, A/C & M/E (53).....	8,833,027	6,255,592	6,255,589
Food Supplies (54).....	3,145,000	3,148,808	3,148,806
Miscellaneous Materials and Supplies (55).....	6,568,512	2,553,720	2,553,718
Medical and Dental Supplies (57).....	348,261	365,438	365,437
Ammunition and Bombs (58).....	2,008,199	1,568,037	1,568,037
Barrack, Hospital, Camp and Miscellaneous Stores (59).....	4,768,644	2,501,016	2,501,014
13 Acquisition and Const. of Bldgs & Works Incl. Acquisition of Land—			
Purchase of Real Properties (Land & Bldgs) (80).....		1,063,750	1,063,741
Construction—Major Contract Projects (81).....	51,785,407	36,682,007	36,756,416
Construction—Day Labour and Minor Contract Projects (82).....		3,661,210	3,661,205
14 Repair and Upkeep of Bldgs and Works including Land.....	8,200,020	6,353,927	6,346,560
15 Rentals of Land, Buildings and Works.....	414,382	339,362	339,362
16 Major Procurement of Equipment—			
Aircraft and Engines (62).....	46,597,598	56,443,239	56,443,237
M.E. Including Transport (63).....	1,139,132	1,722,960	1,722,959
Armament Equipment (64).....	771,200	243,616	243,615
Signals and Wireless Equipment (65).....	18,915,300	10,164,851	10,164,848
Special Training Equipment (66).....	276,670	193,685	193,682
Miscellaneous Equipment (67).....	1,191,889	2,017,205	2,017,204
17 Repair and Upkeep of Equipment—			
Repairs and Spare Parts for M.E. incl. Transport (73).....	1,409,868	1,314,564	1,314,563
Overhaul of Aircraft including Spares (76).....	32,850,654	15,557,226	15,557,224
Miscellaneous Repairs (77).....	3,549,532	8,940	8,938
19 Municipal and Public Utility Services.....	865,000	1,338,833	1,338,832
20 Contributions, Grants, Subsidies, etc. not incl. Elsewhere.....	88,000	39,797	39,795
21 Pensions, Superannuation & Other Benefits for Personal Services.....	66,557	87,233	87,233
22 All other Expenditures—			
Education of Dependent Children (90).....	481,650	178,125	178,123
Laundry and Dry Cleaning (91).....	94,300	171,558	171,556
Expenditure not Elsewhere Provided (92).....	447,334	144,577	110,170
Less—Recoverable from Dept. of M. & T.S.....	278,082,837		
	940,000		
Less—Estimated amount for commitments nominally to fall due during the 1950-51 fiscal year but not required for actual expenditures in that year.....	277,142,837		
	47,450,000		
<b>TOTALS.....</b>	<b>229,692,837</b>	<b>230,592,837</b>	<b>230,553,393</b>



## APPENDIX G

## DEPARTMENT OF NATIONAL DEFENCE

## CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL

1951-52 FISCAL YEAR

(Thousand of Dollars)

*Requested by Mr. Macdonnell*

December 10, 1951

Categories	at June 30 1951	at July 31 1951	at August 31 1951	at September 31 1951	at October 31 1951	at November 30 1951
<b>NAVY</b>						
<b>Civil Salaries and Wages</b>						
Original Forecast.....	3,250	4,750	6,270	7,470	8,670	9,870
Revised Forecast.....					7,900	9,000
Actual Expenditure.....	3,802	5,074	5,924	6,910	7,692	
<b>Pay and Allowances</b>						
Original Forecast.....	8,200	10,870	13,580	16,380	19,100	21,900
Revised Forecast.....					19,500	22,900
Actual Expenditure.....	8,065	10,788	13,725	16,415	18,858	
<b>Major Procurement Ships and Aircraft</b>						
Original Forecast.....	3,500	7,530	12,300	16,300	21,300	27,300
Revised Forecast.....					17,000	22,000
Actual Expenditure.....	2,623	6,454	9,495	12,844	15,389	
<b>Mechanical Equipment Including Transport</b>						
Original Forecast.....	150	260	370	450	600	700
Revised Forecast.....					300	400
Actual Expenditures.....	095	105	121	145	181	
<b>Armament Equipment</b>						
Original Forecast.....	200	400	700	1,200	2,300	3,500
Revised Forecast.....					3,000	4,000
Actual Expenditure.....	59	196	1,575	1,713	2,525	
<b>Signal and Wireless</b>						
Original Forecast.....	500	1,080	1,750	3,200	3,880	5,500
Revised Forecast.....					1,700	2,300
Actual Expenditure.....	365	650	1,060	1,157	1,534	
<b>Other</b>						
Original Forecast.....	15	30	60	100	160	260
Revised Forecast.....					30	40
Actual Expenditure.....	7	9	10	14	17	
<b>Materials and Supplies Clothing and Personal Equipment</b>						
Original Forecast.....	450	950	1,550	2,250	3,000	4,000
Revised Forecast.....					2,600	3,800
Actual Expenditure.....	443	634	1,194	1,505	2,230	
<b>Ammunition and Bombs</b>						
Original Forecast.....	800	1,150	1,500	2,000	3,000	4,000
Revised Forecast.....					1,500	2,200
Actual Expenditure.....	357	606	766	1,001	1,122	
<b>Barrack, Hospital, Camp and Misc. Stores</b>						
Original Forecast.....	600	9,000	1,200	1,600	2,000	2,500
Revised Forecast.....					800	1,000
Actual Expenditure.....	243	336	518	635	741	
<b>Naval Stores</b>						
Original Forecast.....	1,500	1,800	2,300	3,300	4,500	5,000
Revised Forecast.....					3,200	3,600
Actual Expenditure.....	1,293	1,712	2,092	2,479	3,020	



CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—*Con.*

1951-52 FISCAL YEAR

(Thousands of Dollars)

Categories	at June 30 1951	at July 31 1951	at August 31 1951	at September 31 1941	at October 31 1951	at November 30 1951
<b>NAVY</b>						
<b>Miscellaneous Supply (Food, Fuel, etc.)</b>						
Original Forecast.....	1,000	1,500	2,000	• 2,500	3,200	4,000
Revised Forecast.....					3,200	3,800
Actual Expenditure.....	898	1,355	2,120	2,646	3,426	.....
<b>Repair and Upkeep Ships and Aircraft</b>						
Original Forecast.....	1,000	1,500	2,000	3,000	5,000	7,000
Revised Forecast.....					4,100	5,200
Actual Expenditure.....	469	1,440	2,402	3,211	4,521	.....
<b>Mechanical Equipment</b>						
Original Forecast.....	50	70	100	150	200	250
Revised Forecast.....					150	200
Actual Expenditure.....	43	56	77	94	118	.....
<b>Buildings and Works</b>						
Original Forecast.....	400	600	900	1,300	1,700	2,100
Revised Forecast.....					1,700	2,100
Actual Expenditure.....	237	578	946	1,222	1,779	.....
<b>Other</b>						
Original Forecast.....	20	30	50	150	300	500
Revised Forecast.....					50	80
Actual Expenditure.....		10	23	29	40	.....
<b>Acquisition and Construction of Properties</b>						
Original Forecast.....	1,500	2,300	3,250	5,250	7,250	9,250
Revised Forecast.....					5,600	6,800
Actual Expenditure.....	1,440	2,405	3,437	4,261	6,194	.....
<b>Miscellaneous Services</b>						
Original Forecast.....	1,400	1,900	2,500	3,200	4,000	5,000
Revised Forecast.....					4,000	4,600
Actual Expenditure.....	1,175	1,697	2,486	3,151	3,930	.....
<b>Totals</b>						
Original Forecast.....	24,535	45,720	52,380	69,800	90,160	112,630
Revised Forecast.....					76,330	94,020
Actual Expenditure.....	21,614	34,105	47,971	59,432	73,317	.....



CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—*Con.*

1951-52 FISCAL YEAR

(Thousands of dollars)

Categories	at Jun 30 1951	at Jul 31 1951	at Aug 31 1951	at Sep 30 1951	at Oct 31 1951	at Nov 30 1951
<b>ARMY</b>						
<b>Civil Salaries and Wages, etc.</b>						
Original Forecast.....	5,300	7,050	8,825	10,600	12,375	14,150
Revised Forecast.....					13,900	15,700
Actual Expenditure.....	5,289	7,523	9,940	12,111	14,680	
<b>Pay and Allowances</b>						
Original Forecast.....	20,500	27,500	35,500	44,000	53,000	63,000
Revised Forecast.....					52,000	61,000
Actual Expenditure.....	20,480	29,474	37,127	43,955	51,374	
<b>Major Procurement</b>						
Tanks and A.F.V.'S						
Original Forecast.....						
Revised Forecast.....						
Actual Expenditure.....						
Mechanical Equipment incl. Transport						
Original Forecast.....	500	1,000	1,500	2,000	3,000	4,000
Revised Forecast.....					5,000	7,000
Actual Expenditure.....	498	659	2,385	3,030	3,640	
Armament Equipment						
Original Forecast.....	15,000	16,000	17,000	18,000	19,000	20,000
Revised Forecast.....					17,000	18,000
Actual Expenditure.....	15,627	15,973	16,009	16,096	16,483	
Signal and Wireless						
Original Forecast.....	1,000	1,250	1,500	2,000	2,500	3,000
Revised Forecast.....					2,000	2,500
Actual Expenditure.....	1,051	1,131	1,193	1,449	1,650	
Special Training Equipment						
Original Forecast.....	25	25	50	50	50	75
Revised Forecast.....					100	125
Actual Expenditure.....	21	46	67	81	95	
<b>Materials and Supplies</b>						
Clothing and Personal Equipment						
Original Forecast.....	6,000	7,500	9,000	11,000	13,000	15,500
Revised Forecast.....					16,500	20,500
Actual Expenditure.....	5,912	7,915	10,595	12,407	15,241	
Ammunition and Bombs						
Original Forecast.....	1,500	1,750	2,000	3,000	4,000	5,000
Revised Forecast.....					4,000	5,000
Actual Expenditure.....	1,474	1,481	1,868	3,232	3,366	
Barrack, Hospital, Camp, and Misc. Stores						
Original Forecast.....	2,500	3,000	3,500	4,000	5,500	7,500
Revised Forecast.....					8,500	10,500
Actual Expenditure.....	2,426	3,430	4,883	6,835	9,139	
<b>Miscellaneous Supplies</b>						
Food, Fuel, POL, Medical and Dental supplies etc.						
Original Forecast.....	2,900	4,650	6,575	8,650	10,625	12,550
Revised Forecast.....					12,300	15,100
Actual Expenditures.....	3,351	5,411	6,883	9,560	12,225	
<b>Repair and Upkeep</b>						
Tanks and A.F.V.'S						
Original Forecast.....	200	300	400	500	750	1,000
Revised Forecast.....					1,000	1,475
Actual Expenditure.....	228	427	730	798	1,114	



CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—*Con.*

1952-52 FISCAL YEAR

(Thousands of dollars)

Categories	at Jun 30 1951	at Jul 31 1951	at Aug 31 1951	at Sep 30 1951	at Oct 31 1951	at Nov 30 1951
<b>ARMY</b>						
<b>Mechanical Equipment</b>						
Original Forecast.....	2,350	3,000	3,650	4,800	6,000	7,250
Revised Forecast.....					6,000	7,000
Actual Expenditure.....	2,285	3,540	4,505	5,195	6,112	.....
<b>Buildings and Works</b>						
Original Forecast.....	3,100	4,375	5,650	6,925	8,200	9,475
Revised Forecast.....					12,000	13,000
Actual Expenditure.....	2,988	4,704	6,905	9,074	11,615	.....
<b>Acquisition and Construction of Property</b>						
Original Forecast.....	5,100	7,650	11,200	15,250	20,300	25,350
Revised Forecast.....					19,200	24,600
Actual Expenditure.....	5,295	8,550	12,148	15,495	19,516	.....
<b>Miscellaneous Services</b> (Professional Services, travel freight, communications, printing, etc.)						
Original Forecast.....	3,900	4,775	6,125	7,675	9,300	11,125
Revised Forecast.....					15,500	18,500
Actual Expenditure.....	3,552	5,902	8,467	12,641	15,269	.....
<b>Totals</b>						
Original Forecast.....	69,875	89,825	112,475	138,450	167,600	198,975
Revised Forecast.....					185,000	220,000
Actual Expenditure.....	70,477	95,986	123,705	151,959	181,519	.....



CUMULATIVE STATEMENT OF EXPENDITURES—FORECAST AND ACTUAL—*Con.*

1951-52 FISCAL YEAR

(Thousands of Dollars)

	June	July	August	September	October	November
<b>AIR FORCE</b>						
<b>Civil Salaries and Wages, Etc.</b>						
Original Forecast.....	3,209	4,289	5,387	6,555	7,720	8,935
Revised Forecast.....					7,400	8,700
Actual Expenditure.....	2,639	3,684	4,952	6,083	7,310	8,563
<b>Pay and Allowances</b>						
Original Forecast.....	13,844	19,790	25,905	32,748	38,888	45,244
Revised Forecast.....					32,000	38,000
Actual Expenditure.....	14,565	20,012	25,241	30,626	36,473	41,568
<b>Major Procurement</b>						
<b>Aircraft and Engines</b>						
Original Forecast.....	24,756	45,190	61,330	80,020	102,920	127,417
Revised Forecast.....					125,000	144,000
Actual Expenditure.....	34,309	66,941	81,970	101,368	122,140	143,372
<b>Mechanical Eqpt. incl. Transport</b>						
Original Forecast.....	1,433	1,606	2,063	3,071	4,500	5,917
Revised Forecast.....					3,000	5,000
Actual Expenditure.....	644	831	1,010	1,145	1,868	2,453
<b>Armament Equipment</b>						
Original Forecast.....	303	389	550	724	985	1,227
Revised Forecast.....					300	500
Actual Expenditure.....	061	107	159	187	225	276
<b>Signal and Wireless</b>						
Original Forecast.....	3,261	5,611	6,861	8,211	9,611	11,011
Revised Forecast.....					6,600	8,000
Actual Expenditure.....	1,871	2,687	3,613	5,354	6,310	7,635
<b>Other</b>						
Original Forecast.....	644	1,252	1,773	2,991	4,369	5,762
Revised Forecast.....					3,000	4,000
Actual Expenditure.....	738	1,173	1,563	2,053	2,709	3,362
<b>Materials and Supplies</b>						
<b>Clothing and Personal Eqpt.</b>						
Original Forecast.....	3,535	5,792	8,052	10,426	13,139	15,906
Revised Forecast.....					7,000	9,500
Actual Expenditure.....	2,644	3,625	4,362	4,995	5,770	7,213
<b>Ammunition and Bombs</b>						
Original Forecast.....	856	1,323	1,649	2,130	2,282	2,496
Revised Forecast.....					1,000	1,500
Actual Expenditure.....	476	485	502	563	818	1,055
<b>Barrack, Hospital, Camp and Misc. Stores</b>						
Original Forecast.....	1,383	1,946	2,567	3,223	3,972	4,626
Revised Forecast.....					2,300	3,500
Actual Expenditure.....	867	1,116	1,384	1,722	2,013	2,450
<b>Miscellaneous Supply</b>						
Original Forecast.....	2,361	3,791	4,939	7,490	9,683	13,425
Revised Forecast.....					8,500	12,500
Actual Expenditure.....	2,119	2,620	5,156	6,111	6,614	9,728
<b>Other</b>						
Original Forecast.....	2,241	2,810	3,711	4,397	5,313	5,972
Revised Forecast.....					2,000	2,800
Actual Expenditure.....	347	663	1,115	1,466	1,696	2,006
<b>Repairs and Upkeep</b>						
<b>Aircraft and Engines</b>						
Original Forecast.....	9,418	12,694	16,445	20,181	24,350	29,047
Revised Forecast.....					19,000	23,500
Actual Expenditure.....	5,579	7,897	10,854	16,042	19,109	22,889



CUMULATIVE STATEMENT OF EXPENDITURE—FORECAST AND ACTUAL—*Concluded*

1951-52 FISCAL YEAR

(Thousands of Dollars)

	June	July	August	September	October	November
<b>AIR FORCE</b>						
<b>Repairs and Upkeep—Concluded</b>						
Mechanical Equipment						
Original Forecast.....	042	075	100	197	314	464
Revised Forecast.....					300	600
Actual Expenditure.....	057	080	100	113	128	151
Buildings and Works						
Original Forecast.....	1,422	2,175	3,147	4,100	5,227	6,882
Revised Forecast.....					6,000	7,500
Actual Expenditure.....	1,368	2,395	3,558	5,420	7,528	10,294
Other						
Original Forecast.....	124	253	677	1,341	2,314	3,492
Revised Forecast.....					2,000	3,400
Actual Expenditure.....	419	917	1,220	1,606	2,404	3,325
<b>Requisition and Construction of Properties</b>						
Original Forecast.....	14,091	24,053	35,411	48,710	62,508	75,312
Revised Forecast.....					42,000	51,000
Actual Expenditure.....	10,314	17,306	25,091	34,571	45,167	55,228
<b>Miscellaneous Services</b>						
Original Forecast.....	3,081	3,145	4,424	5,780	7,381	9,494
Revised Forecast.....					13,000	14,000
Actual Expenditure.....	3,458	5,509	8,934	11,382	14,835	18,358
<b>Grand Totals</b>						
Original Forecast.....	86,024	136,184	184,991	242,295	305,476	372,629
Revised Forecast.....					280,400	338,000
Actual Expenditure.....	82,475	138,048	180,784	230,807	283,117	339,926

NOTE.—Above figures are inclusive of expenditures in respect of Air Training chargeable to the Special NATO Appropriation as follows:

Original Forecast (to the end of the year).....	\$ 55,800,000
Revised Forecast (to the end of the year).....	44,774,000
Actual Charges (Accumulated to 31 October 51).....	24,640,775



## APPENDIX H

## DEPARTMENT OF NATIONAL DEFENCE

## ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY

1951-52 FISCAL YEAR

(Thousands of Dollars)

Requested by Mr. Macdonnell

Date: December 10, 1951.

	Requests for Contracts as at 31 Oct. 1951	Analysis by Procurement Agency		
		DDP	DCL	CMHC
<b>NAVY</b>				
<b>Major Procurement</b>				
Ships and Aircraft.....	189,871	189,871		
Mechanical Equipment including Transport.....	1,484	1,484		
Armament Equipment.....	110,554	110,554		
Signal and Wireless.....	34,908	34,908		
Other.....	193	193		
<b>Materials and Supplies</b>				
Clothing and Personal Equipment.....	17,939	17,939		
Ammunition and Bombs.....	29,395	29,395		
Barrack, Hospital, Camp and Miscellaneous Stores.....	5,264	5,264		
Naval Stores.....	13,679	13,679		
Miscellaneous Supply.....	7,985	7,985		
<b>Maintenance and Repairs</b>				
Ships and Aircraft.....	9,839	9,839		
Mechanical Equipment.....	360	360		
Buildings and Works.....	1,106	1,106		
<b>Acquisition and Construction of Properties.....</b>	<b>27,057</b>		<b>18,054</b>	<b>9,003</b>
<b>TOTALS.....</b>	<b>449,634</b>	<b>422,577</b>	<b>18,054</b>	<b>9,003</b>

## ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY—Con.

1951-52 FISCAL YEAR

(Thousands of Dollars)

	Requests for Contracts as at 31 Oct. 1951	Analysis by Procurement Agency		
		DDP	DCL	CMHC
<b>ARMY</b>				
<b>Major Procurement</b>				
Tanks and AFV's.....	42,243	42,243		
Mechanical Equipment including Transport.....	45,507	45,507		
Armament Equipment.....	32,006	32,006		
Signal and Wireless Equipment.....	16,187	16,187		
<b>Materials and Supplies</b>				
Clothing and Personal Equipment.....	112,029	112,029		
Ammunition and Bombs.....	115,231	115,231		
Barrack, Hospital, Camp and Miscellaneous Stores.....	48,508	48,508		
Miscellaneous Supplies.....	23,527	23,527		
<b>Maintenance and Repairs</b>				
Tanks and AFV's.....	4,307	4,307		
Mechanical Equipment.....	18,198	18,198		
<b>Acquisition and Construction of Properties.....</b>	<b>88,630</b>	<b>10,308</b>	<b>49,606</b>	<b>28,716</b>
<b>TOTALS.....</b>	<b>546,373</b>	<b>468,051</b>	<b>49,606</b>	<b>28,716</b>



ANALYSIS OF REQUESTS FOR CONTRACTS BY PROCUREMENT AGENCY—*Concluded*

1951-52 FISCAL YEAR

(Thousands of Dollars)

	Requests for Contracts as at 31 Oct 1951.	Analysis by Procurement Agency			
		DDP	DCL	CMHC	DOT
<b>AIR FORCE</b>					
<b>Major Procurement</b>					
Aircraft and Engines.....	1,159,703	1,159,703			
Mechanical Equipment including Transport.....	21,110	21,110			
Armament Equipment.....	2,243	2,243			
Signal and Wireless.....	48,059	48,059			
Other.....	16,634	16,634			
<b>Materials and Supplies</b>					
Clothing and Personal Equipment...	41,535	41,535			
Ammunition and Bombs.....	29,884	29,884			
Barrack Hospital, Camp & Miscel- laneous Stores.....	18,252	18,252			
Miscellaneous Supply.....	18,710	18,710			
Other.....	11,437	11,437			
<b>Maintenance and Repairs</b>					
Aircraft and Engines.....	111,759	111,759			
Mechanical Equipment.....	2,457	2,457			
Buildings and Works.....	13,215	13,215			
Other.....	12,573	12,573			
<b>Miscellaneous Services</b> .....	6,161	1,657	4,504		
<b>Acquisition and Construction of Properties</b> .....	189,653	6,807	114,322	35,272	33,252
<b>TOTALS</b> .....	1,703,385	1,516,035	118,826	35,272	33,252



## APPENDIX I

## DEPARTMENT OF NATIONAL DEFENCE

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

NAVY—1950-51

Date: December 10, 1951

Reviewed by Mr. Macdonnell

	Expenditures 1950-51	ANALYSIS OF EXPENDITURES						Local Procurement
		DND	DDP	DCL	CMHC	DOT	DVA	
	\$	\$	\$	\$	\$	\$	\$	\$
01 Civil Salaries and Wages.....	10,955,330	10,932,719				22,611		
02 Civilian Allowances.....	11,615	11,615						
03 Pay and Allowances.....	23,770,440	23,770,440						
04 Professional and Special Services—								
Corps of Commissionaires.....	479,877	479,877						
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	97,108		70,410	26,698				
Medical and Dental Consultants and Special Services.....	152,704	107,470					45,234	
Fees for special courses.....	398,436	398,436						
05 Travelling and Removal Expenses.....	2,794,083	2,792,509	737			837		
06 Freight, Express and Cartage.....	620,588	607,326	12,602			660		
07 Postage.....	35,067	35,067						
08 Telephone, Telegrams and other Communication Services.....	228,545	151,799	68,533			2,573		5,640
09 Printing of Departmental Reports and Other Publications.....	186,203	186,203						
10 Films, Displays, Broadcasting, Advertising and other Informational Materials.....	231,788	231,788						
11 Office Stationery, Supplies, Equipment and Furnishings..	448,559	427,398	18,494					2,667
12 Materials and Supplies—								
Fuel for Heating, Cooking and Power Generating Units.....	1,108,568		1,100,188					8,380
Clothing and Personal Equipment.....	1,488,666		1,418,544					70,122
Gasoline, Fuel Oil and Lubricants for Ships, Aircraft and Mechanical Equipment.....	2,021,870		1,606,431					415,439
Food Supplies.....	2,646,118		2,357,958					288,160
Naval Stores.....	4,038,699		4,005,162			986		32,551
Medical and Dental Supplies.....	108,420		106,029					2,391
Ammunition and Bombs.....	3,961,443		3,961,443					
Barrack, Hospital, Camp and Miscellaneous Stores..	949,725		946,402					3,323



13	Acquisition and Construction of Buildings and Works including Acquisition of Land								
	Purchase of Real Properties (Land and Buildings).....	74,715	72,098			2,617			
	Construction—Major Contract Projects.....	9,434,776		1,948,997	6,479,693	6,086			
14	Repair and Upkeep of Buildings and Works including Land	3,818,501	1,739,049	2,008,146				71,306	
15	Rentals of Land, Buildings and Works.....	23,331	23,331						
16	Major Procurement of Equipment—								
	Ships and Aircraft.....	7,922,684		7,922,684					
	Mechanical Equipment including Transport.....	321,662		321,662					
	Armament Equipment.....	8,498,429		8,498,429					
	Signal and Wireless Equipment.....	3,621,324		3,606,430				14,894	
	Special Training Equipment.....	67,642		58,888				8,754	
17	Repair and Upkeep of Equipment—								
	Repair and Upkeep of Ships and Aircraft.....	8,169,133	2,351,247	5,817,886					
	Repairs and Spare Parts for M.E. including Transport	412,458		402,449		358		9,651	
19	Municipal and Public Utility Services.....	817,619	817,619						
20	Contributions, Grants, Subsidies, etc., not included elsewhere.....	50,674	50,674						
21	Pensions, Superannuation and other Benefits for Personal Services.....	132,272	132,272						
22	All Other Expenditures.....								
	Laundry and Dry Cleaning.....	49,180		41,450				7,730	
	Expenditures not elsewhere provided.....	700,828	549,644	151,184					
	Totals.....	99,849,080	45,868,581	46,451,138	26,698	6,479,693	36,728	45,234	841,008

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.



## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

NAVY—1951-52 (1 APRIL—31 OCT.)

	Expenditures 1st April, 1951— 31st Oct. 1951	ANALYSIS OF EXPENDITURES						
		DND	DDP	DCL	CWHC	DOT	DPW	Local Procurement
	\$	\$	\$	\$	\$	\$	\$	\$
01 Civil Salaries and Wages.....	7,619,826	7,605,683				14,143		
02 Civilian Allowances.....	8,976	8,976						
03 Pay and Allowances.....	18,959,098	18,858,098						
04 Professional and Special Services—								
Corps of Commissionaires.....	230,252	230,252						
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	348,194			348,194				
Medical and Dental Consultants and Special Services.....	46,448	46,448						
Fees For Special Courses.....	8,588	8,588						
05 Travelling and Removal Expenses.....	1,682,304	1,682,068				236		
06 Freight, Express and Cartage.....	312,246	312,246						
07 Postage.....	8,435	28,435						
08 Telephones, Telegrams and other Communication Services.....	126,432	74,196	49,684			645		1,907
09 Printing of Departmental Reports and Other Publications.....	78,704	68,704						
10 Films, Displays, Broadcasting, Advertising and other Informational Materials.....	119,261	119,261						
11 Office Stationery, Supplies, Equipment and Furnishings.....	128,001	109,025	17,975					1,001
12 Materials and Supplies—								
Fuel for Heating, Cooking and Power Generating Units.....	325,476		323,775					1,701
Clothing and Personal Equipment.....	2,230,751		2,224,164					8,587
Gasoline, Fuel Oil and Lubricants for Ships, Aircraft and Mechanical Equipment.....	1,105,120		760,253					334,867
Food Supplies.....	1,736,100		1,452,136					283,964
Naval Stores.....	3,019,385		2,987,183			455		31,747
Medical and Dental Supplies.....	52,758		51,146					1,612
Ammunition and Bombs.....	1,122,210		1,122,210					
Barrack, Hospital, Camp and Miscellaneous Stores.....	740,271		738,544					1,727



13	Acquisition and Construction of Buildings and Works Including Acquisition of Land— Purchase of Real Properties (Land and Buildings)....	59,901	59,901						
	Construction—Major Contract Projects.....	6,121,262		2,420,372	3,693,419	782	6,689		
	Construction—Day Labour and Minor Contract Projects.....	13,079	325	12,754					
14	Repair and Upkeep of Buildings and Works including Land.....	1,764,227	960,061	781,351				22,815	
15	Rentals of Land, Buildings and Works.....	14,216	14,216						
16	Major Procurement of Equipment— Ships and Aircraft.....	15,389,043		15,389,043					
	Mechanical Equipment including Transport.....	181,203		181,203					
	Armament Equipment.....	2,524,486		2,524,486					
	Signal and Wireless Equipment.....	1,534,153		1,534,153					
	Special Training Equipment.....	17,120		17,120					
17	Repair and Upkeep of Equipment— Repair and Upkeep of Ships and Aircraft.....	4,521,224	1,761,957	2,759,267					
	Repairs and Spare Parts for Mechanical Equipment including Transport.....	118,069		115,059				3,010	
	Repair and Upkeep of Naval Armament Equipment.....	40,000		40,000					
18	Rentals of Equipment.....								
19	Municipal and Public Utility Services.....	350,517	359,517						
20	Contributions, Grants, Subsidies, etc. not included else- where.....	30,736	30,736						
21	Pensions, Superannuation and other Benefits for Personal Services.....	63,358	63,358						
22	All other Expenditures— Laundry and Dry Cleaning.....	23,242		21,334				1,908	
	Expenditures not elsewhere provided.....	674,521	588,734	85,787					
34	Less Estimated Savings and Recoverable Items.....	59,642Cr	59,642Cr						
	Totals.....	73,317,551	32,941,143	33,188,627	2,768,566	3,693,419	16,261	6,689	702,846

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.



## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

## ARMY—1950-51

	Expenditures 1950-51 Fiscal year	Analysis of Expenditure							
		DND	DDP	DCL	CMHC	DOT	Public Works	Other Govern- ment Depts.	Local Procure- ment
01 Civil Salaries and Wages.....	19,762,282	19,762,282							
02 Civilian Allowances.....	186,500	186,500							
03 Pay and Allowances.....	64,998,903	64,998,903							
04 Professional and Special Services:									
Corps of Commissionaires.....	420,301	420,301							
Professional Fees—Architects, Engin- eers, Land Valuation and Legal.....	402,374		286,894	115,480					
Medical and Dental Consultants and Special Services.....	787,058	197,693					589,365		
Fees for Special Courses.....	130,664	130,664							
05 Travelling and Removal Expenses.....	8,007,574	7,674,768	332,075						731
06 Freight, Express and Cartage.....	4,598,608	4,300,668						297,730	210
07 Postage.....	139,483	139,483							
08 Telephones, Telegrams and other Communi- cation Services.....	929,190	713,921	212,450						2,819
09 Printing of Departmental Reports and Other Publications.....	642,090						642,090		
10 Films, Displays, Broadcasting, Advertising and other Information Materials.....	1,082,093	1,076,774							5,319
11 Office Stationery, Supplies, Equipment and Furnishings.....	1,144,246		22,438				1,114,512		7,296
12 Materials and Supplies—									
Fuel for Heating, Cooking and Power Generating Units.....	5,836,916		5,836,916						
Clothing and Personal Equipment.....	9,760,893		9,758,138						2,755
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	2,149,840		2,083,782						66,058
Food Supplies.....	7,075,811		6,663,966						411,845
Medical and Dental Supplies.....	1,225,602		1,209,625						15,977
Ammunition and Bombs.....	941,225		941,225						
Barrack, Hospital, Camp and Miscel- laneous Stores.....	6,507,516		6,384,047						123,469



13	Acquisition and Construction of Buildings and Works Including Acquisition of Land—Purchase of Real Properties (Land and Buildings).....	678,667					678,667			
	Construction—Major Contract Projects.....	27,512,867	743,461	7,390,293	1,035,272	18,343,841				
	Construction—Day Labour and Minor Contract Projects.....	5,424,314	358,484	3,662,157	1,318,512			85,161		
14	Repair and Upkeep of Buildings and Works including Land.....	11,771,684	3,636,993	7,914,844					219,247	
15	Rentals of Land, Buildings and Works.....	481,649	481,649							
16	Major Procurement of Equipment—M.E. including Transport.....	12,581,276		12,581,276						
	Armament Equipment.....	1,434,303		1,415,126					19,177	
	Signal and Wireless Equipment.....	1,490,931		1,462,562					28,369	
	Special Training Equipment.....	114,628		89,065					25,563	
17	Repair and Upkeep of Equipment—Spare Parts for Tanks and A.F.V.'s.....	1,960,690		1,960,690						
	Repairs and Spare Parts for M.E. including Transport.....	4,745,524		4,467,351					278,173	
	Repair by Contract.....	2,384,998		2,180,486					204,512	
19	Municipal and Public Utility Services.....	2,111,723	2,111,650						64	
20	Contributions, Grants, Subsidies, etc., not included elsewhere.....	989,495	989,495							
21	Pensions, Superannuation and other Benefits for Personal Services.....	188,336	188,336							
22	All other Expenditures—Education of Dependent Children.....	215,716	215,716							
	Laundry and Dry Cleaning.....	470,728		470,728						
	Expenditures not elsewhere provided.....	492,978	492,891						87	
	Totals.....	211,779,076	108,820,641	77,326,134	2,469,264	18,343,841	678,667	85,161	2,643,697	1,411,671
<i>Other Government Departments—</i>										
	04 Veterans Affairs 09.11—King's Printer.....									
	06 Canadian Maritime Commission.....									

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.



## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

ARMY—1951-52 (1 APRIL—31 OCT.)

	Expenditures 1 April— 31 October 1951	ANALYSIS OF EXPENDITURES							
		DND	DDP	DCL	CMHC	Transport	Public Works	Other Govt. Depts.	Local Pro- curement
01 Civil Salaries and Wages.....	14,280,206	14,280,206							
02 Civilian Allowances.....	229,219	229,219							
03 Pay and Allowances.....	51,374,184	51,374,184							
04 Professional and Special Services:—									
Corps of Commissioners.....	263,261	265,261							
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	386,707		386,707						
Medical and Dental Consultants and Special Services.....	242,746	242,746							
Fees for special Courses.....	22,349	22,349							
05 Travelling and Removal Expenses.....	6,289,512	6,137,359	151,193						960
06 Freight, Express and Cartage.....	4,496,047	3,865,057						630,049	941
07 Postage.....	121,225	121,225							
08 Telephones, Telegrams and other Communi- cation Services.....	505,043	392,399	111,224						1,420
09 Printing of Departmental Reports and Other Publications.....	126,397							126,397	
10 Films, Displays, Broadcasting, Advertising and other Informational Materials.....	821,297	798,938							22,359
11 Office Stationery, Supplies, Equipment and Furnishings.....	1,004,618		18,693					977,345	8,580
12 Materials and Supplies:									
Fuel and Heating, Cooking and Power Generating Units.....	1,929,444		1,928,807						637
Clothing and Personal Equipment.....	15,241,379		15,220,881						20,498
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	1,131,104		1,094,647						36,457
Food Supplies.....	6,860,021		6,566,498						293,523
Medical and Dental Supplies.....	1,174,513		1,163,112						11,401
Ammunition and Bombs.....	3,365,824		3,365,824						
Barrack, Hospital, Camp and Miscel- laneous Stores.....	9,138,641		8,938,166						200,475



13	Acquisition and Construction of Buildings and Works Including Acquisition of Land:									
	Purchase of Real Properties (Land and Buildings).....	598,357				585,482	12,875			
	Construction—Major Contract Projects..	17,803,071	490,397	2,592,339	10,275,149	4,442,605	2,581			
	Construction—Day Labour and Minor Contract Projects.....	1,114,679	279,354	349,246	451,293		24,976		9,810	
14	Repair and Upkeep of Buildings and Works including Land.....	11,397,213	5,405,727	5,858,608					132,878	
15	Rentals of Land, Buildings and Works.....	217,520	217,520							
16	Major Procurement of Equipment:									
	Mechanical Engineering including Transport.....	3,640,326		3,640,326						
	Armament Equipment.....	16,483,462		16,467,421					16,041	
	Signal and wireless Equipment.....	1,649,662		1,623,271					26,391	
	Special Training Equipment.....	94,844		70,093					24,751	
17	Repair and Upkeep of Equipment:									
	Spare Parts for Tanks and A.F.V.'s.....	1,111,248		1,111,248						
	Repairs and Spare Parts for Mechanical Engineering including Transport.....	4,323,303		4,101,652					221,651	
	Repair by Contract.....	1,789,327		1,563,841					225,486	
19	Municipal and Public Utility Services.....	1,035,600	1,035,550						50	
20	Contributions, Grants, Subsidies, etc., not included elsewhere.....	81,293	81,293							
21	Pensions, Superannuation and other Benefits for Personal Services.....	171,285	171,285							
22	All other Expenditures:									
	Education of Dependent children.....	97,317	97,317							
	Laundry and Dry Cleaning.....	222,031		221,933					98	
	Expenditures not elsewhere provided.....	538,686	538,631						55	
34	Miscellaneous Recoverables and Imprest Advances.....	80,629	80,629							
	Other Government Departments—Suspense.....	63,611	63,611							
	<b>TOTALS.....</b>	<b>181,519,201</b>	<b>86,190,257</b>	<b>76,159,023</b>	<b>11,113,149</b>	<b>4,442,605</b>	<b>585,482</b>	<b>40,432</b>	<b>1,733,791</b>	<b>1,254,462</b>

Other Government Departments—  
05 Canadian Maritime Commission 09-11—Kings Printer.

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.



## DEPARTMENT OF NATIONAL DEFENCE

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

AIR FORCE—1950-51

	Expenditure 1950-51	ANALYSIS OF EXPENDITURES					Local Procurement
		DND	DDP	DCL	CMHC	DOT	
	\$	\$	\$	\$	\$	\$	\$
01 Civil Salaries and Wages.....	9,870,325	9,704,926				165,399	
02 Civilian Allowances.....							
03 Pay and Allowances.....	44,218,474	44,218,474					
04 Professional and Special Services—							
Corps of Commissionaires.....	44,296	44,296					
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	926,437	500,281		422,502		3,654	
Medical and Dental Consultants and Special Services.....	676,341	304,423					371,918
Fees for Special Courses.....	266,470	263,526					2,944
05 Travelling and Removal Expenses.....	7,199,459	7,189,374				10,085	
06 Freight, Express and Cartage.....	1,728,904	1,728,531				373	
07 Postage.....	82,865						82,865
08 Telephones, Telegrams and other Communication Services.....	740,018		380,848			29,257	329,913
09 Printing of Departmental Reports and Other Publications (a).....	568,722	568,722					
10 Films, Displays, Broadcasting, Advertising and other Information Materials (a).....	648,457	558,952					89,505
11 Office Stationery, Supplies, Equipment and Furnishings (a).....	619,574	376,372	236,050			4,126	3,026
12 Materials and Supplies—							
Fuel for Heating, Cooking and Power Generating Units.....	3,627,096		3,627,096				
Clothing and Personal Equipment.....	5,184,091		4,978,491				205,600
Gasoline, Fuel Oil and Lubricants, for Ships, A/C and M/F.....	6,255,589		5,454,701				800,888
Food Supplies.....	3,148,806	2,791,419					357,387
Miscellaneous Materials and Supplies.....	2,553,718		1,598,295			17,825	937,598
Medical and Dental Supplies.....	365,437	331,905		33,532			
Ammunition and Bombs.....	1,568,037		1,567,548				489
Barrack, Hospital, Camp and Miscellaneous Stores.....	2,501,014		2,320,868				180,146
13 Acquisition and Construction of Buildings and Works Including Acquisition of Land:							
Purchase of Real Properties (Land and Buildings).....	1,063,741					1,063,741	
Construction—Major Contract Projects.....	36,756,416			11,231,543	25,431,915	92,958	
Construction—Day Labour and Minor Contract Projects.....	3,661,205		3,588,486				72,719
14 Repair and Upkeep of Buildings and Works including Land.....	6,346,560		3,184,614				3,161,946
15 Rentals of Land, Buildings and Works.....	339,362	268				48,142	290,952



16	Major Procurement of Equipment—							
	Aircraft and Engines.....	56,443,237		56,443,237				
	Mechanical Equipment including Transport.....	1,722,959		1,722,959				
	Armament Equipment.....	243,615		237,834				5,781
	Signal and Wireless Equipment.....	10,164,848		10,103,296				61,552
	Special Training Equipment.....	193,682		191,489				2,193
	Miscellaneous Equipment.....	2,017,204		1,978,795				38,409
17	Repair and Upkeep of Equipment							
	Repair and Spare Parts for Mechanical Equipment including Transport.....	1,314,563		114,979				1,199,584
	Overhaul of Aircraft including Spares.....	15,557,224		15,387,449				169,775
	Miscellaneous Repairs.....	8,938		8,938				
18	Rentals of Equipment.....							
19	Municipal and Public Utility Services.....	1,338,832		154,998				1,183,834
20	Contributions, Grants, Subsidies, etc., not included elsewhere.....	39,795	23,832					15,963
21	Pensions, Superannuation and other Benefits for Personal Services.....	87,233	87,233					
22	All other Expenditures—							
	Education of Dependent Children.....	178,123		24,206				153,917
	Laundry and Dry Cleaning.....	171,556		11,831				159,725
	Expenditures not elsewhere provided.....	110,170	44,400					65,770
	Totals.....	230,553,393	68,736,934	113,350,540	11,654,045	25,431,915	1,435,560	9,944,399 (b)

NOTES: (a) Normally procured through King's Printer.  
 (b) Includes Local Purchases direct from the trade as well as requisitions on local DDP offices and locally hired day labour on maintenance projects.

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by detailed examination of all invoices.



DEPARTMENT OF NATIONAL DEFENCE  
SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)  
AIR FORCE—1951-52 (1 APRIL—31 OCT.)

	Expenditures 1 Apr/51— 31 Oct/51	ANALYSIS OF EXPENDITURE					Local Procure- ment
		DND	DNP	DCL	CMHC	DOT	
01 Civil Salaries and Wages.....	7,165,431	7,055,470				109,961	
02 Civilian Allowances.....	74,577	74,577					
03 Pay and Allowances.....	36,473,423	36,473,323					100
04 Professional and Special Services:							
Corps of Commissionaires.....	45,164	42,784					2,380
Professional Fees—Architects, Engineers, Land Valuation and Legal.....	1,375,870	8,296		1,364,184			3,390
Medical and Dental Consultants and Special Services.....	231,990	12,065					219,925
Fees for Special Courses.....	235,070	233,287					1,783
05 Travelling and Removal Expenses.....	5,626,754	5,023,193				2,773	788
06 Freight, Express and Cartage.....	1,388,977	1,370,027				3,420	15,630
07 Postage.....	65,722						65,722
08 Telephone, Telegrams and other Communication Services.....	422,702	140	190,458			9,215	222,889
09 Printing of Departmental Reports and other Publications..... (a)	55,023	53,137					1,886
10 Films, Displays, Broadcasting, Advertising and other Information Materials..... (a)	525,648	451,661					73,987
11 Office Stationery, Supplies, Equipment and Furnishings..... (a)	661,199	344,261	274,874			1,275	40,789
12 Materials and Supplies—							
Fuel for Heating, Cooking and Power Generating Units.....	1,442,232		1,421,445				20,787
Clothing and Personal Equipment.....	5,909,566	70,204	5,699,976				139,386
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M.E.....	3,398,873		2,972,514				426,359
Food Supplies.....	1,281,912	1,109,075					172,837
Miscellaneous Materials and Supplies.....	2,409,750	34,807	1,655,593			6,899	712,451
Medical and Dental Supplies.....	448,822	400,000	37,379				11,443
Ammunition and Bombs.....	818,334	66,770	751,281				283
Barrack, Hospital, Camp and Miscellaneous Stores.....	2,348,730	772	2,012,208				335,750
13 Acquisition and Construction of Buildings and Works including Acqui- sition of Land—							
Purchase of Real Properties (Land and Buildings).....	859,215	220,290				638,578	347
Construction—Major Contract Projects.....	43,903,810		1,921,053	31,443,226	8,213,788	2,325,743	
Construction—Day Labour and Minor Contract Projects.....	404,694	161,705	242,556				433
14 Repair and Upkeep of Buildings and Works including Land.....	7,434,913		7,427,920				6,993
15 Rentals of Land, Buildings and Works.....	111,584	110,170					1,414



16	Major Procurement of Equipment—							
	Aircraft and Engines.....	122,150,684	4,447,634	117,692,468				10,582
	Mechanical Engineering including Transport.....	1,934,188	72,319	1,795,752				66,117
	Armament Equipment.....	232,544	45,942	179,086				7,516
	Signals and Wireless Equipment.....	6,367,353	71,564	6,238,223				57,566
	Special Training Equipment.....	122,126	6,138	113,660				2,328
	Miscellaneous Equipment.....	2,949,807	78,055	2,510,862				360,890
17	Repair and Upkeep of Equipment—							
	Repair and Spare Parts for Mechanical Equipment including Transport.....	798,086	670	127,206				670,210
	Overhaul of Aircraft including Spares.....	19,173,697	199,944	18,909,595				64,158
	Miscellaneous Repairs.....	2,462,249	5,052	2,398,900				58,297
18	Rentals of Equipment.....							
19	Municipal and Public Utility Services.....	802,749	771,355					31,394
20	Contributions, Grants, Subsidies, etc., not included elsewhere.....	31,221	19,412					11,809
21	Pensions, Superannuation and other Benefits for Personal Services.....	70,024	70,020					4
22	All Other Expenditures—							
	Education of Dependents Children.....	154,174	63,467	77,077				13,630
	Laundry and Dry Cleaning.....	102,248						102,248
	Expenditures not elsewhere provided.....	564,700	404,567					160,133
	Adjustment—Miscellaneous and other Governments Recoverable.....	80,939	80,939					
	Totals.....	283,116,774 (c)	60,253,092	174,650,086	32,807,410	8,213,788	3,097,864	4,094,534 (b)

NOTES: (a) Normally procured through King's Printer.

(b) Includes local purchases direct from the trade as well as requisitions on local DDP offices (Local allotments only).

(c) Expenditure total includes accountable advances.

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts show in some instances are estimates and have not been obtained by a detailed examination of all invoices.

NOTE: Above expenditures include accumulated charges re NATO Air Training which are properly chargeable to the Special NATO Appropriation (Parliamentary Vote S 246). These charges to Oct. 31/51 amount to \$24,640,775.



## DEPARTMENT OF NATIONAL DEFENCE

## SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

## DEFENCE RESEARCH BOARD—1950-51

	Expenditures 1950-51	Expenditures Analysed by Procurement Agency					
		DND	DDP	CMHC	NRC	OGD'S	Local Procurement
	\$	\$	\$	\$	\$	\$	\$
01 Civil Salaries and Wages.....	3,744,927	3,730,334				14,593	
02 Civilian Allowances.....	48,983	48,983					
03 Pay and Allowances.....	75,891	75,891					
04 Professional and Special Services.....	131,016	15,279	107,560				8,177
05 Travelling and Removal Expenses.....	328,602	308,746	19,856				
06 Freight, Express and Cartage.....	42,615	42,615					
07 Postage.....	2,291	2,291					
08 Telephones, Telegrams and other Communication Services.....	30,793	23,990	3,032			3,771	
09 Printing of Departmental Reports and other Publications.....	67,039					67,039	
10 Films, Displays, Broadcasting, Advertising and other Information Materials.....	7,121					7,121	
11 Office Stationery, Supplies, Equipment and Furnishings.....	105,682					105,682	
12 Materials and Supplies.....	1,063,587	26,534	671,085		35,300	83	330,585
13 Acquisition and Construction of Buildings and Works including Acquisition of Land.....	2,109,264	344,090	1,104,725	552,466			107,983
14 Repair and Upkeep of Buildings and Works including Land.....	302,680	114,461	84,398				103,821
15 Rentals of Land, Buildings and Works.....	11,596	11,596					
16 Major Procurement of Equipment.....	11,631,365	51,287	11,194,841		76,280		308,957
17 Repair and Upkeep of Equipment.....	324,899	61,248	200,408				63,243
18 Rentals of Equipment.....							
19 Municipal and Public Utility Services.....	27,235	10,268	8,720		7,184		1,063
20 Contributions, Grants, Subsidies, etc., not including elsewhere.....	1,345,453	1,345,453					
21 Pensions, Superannuation and other Benefits for Personal Services.....	43,368	43,368					
22 All other Expenditures.....	1,043,367	104,074	628,204		27,978	275,595	7,516
89 Communications Research.....	927,555	149,658	750,861			25,960	1,076
Totals.....	23,415,329	6,510,166	14,773,690	552,466	146,742	499,844	932,421

NOTE: The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.



DEPARTMENT OF NATIONAL DEFENCE

APPENDIX I (Cont.)

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

DEFENCE RESEARCH BOARD—1951-52 (1 APRIL—31 OCT.)

	Expenditures 1 April— 31 October, 1951	ANALYSIS OF EXPENDITURES							Local Pro- curement
		DND	DDP	DCL	CMHC	DOT	NRC	OGD	
01 Civil Salaries and Wages.....	2,970,611	2,965,330				5,281			
02 Civilian Allowances.....	37,034	36,622						412	
03 Pay and Allowances.....	41,735	41,735							
04 Professional and Special Services.....	140,289	15,060		125,229					
05 Travelling and Removal Expenses.....	275,045	219,682	55,181			182			
06 Freight, Express and Cartage.....	13,826	13,826							
07 Postage.....	1,793	1,793							
08 Telephones, Telegrams and other Communi- cation Services.....	25,753	24,474				1,279			
09 Printing of Departmental Reports and other Publications.....	27,035	26,997					38		
10 Films, Displays, Broadcasting, Advertising and other information materials.....	14,095	14,095							
11 Office Stationery, Supplies, Equipment and Furnishings.....	68,240	64,828						3,412	
12 Materials and Supplies.....	669,003	5,477	269,064				20,262	6,425	367,775
13 Acquisition and Construction of Buildings and Works Including Acquisition of Land.....	1,438,909	8,549	39,701	1,092,244	193,395				105,020
14 Repair and Upkeep of Buildings and Works including Land.....	97,669	47,141	23,279						27,249
15 Rentals of Land, Buildings and Works.....	4,042	1,482							2,560
16 Major Procurement of Equipment.....	6,306,888	29,828	6,122,963						154,097
17 Repair and Upkeep of Equipment.....	92,072	684							91,388
18 Rentals of Equipment.....	10	10							
19 Municipal and Public Utility Services.....	11,238	5,327	5,286						625
20 Contributions, Grants, Subsidies, etc., not included elsewhere.....	692,908	642,908					50,000		
21 Pensions, Superannuation and other Benefits for Personal Services.....	14,794	14,794							
22 All other Expenditures.....	312,752	17,742	247,144			160	18,631	28,567	508
89 Communications Research.....	602,987	70,504	531,933						550
TOTALS.....	13,858,728	4,268,878	7,294,561	1,217,473	193,395	6,902	88,931	38,816	749,772

NOTE. The above analysis is intended to provide an approximation of the distribution of expenditures by procurement agencies. The amounts shown in some instances are estimates and have not been obtained by a detailed examination of all invoices.

DEFENCE EXPENDITURE



DEPARTMENT OF NATIONAL DEFENCE  
SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)  
DEPARTMENTAL ADMINISTRATION—1950-51

	Expenditures 1950-51	ANALYSIS OF EXPENDITURES		
		DND	DDP	Local Pro- curement
	\$	\$	\$	\$
01 Civil Salaries and Wages.....	2,141,970	2,141,970		
02 Civilian Allowances.....	620	620		
04 Professional and Special Services— Professional Fees—Architects, Engineers, Land Valuation and Legal.....	5,029	5,029		
05 Travelling and Removal Expenses.....	262,448	262,448		
06 Freight, Express and Cartage.....	1,967	1,967		
07 Postage.....	24,926	24,926		
08 Telephones, Telegrams and other Communication Services.....	23,991	23,991		
09 Printing of Departmental Reports and other Publications.....	63,586	63,586		
11 Office Stationery, Supplies, Equipment and Fur- nishings.....	72,090	72,090		
12 Materials and Supplies— Fuel for Heating, Cooking and Power Gener- ating Units.....	3,149			3,149
Gasoline, Fuel Oil and Lubricants for Ships, A/C and M/E.....	1,905			1,905
Miscellaneous Materials and Supplies.....	40,213		40,213	
14 Repair and Upkeep of Buildings and Works includ- ing Land.....	65,405	94	64,043	1,268
16 Major Procurement of Equipment— M.E. Equipment including Transport.....	8,114		8,114	
Miscellaneous Equipment.....	46,384		46,384	
17 Repair and Upkeep of Equipment— Repairs and Spare Parts for M.E. Equip- ment including Transport.....	294			294
19 Municipal and Public Utility Services.....	2,251	2,251		
21 Pensions, Superannuation and other Benefits for Personal Services.....	4,584	4,584		
22 All other Expenditures— Expenditures not elsewhere provided.....	215,535	215,535		
Imperial War Graves Commission.....	466,099	466,099		
Totals.....	3,450,560	3,285,190	158,754	6,616



## APPENDIX I (Conc.)

## DEPARTMENT OF NATIONAL DEFENCE

SUMMARY OF EXPENDITURES 1950-51 AND 1951-52 (1 APRIL—31 OCTOBER, 1951)

DEPARTMENTAL ADMINISTRATION 1951-52 (1 April-31 October)

	Expenditures 1st April to 31st Oct. 1951	ANALYSIS OF EXPENDITURES		
		DND	DDP	Local Procurement
	\$	\$	\$	\$
01 Civil Salaries and Wages.....	1,939,265	1,939,265		
04 Professional and Special Services— Professional Fees—Architects, Engineers, Land Valuation and Legal.....	74,086		74,086	
05 Travelling and Removal Expenses.....	257,466	257,466		
06 Freight, Express and Cartage.....	1,603	1,603		
07 Postage.....	28,061	28,601		
08 Telephones, Telegrams and other Communication Services.....	15,318	15,318		
09 Printing of Departmental Reports and Other Publications.....	32,468	32,468		
11 Office Stationery, Supplies, Equipment and Furnishings.....	54,496	54,496		
12 Materials and Supplies— Miscellaneous Materials and Supplies.....	25,542		25,542	
14 Repair and Upkeep of Buildings and Works including Land.....	18,068		18,068	
15 Rentals of Land, Buildings and Works.....	472	472		
16 Major Procurement of Equipment— Miscellaneous Equipment.....	66,914		66,914	
17 Repair and Upkeep of Equipment— Repairs and Spare Parts for Mechanical Equipment including Transport.....	48			48
18 Rentals of Equipment.....	3	3		
19 Municipal and Public Utility Services.....	910	910		
20 Contributions, Grants, Subsidies, etc., not in- cluded elsewhere.....				
21 Pensions, Superannuation and other Benefits for Personal Services.....	5,710	5,710		
22 All other Expenditures Expenditures not elsewhere provided.....	32,537	32,537		
Miscellaneous Recoverables.....	5,887	5,887		
	2,559,394	2,374,736	184,610	48



## APPENDIX J

Statement covering:

1. The cost of training, equipping and maintaining the 25th Brigade now in Korea;
2. The cost of RCAF participation in Korea airlift; and
3. The cost to the Navy of its participation in Korean naval operations.

## COST OF 25 CANADIAN INFANTRY BRIGADE

*Requested by Mr. Macdonnell*1. *Pay and Allowances*

Total Pay and Allowances of 25 Infantry Brigade, all ranks on Brigade strength, to 30 November, 1951 amounts to \$17,364,714:

Fiscal Year 1950-51 .....	\$ 8,479,033
Fiscal Year 1951-52 (8 months) .....	8,885,681
Total .....	\$17,364,714

2. *Maintenance Support at Fort Lewis, WN. And Transportation Inward to Fort Lewis*

(a) Charges by United States Army for maintenance support provided the Canadian Army at Fort Lewis amount to \$2,655,753.46 (\$2,519,883.78 U.S. funds), made up as follows:

Food supplies .....	\$1,171,986.17
Repair and upkeep of buildings .....	162,152.10
Fuel—heating, cooking, operation of mechanical equipment including transport; lubricants .....	438,307.27
Barrack, hospital, camp and miscellaneous equipment and stores .....	125,230.64
Laundry and dry cleaning; clothing maintenance .....	113,247.37
Equipment maintenance—spare parts and contract repair .....	216,022.90
Medical supplies and services .....	289,973.72
Miscellaneous—communication services, training ammunition .....	138,833.29
Total .....	\$2,655,753.46

(b) Transportation to Fort Lewis from training establishment in Canada initial move only (return from embarkation leave destination point not included) amounts to \$798,420.

(c) Total—United States Army support and initial move to Fort Lewis	
(i) United States Army support .....	\$2,655,753.46
(ii) Initial move to Fort Lewis .....	798,420.00
Total .....	\$3,454,173.46

3. *Expenditure to Complete Equipment 25 Canadian Infantry Brigade (purchases only, items drawn from stocks NOT included).*

Mechanical equipment—weapon carriers, trucks crawler tractors, trailers, water supply sets, mechanical refrigerator units mobile bath units .....	\$ Canadian 8,567,068
Armament—mortars, rocket launchers, flame throwers .....	242,863
Tanks .....	3,045,000
Signals equipment .....	442,884
Field ranges, cooking outfits, inflammable drums, gas bottles .....	112,868



Clothing—socks, field trousers .....	495,020	
Office equipment and appliances .....	89,898	
Medical equipment and supplies .....	45,646	
Demolition stores, mines and flares .....	15,333	
Total .....		<u>\$13,056,580</u>

4. *Costs of 25 Canadian Infantry Brigade in Korea and Japan  
To November 30, 1951*

Pay and Allowances .....		\$ Canadian
Maintenance Support*		9,086,697
Civil Salaries and Wages .....	24,500	
Food supplies .....	2,915,911	
Fuel—for heating cooking, operation of power generators, mechanical equip- ment including transport; lubricants ...	423,523	
Barrack, camp, hospital and miscellaneous equipment and stores .....	1,296,412	
Laundry and dry cleaning .....	162,074	
Maintenance of clothing and personal equipment .....	3,168,991	
Ammunition and bombs .....	11,253,476	
Maintenance of mechanical equipment— spare parts, contract repair .....	5,566,400	
Medical and dental services and supplies ...	2,227,032	
Armament maintenance .....	538,259	
Signal and wireless equipment maintenance	153,587	
Communication services—telegraph, etc. ...	31,700	
Miscellaneous labour hire .....	17,000	
Maintenance and repair of buildings .....	20,237	
Freight, express and cartage# .....	1,564,900	
Office supplies, equipment .....	300,500	29,644,506
Total .....		<u>38,751,203</u>

\* Comprises cost of all supplies and stores received in Far East, including items of Canadian, United States, United Kingdom and Australian origin.

# Refers to charges covering maintenance support not included in main ocean movement referred to in paragraph 5 below.

5. *Cost of Trans-Pacific Surface Transportation*<sup>Ø</sup>

(a) Personnel—westbound .....	1,711,522	
—eastbound .....	70,153	1,781,675
(b) Freight—ocean transportation .....	1,444,032	
Port handling—stevedoring, port switching port proofing of cargo .....	237,860	1,681,892
Total .....		<u>3,463,567</u>

<sup>Ø</sup> Cost to December 1, 1951 for all service performed by United States Military Sea Transport Service and includes costs of charter and operation of the freighters put into the United States Military Sea Transport Service shipping pool.



## ESTIMATED COST OF KOREAN AIRLIFT FOR PERIOD ENDED 31 OCT. 51

(1) Pay and Allowances .....	\$1,603,651
(2) Travelling Expenses .....	269,204
(3) Accommodation, rations, station services .....	475,829
(4) Freight and Express .....	23,156
(5) Miscellaneous local procurement .....	36,138
(6) Aero gas and oil .....	831,883
(7) Overhaul and Maintenance of aircraft .....	1,210,255
(8) Chartered Airlift	
Canadian Pacific Airlines .....	4,501,218
<b>Total .....</b>	<b>\$8,951,334</b>

## BASIS OF CALCULATIONS

*Pay and Allowances*

Actual expenditure for pay and allowances for the period 426 Squadron was based at Tacoma, August 1950—June 1951.

Estimated cost of pay and allowances for the balance of the period because actual expenditures constitute a part of those of Station Lachine. The estimated monthly cost is lower than the actual at Tacoma because the squadron is carrying out other commitments and the number of aircraft assigned to the Korean Airlift has been reduced.

*Travelling Expenses*

Actual expenditures for the period 426 Squadron was based at Tacoma. Estimated cost for balance of the period calculated as for item 1.

*Accommodation, Rations Station Services*

Actual expenditures for the period 426 Squadron was based at Tacoma made in accordance with the per capita rate negotiated with the U.S.A.F. For the balance of the period the cost of rations for squadron personnel has been included.

*Freight and Express*

Actual expenditures for the period the squadron was based at Tacoma.

*Miscellaneous Local Procurement*

Actual expenditures as recorded by the Chief Treasury Officer, Department of National Defence.

*Aero Gas and Oil*

Actual expenditures are included for the period ended 31 Mar. '51 during which aero gas and oil was purchased from the U.S.A.F. For the balance of the period the cost is estimated for the actual flying hours at the rate of consumption during the period of direct purchase.

*Overhaul and Maintenance of Aircraft*

Estimated cost based on indices of overhaul and maintenance costs per flying hour, for the types of aircraft in use. Indices were prepared from statistics over a period of time and in accordance with formulae produced by U.S. commercial airlines and the Department of Transport.

*Chartered Airlift—Canadian Pacific Airlines*

This amount represents expenditures made on the airlift contract with Canadian Pacific Airlines which was authorized by Orders in Council.



## COST OF NAVY OPERATIONS IN KOREAN WATERS TO 31 OCTOBER, 1951

Pay and Allowances of Officers and Men .....	2,841,792
Food .....	799,364
Fuel Oil .....	1,221,372
Ammunition .....	1,200,000
Repairs and Refits of Ships .....	541,517
Stores .....	33,577
Clothing .....	2,181
	\$6,639,803

The above figures cover the operation of the following destroyers:

Ship	From	To	Officers	Men
<i>Cayuga</i>	5 July 1950	7 April 1951	14	265
	19 June 1951	31 Oct. 1951	14	243
<i>Athabaskan</i>	5 July 1951	17 May 1951	15	259
	2 Aug. 1951	31 Oct. 1951	15	254
<i>Sioux</i>	5 July 1950	4 Feb. 1951	15	237
	8 April 1951	31 Oct. 1951	15	227
<i>Nootka</i>	25 Nov. 1950	21 Aug. 1951	15	248
<i>Huron</i>	22 Jan. 1951	21 Sept. 1951	16	248

Pay and Allowances are based on actual pay and allowances for officers and men on each Destroyer from the time ship left Esquimalt until she returned to home port.

Food is based on cost of feeding in Korean operational zone at \$1.75 per day.

Repairs and maintenance covers cost of repairs and refit of various destroyers on return from Korean operation.

Fuel covers cost of fuel to September 30, 1951 and is based on actual consumption of the various destroyers to that date.

Ammunition is based on consumption reports to May, 1951 and estimated consumption to October 31, 1951 based on available information.

Clothing and Stores represent items purchased by ships during operation and does not include items issued from stores while ships are in home ports.

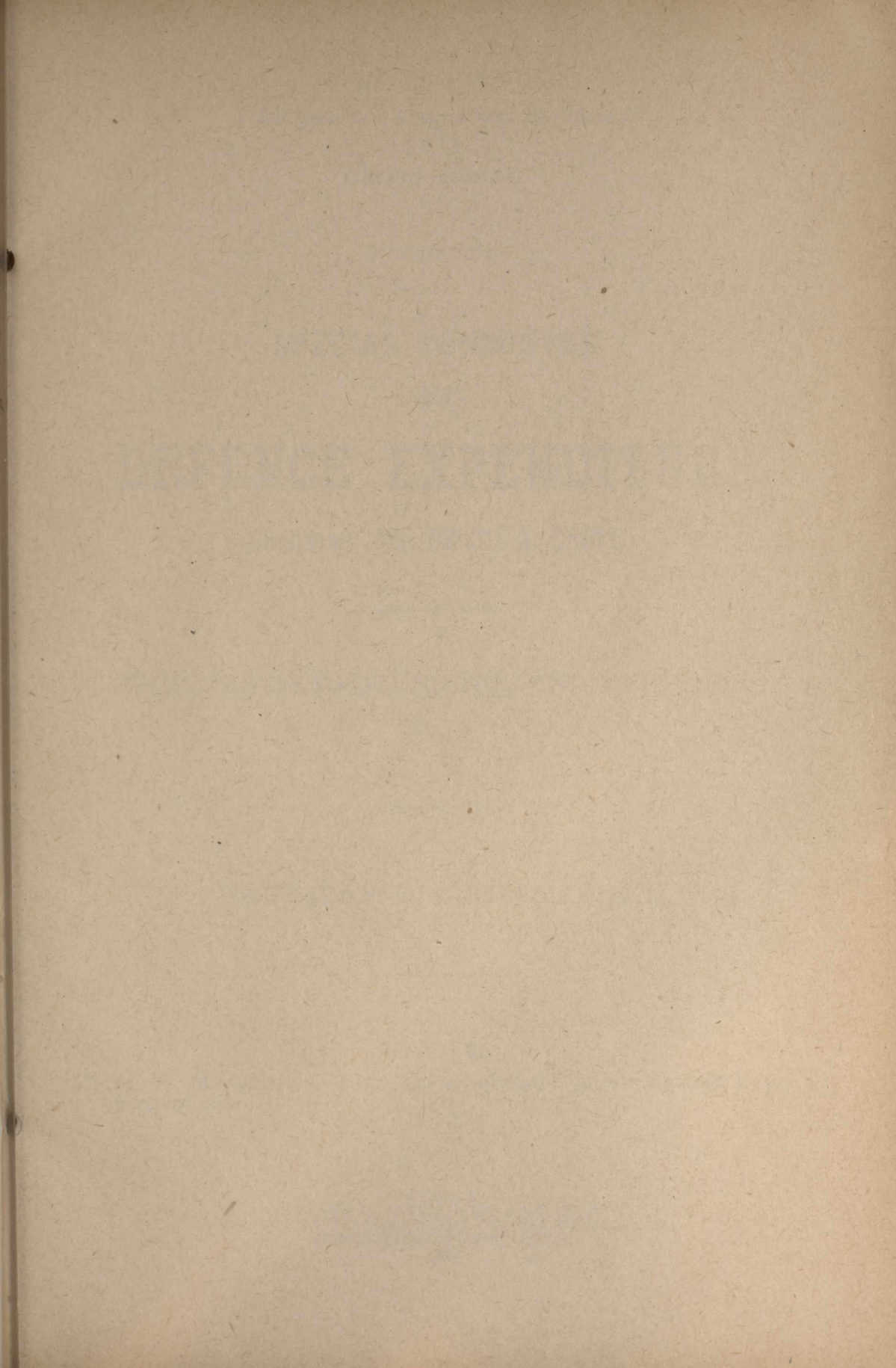


## APPENDIX K

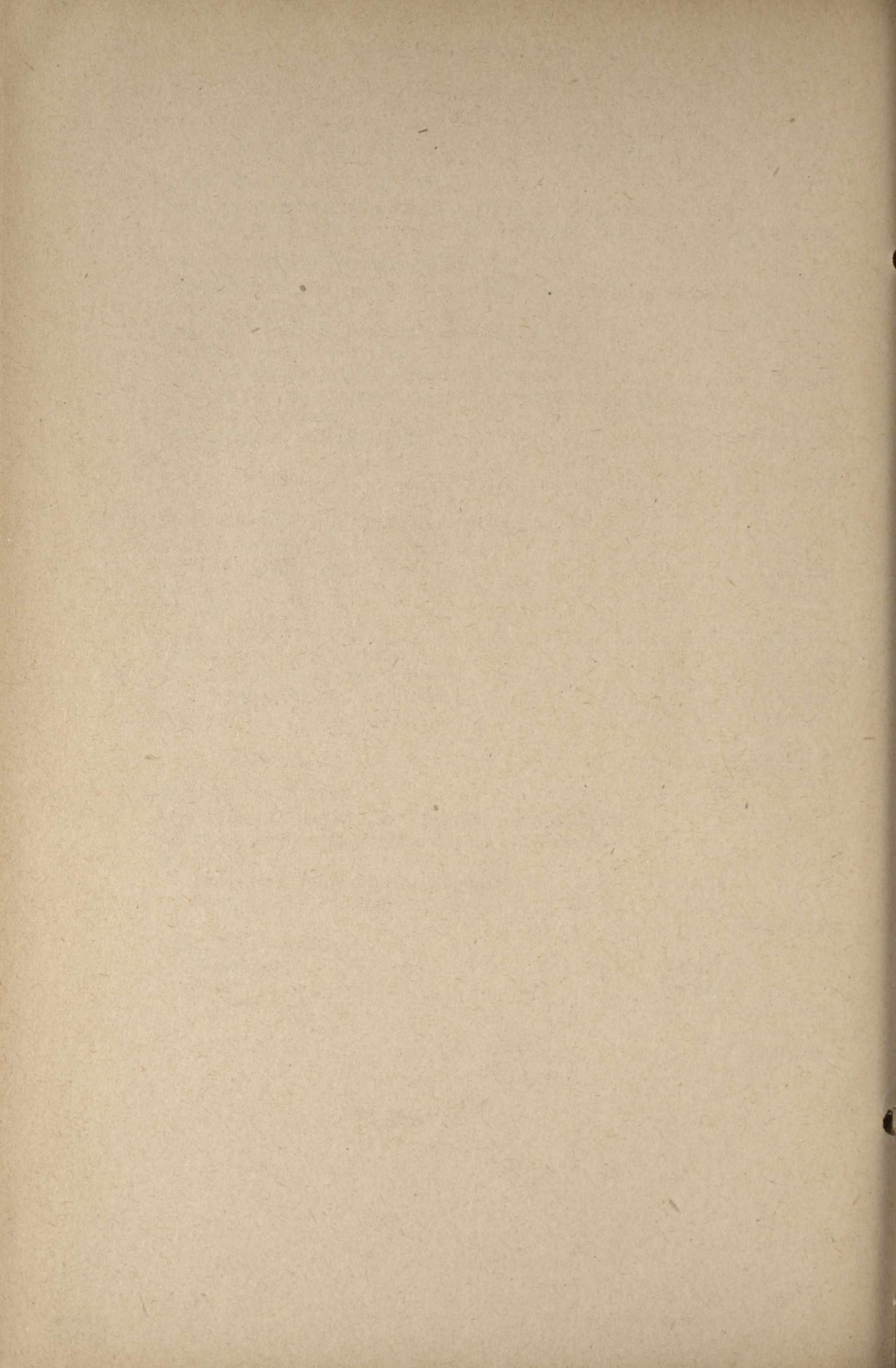
COST OF TRAINING, EQUIPPING AND MAINTAINING 27TH CANADIAN  
INFANTRY BRIGADE TO 30 NOVEMBER, 1951

1.	<i>Pay and Allowances, to 30 Nov. 51</i>		
	Total for all ranks on strength of Brigade (replacements not included) from date of organization to 30 Nov. 51 .....		\$ 4,889,375
2.	<i>Cost of Occupation Valcartier Camp</i>		
	Rehabilitation and repair of wartime construction, to make ready for occupancy .....	1,020,020	
	Additional fuel for heating and cooking .....	36,400	
	Additional public services .....	18,200	
	Civil salaries and wages, extra employment .....	42,885	
	Gasoline, fuel oil expenses, operation of mechanical equipment including transport .....	91,020	
	Food supplies and catering .....	505,824	
	Total .....		\$ 1,714,349
3.	<i>Expenditures to Complete Equipment and Stores</i> (items drawn from stock not included)		
	Vehicles—jeeps, trucks .....	835,388	
	Tanks .....	248,900	
	Weapons .....	7,500	
	Signal equipment .....	258,323	
	Ammunition—U.S. natures .....	1,009,342	
	Medical equipment and supplies .....	23,046	
	Office appliances and equipment .....	56,075	
	Clothing .....	187,264	
	Total .....		\$ 2,625,838
4.	<i>Transportation Charges</i>		
	Expenditures in Canada (include expenditures respecting replacement elements as not available separately)		
	Travelling and Removal Expenses .....	1,151,776	
	Freight, Express and Cartage .....	916,543	
			2,068,319
	Ocean Transportation		
	Personnel .....	445,235	
	Freight .....	1,032,344	
			1,477,579
	Total .....		\$ 3,545,898











HOUSE OF COMMONS  
Fifth Session—Twenty-first Parliament  
1951  
(Second Session)

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SPECIAL COMMITTEE  
ON  
**DEFENCE EXPENDITURE**

Chairman—Mr. DAVID A. CROLL

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 4

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THURSDAY, DECEMBER 13, 1951.

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WITNESS:

Mr. M. W. Mackenzie, C.M.G., Deputy Minister, Department of Defence  
Production.

OTTAWA  
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1952



DEFENSE EXPENDITURES  
IN THE UNITED STATES

1940-1945

BY

WILLIAM

W. W. ...

... ..



## MINUTES OF PROCEEDINGS

THURSDAY, December 13, 1951

The Special Committee on Defence Expenditure met this day at 11.30 o'clock a.m. Mr. David A. Croll, Chairman, presided.

*Members present:* Messrs. Adamson, Balcom, Blanchette, Campney, Cavers, Churchill, Drew, Fulton, Gauthier (*Portneuf*), George, Harkness, Henderson, Hunter, James, Jones, Macdonnell (*Greenwood*), MacDougall, McCusker, McIlraith, Power, Pinard, Quelch, Stick, and Wright. (24).

*In attendance:*

From the *Department of Defence Production*: Mr. M. W. Mackenzie, Mr. T. N. Beaupre, Mr. G. W. Hunter, and Miss Ruth E. Addison.

From the *Department of National Defence*: Mr. C. M. Drury, Mr. E. B. Armstrong, Mr. R. J. Sutherland, Mr. G. W. Dunn, and Mr. A. S. Duncan.

From the *Department of Finance*: Mr. R. Keith.

Before proceeding, Mr. Macdonnell called the attention of the Committee to a request for a tender from the Department of Defence Production. He quoted document S-20-K-909, dated October 22nd, 1951, and commented on the quantity required of this article to be tendered for.

In this connection, Mr. McIlraith suggested that, in future, notice of such questions as the one raised by Mr. Macdonnell should be given to the Sub-Committee on Agenda.

The Chairman tabled the following documents, prepared by the Department of National Defence, which were ordered printed as *appendices* to this day's evidence, namely:

*Appendix L—*

Construction of Barracks and Messes for the Armed Forces since April 1, 1950, showing locations, numbers, type, total and per capita cost.

*Appendix M—*

Return showing land and buildings purchased from April 1, 1950 to October 31, 1951, and leases of land and buildings in force on December 1, 1951.

Mr. M. W. Mackenzie was called and produced a document in answer to a question of Mr. Wright, and was questioned thereon.

*Appendix N—*

Orders placed by the Canadian Commercial Corporation and the Department of Defence Production on behalf of the Department of National Defence for selected items of operational equipment, April, 1950-November, 1951.

*Ordered* that the above documents be printed.

In relation to *Appendix N*, Mr. Drew asked that additional information be supplied with respect to the date of orders placed, and dates and points of deliveries.



After a discussion on procedure, the Chairman quoted the Order of Reference.

It was agreed to incorporate in the printed record for the convenience of the members of the Committee, and the officials concerned, or any other similar committee, lists of questions which the members care to submit to the Chairman, until Saturday, December 15.

The Chairman thanked Messrs. Drury and Mackenzie for their assistance and co-operation. Messrs. Drury and Mackenzie were retired.

After discussion, Mr. Drew moved that "when the Committee rises this day, it stand adjourned until Saturday at a time to be designated by the Chairman".

The question being put on Mr. Drew's motion, it was resolved in the negative on the following division:

*Yeas:* Messrs. Adamson, Churchill, Drew, Harkness, and Macdonnell. (5)

*Nays:* Messrs. Blanchette, Campany, Cavers, Gauthier (*Portneuf*), George, Henderson, Hunter, James, Jones, MacDougall, McCusker, McIlraith, Stick, and Wright. (14)

The question of presenting a report having been raised, it was agreed that no report would be presented to the House.

At 1.15 o'clock p.m., the Committee adjourned *sine die*.

ANTONIO PLOUFFE,  
Clerk of the Committee



## EVIDENCE

THURSDAY, December 13, 1951.

11:30 a.m.

The CHAIRMAN: Gentlemen, I see a quorum.

Mr. MACDONNELL: Mr. Chairman, may I ask the Department of Defence Production for information about a tender which I understand has been called for a certain article. I think now would be the time for me to do it. I have here, I suppose I should call it a request for a tender from the Department of Defence Production, dated October 22nd, 1951, and it is for 63,000 of what are described as "forks—serving". Well, that struck one of the people who was asked to tender as a strange order because he exhibited to me a sample of the article concerned, it seemed to me to be a rather mysterious sort of weapon, which he says it called for in this tender. I have one of them with me, Mr. Chairman, here it is. (Wooden handled long table fork displayed). I made inquiries about this both from hotel people and from merchants and they assure me that this by no stretch of the imagination could ever be wanted in that quantity; I mean, a large hotel might want a score or two score.

Mr. MACDOUGALL: What do they use them for?

Mr. MACDONNELL: Serving forks. I am quite an expert on it now. It is a serving fork and apparently it is used by the waiter when he comes along to the table at dinner and he has a platter with meat carved up on it and then as he goes along serving he ladles it out with his fork. I am told that this is not what is generally considered as a serving fork. It is not the kind of thing that I had exhibited to me in a hotel where I made certain inquiries, and I am assured by a responsible person that this is exactly similar to the kind of thing that was exhibited in the department in answer to an inquiry which was made pursuant to the call for tenders. There is one other thing which perhaps I might consider. There seems to be some difference as to departmental requirement—as to the amount—because a question was asked in the House about this number and the answer given was 40,000 not 63,000; but I still think there must be some extraordinary blunder in calling tenders for serving forks of this kind and in calling for, perhaps not for 63,000, but even for 40,000, of this dangerous instrument, or anything like that; but I thought, Mr. Chairman, that it would be well to mention it. I might say that the person who sent this information was convinced himself that there was a certain amount of carelessness and excess ordering in respect to some of the items, and I am given to understand that this is not the only one. Incidentally, the number of the tender is S-20-K-909, dated October 22nd, 1951.

Mr. MACDOUGALL: That could be used as an auxiliary bayonet too.

Mr. MCILRAITH: Mr. Chairman, might I say a word before we go further? Could we not get some procedure in this committee whereby we could be given the tender number in advance. We could then get the information. There is no point in trying to discuss it now when there has been no opportunity to look up the record. It is very easy to turn up this sort of information and find out all about it if we have notice in advance. It seems to me that notice of this type of question should be given to the steering committee. It would be a more orderly procedure and more helpful to the committee at large. We are in the position of having the subject mentioned and put on the record as



evidence when we know nothing about it at this point. It would have been better to have it done in an orderly way and to have all the evidence put in at the same time. I suggest that the steering committee might develop a method of having notice of questions of this sort so that they can be disposed of at one sitting.

Mr. MACDONNELL: I am sorry if I have done anything disorderly, but it does seem to me that we have plenty of time still; I understand we are going to be here for weeks more.

The CHAIRMAN: I suppose we will have to feel our way as we go along. I had no idea what Mr. Macdonnell was likely to bring up, consequently there was no opportunity to decide whether it was proper or not but we will try to avoid that sort of thing in the future.

I have answers to three outstanding questions. One was by Mr. Wright on the construction of barracks and messes and recreational facilities since April 1st, 1950, by units and per capita cost. Would you pass that answer around please? It will be incorporated in the record.

(See Appendix L)

Construction of Barracks and Messes.

While that is being passed around there is an outstanding question by Messrs. Jones, Stick and Churchill relating to land purchased or leased by the Department of National Defence since April 1st, 1950, and leases of land and building in force at December 1st, 1951. That will also be incorporated into the record.

(See Appendix M: Land purchased and leased by Department of national Defence.)

The CHAIRMAN: Gentlemen, you now have copies of both of these statements that will be incorporated into the record. The only outstanding question we have now is the one requiring information on weapons requested by Mr. Macdonnell. I will have Mr. Mackenzie give the answer to that.

In the interest of orderliness it was thought that Mr. Mackenzie's statement should be printed into the record. He has something to add by way of explanation, then after that is given we will call Mr. Drury and continue where we left off. (See Appendix "N" Orders Placed by Canadian Commercial Corporation and Department of Defence Production for Department of National Defence.)

**Mr. M. W. Mackenzie, Deputy Minister of Defence Production, recalled:**

The WITNESS: In tabling this list of orders placed on behalf of the Department of National Defence, I would like to make just one or two explanatory comments. When the Department of Defence Production was established in April of this year, and in recognition of the marked expansion of the procurement program, it established a much more detailed statistical classification of orders placed than had been necessary prior to that time. The system which was adopted in substantially that followed in the United States. This involved a major expansion of our statistical organization and the employment of a punch card system. The department came into existence on the 1st of April, but the new statistical system only became operative in July. I will not attempt to describe the system of classification in any detail but just by way of illustration, prior to the introduction of this system we had a classification "vehicles", but now I am told that there are some 24 subclassifications of vehicles. I mention this simply so that the committee will know that in respect of orders that are being placed today we will be able to give a more extensive breakdown than we



could in relation to contracts placed in 1950. Now, if we have interpreted correctly the questions that have been asked, they have been directed to what might be described as operational equipment which, for example, in the case of vehicles would mean tanks, self-propelled weapons and military type vehicles to the exclusion of civilian type vehicles, such as passenger or load carrying or off-the-road vehicles. In an attempt to provide the details now requested of orders placed and payments made thereagainst—not only in respect of the orders currently being placed but going back to April, 1950—we have had to examine the major contracts that have been let since April, 1950. They have had to be tabulated in a way so that the expenditures against any of the contracts can be shown. The figures that have been prepared will, I hope, meet the committee's requirements, but I want to make it clear that they do not include a large number of relatively small orders. The totals given for the various categories are totals of major contracts only. I am satisfied that no major items have been omitted, but there has not been time to prove the figures by detailed reconciliation, which would involve the examination of tens of thousands of very small contracts. I might say that the contracts that are listed represent about 62 per cent of the total contracts let during the period. The balance, of course, would be accounted for largely by construction contracts; by the textile program, including clothing and footwear; by such items as fuel, food, barrack room stores, and so on. Now, the estimated values that are given are, in some instances, too low, although it is not yet possible to revise those estimates in any firm way.

*By Mr. Harkness:*

Q. What do you mean by "estimated values" there? As I understand this, you have here a list of the contracts which have been let.—A. That is right.

Q. That is not an estimate, is it?—A. The first column of figures in each case is the estimated value of the contract.

Q. In other words, these are not firm contracts, then?—A. Oh, yes, these are firm contracts.

Q. I mean, as far as the total amount is concerned?—A. Many of these contracts do not state a firm price.

Q. That is what I mean—I should have said a firm price.—A. We have had to estimate what the ultimate cost would be.

Mr. MACDONNELL: Does the word "value"—

The CHAIRMAN: Just a minute, gentlemen. We have followed the procedure of permitting the witness to finish his statement, and then if you would like some clarification he would answer questions. Please go on, Mr. Mackenzie.

The WITNESS: The first column shows estimated value, which is the estimate of the amount involved that was made at the time the contract was let. As I was explaining, some of those estimates are, to some extent, out of date. Some of them are too low. We know that costs are increasing since the contract was placed but we have not been able to revise each one of these estimates. In other cases, some of the estimates have been too high, and we have been able to do a little better, but it must be recognized that these are estimated values and it is the only thing that could be given at this stage. Some of the contracts are, as I said in my earlier statement, cost plus contracts where we do not know at all what the ultimate is going to be.

Mr. MACDONNELL: Mr. Mackenzie, may I interrupt? Mr. Chairman, are you really ruling that now that we are on this statement with itemized figures which the deputy is going over you do not want us to ask him questions about these figures?



The CHAIRMAN: You will be able to deal with these figures in a few minutes. Mr. Mackenzie is now making a statement that is explanatory to those figures. When he is finished you will be able to question him.

The WITNESS: As far as payments against individual contracts are concerned, those are labelled expenditures. I should point out that the aggregate figures of payments made against the total program do give an indication of the total progress to date. As you narrow this information down to specific types and, still further, as you narrow it down to individual contracts, it becomes more difficult to draw firm conclusions from those figures. For example, some contracts provide for a down payment. Some contracts provide for progress payments. In some cases payments are not made until delivery. Then there is the fact of certain pool orders which are placed. I explained in my earlier statement that we have, through the revolving fund of the department, placed pool orders, for example, for the propulsion machinery for the escort vessels; that is a contract, incidentally, which has been placed with the John Inglis Co. The payments made there cannot be related to each individual contract for a ship, which contract is with a shipyard.

Mr. WRIGHT: On the fourth page, Mr. Chairman, down near the bottom of the page, there is an item with respect to Sorel Industries Limited for 138 105 Howitzers, for \$846,197, and following that there is an item for the United States government in connection with 88 105 mm howitzers, and the value is \$1,457,646. Why is there such a difference there?

The CHAIRMAN: Mr. Wright, if you will please let the witness finish his statement, I will recognize you.

The WITNESS: Now, one important field in which it has not been possible to make a suitable analysis of orders placed is that of Electronics because of the technical nature of the equipment and the fact that it is usually, but not always, incorporated in some other piece of equipment. Consequently it is most difficult to analyze it statistically. Furthermore, in this field rather more than others, there is a large element of work which is classified for security reasons. Accordingly, I do not have a table of major electronic orders placed although it should be noted that the aircraft figures which are given do include the electronics gear that has to be actually embodied in the airframe. It has not been possible, to separate this out. But if I had to hazard a guess, I would say that the electronic equipment in that program must amount to between \$200 million and \$300 million. But it is not possible to pick it out individually. Electronic equipment is therefore aircraft figures.

However, in the case of ships the figures do not include the specialized electronic equipment that will be ultimately installed. Apart from these complications, as I have said, there is a substantial volume of orders in the electronics field which is classified. The principal item in the field that can be clearly identified is the mobile radar set known as the No. 4 mark VI. This order has been placed with Canadian Arsenals Limited, and has an estimated value of some \$35 million. Three hundred of these sets, however, are being built as part of our NATO mutual aid program.

The figures for payments that will be given are, of course, supplied by the Department of National Defence, since payments are to be made through the Department of National Defence. But the figures for orders placed are taken from records of the Department of Defence Production. One additional point should be mentioned. At the top of the first sheet, there is a summary. I would like to read it for greater clarity.

The list covers all major orders placed on behalf of the Department of National Defence for operational equipment, with the exception of specialized electronic items. The figures given for aircraft, however, include the value of the electronic gear to be embodied in the actual



airframes. The estimated value of the orders and the expenditures there against relate to production contracts only and do not include those for capital assistance or development. The period covered is from April, 1950 to November, 1951.

One other item that is of importance is this: you will see at the bottom of the summary an item reading: "Expenditure for bulk orders placed with the United States government for divisional equipment" in the amount of \$46 million.

It is just not possible to allocate that \$46 million over the various individual items because the payments are made against a bulk order, which payments have been made to the United States government. It would relate largely to categories 2, 3, and 4. Orders marked with an asterisk are the ones against which this bulk payment of \$46 million applied. I think that is all I have to say, Mr. Chairman.

The CHAIRMAN: It is intended to have a short question period, and then revert to Mr. Drury. I think you have a question, Mr. Wright?

Mr. WRIGHT: Yes. I have a question in regard to page 2 of mimeographed price list.

The CHAIRMAN: You must speak up, Mr. Wright. You say your question is on page 2?

Mr. WRIGHT: That is right, on page 2 of mimeographed document.

The CHAIRMAN: Page 2 of Mr. Mackenzie's report?

Mr. WRIGHT: That is right. You will see there an item for Sorel Industries Limited of 138 105 mm. Howitzers with estimated value of \$1,500,000.

The CHAIRMAN: That would be about the middle of the page?

Mr. WRIGHT: In the lower part of the page.

*By Mr. Wright:*

Q. And for the United States government there is an item of 38 105 mm. Howitzers with an estimated value of \$1,457,646. Approximately the same amount of money is being paid for only 88 of those howitzers bought from the United States government as compared with \$1,500,000 for 138 of those howitzers being paid to Sorel Industries Limited. Might we have an explanation for that?—A. This is just an illustration of what I was saying, that the estimated values can be very misleading. The 88 howitzers were being bought from the United States government and that is the estimate we got from them on what we would have to pay. That is not a firm contractual price. That is an estimate which was received at the time. Now, in addition to buying 88 howitzers from the United States it was decided to manufacture this particular type of howitzer in Canada and it was thought at the time that the order would amount to \$1½ million, but whether that will prove to be the case, only time will tell.

Q. Then these figures do not really mean very much?—A. I was particularly careful to say that, when talking about these orders for equipment that are being made for the first time in Canada, it is practically impossible to be categorical as to what the items are going to cost.

Q. You will notice that there is a vast difference in these two items?—A. It may well be.

Q. It would look as if they could be made much cheaper at home than brought in from outside the country.—A. It may well be that the purchase from the United States will not amount to as much as that, or it may well be that the cost of manufacturing them in Sorel will be higher.

Mr. MACDOUGALL: It is a new venture, is it not?



The WITNESS: Yes, it is a new venture and I cannot say that is what it is going to cost.

By Mr. Drew:

Q. On the first page of the summary, the first item relates to small arms and machine guns, .60 calibre (15.2 mm) and under; does that include any rifles?—A. You can see the details of the item on the second page. Each of those items is fully detailed.

Q. Then there are no rifles which are not included on the second page?—A: No, only the items recorded. But you will notice the last item on the page which has to do with "parts, accessories and repairs for .303 rifles."

Q. What about that item for 20,951 .30 calibre rifles?—A. I am sorry. There are four orders here which are marked as "partly suspended"; and you will notice in the explanation at the top of the page that it says:

This figure includes orders for United States type small arms valued at \$1,103,621 on which procurement has been suspended pending clarification of the issue of standardization.

Q. That being so, it would be correct to say then that the total orders to Canadian Arsenals Limited are for 1,176 .22 caliber rifles, and there is no former order given them for rifles?—A. That is correct. And these orders that have been placed have been suspended.

Q. That is right. Now let me go on to machine guns. Where in this item are machine guns? I see that there are 12,291 Browning .5 machine guns, and that is an order placed with Canadian Arsenals Limited on which \$26,620 has been spent. Now, can you tell me when that order was placed?—A. I have not got the date here, Mr. Drew.

Q. Would you get that for me and say, so that we will understand these figures, that expenditures are made currently as delivery is completed. Is that not so? Just so we will understand these figures and the interpretation of them, expenditures are made currently as delivery is completed, is that so?—A. That depends on the terms of the contract. As I said earlier, some contracts provide for down payments, some contracts provide for progress payments—

Q. Yes?—A. Other contracts provide for payment only at the time of delivery. A very good illustration of that is the contract for trucks, military type vehicles.

Q. Yes?—A. In category 3 you will see the last item is General Motors of Canada, two and a half ton trucks. The expenditure is nil, but the amount of the order is \$13 million.

Those trucks are actually coming off the production now and so work has been done, but in that case we have not been billed by General Motors because—and I happen to know that particular one—payment is only made after final acceptance. We have not made payments to General Motors in that case.

Q. Well, I am simply dealing with the weapons of an infantry unit. The machine guns that are on order are Browning .5 machine guns and do we take it those are the only machine guns on order at this time?—A. This is a complete list of all major items, the same as the other.

Q. If that is so, I think we can take it those are the only machine guns on order at the present time—that is of standard machine guns? Then, I see an item of 2,025 .45 calibre sub-machine guns on order from the United States government on which no expenditure has been made, and I see beside that item that it is partly suspended—so there is no order at the present time for machine guns?—A. As I explained earlier all these items marked with the asterisk are those in the total group of items against which there has been \$46 million spent but which cannot be allocated to individual orders.



Q. But that is covered by the indication that the order has been suspended?  
—A. Yes, but part of that might have been delivered. It may be that some part of this order have been delivered.

Mr. MACDONNELL: Would it not be a matter of record?

*By Mr. Drew:*

Q. You would be able to tell us?—A. I have not got the information here.

Q. Would you get that information?—A. In respect of—

Q. Of how many of the sub-machine guns have been delivered.

Then I see there is a small order of 734 .50 calibre machine guns. Do you know what type that is—it does not name the type?—A. I could not tell you.

Q. The reason I ask is that .5 and .50 are the same and I notice you have 12,291 Browning .5 machine guns?—A. I am afraid I cannot answer that.

Q. Could you get that information.

Of course, again in mentioning that, it is one of the orders that has been suspended—but you are going to get information as to the details.

Going further down there is an order with Harrington and Richardson Arms Company Limited for 4,440 survival weapons. Do you know what they are?  
—A. I understand a survival weapon is for example issued to air crew, in event of their having to look after themselves in the bush.

Q. It is a .22 rifle?—A. Yes, I understand so.

Q. Where are Harrington and Richardson Arms Company located?—  
A. Drummondville.

Q. Well, from this Mr. Mackenzie, might we take it that there are no PIAT's or similar weapons on order?—A. Well, Mr. Drew, PIAT's come under the heading of rocket launchers and there are separate sheets for each classification.

Q. Well, let us wait then—but what about bazookas, would they come under rocket launchers?—A. Yes.

Q. What about recoilless guns, under what heading do they come?—  
A. They are labelled recoilless rifles, under the heading of artillery and naval guns.

Q. The six-pounder anti-tank gun would come under artillery weapons would it?—A. Yes.

The CHAIRMAN: Gentlemen, this is quite an important document placed before you by Mr. Mackenzie. I think we ought to give it some study and consideration before doing any more questioning on it—unless you have something immediate.

Mr. DREW: Yes, but I was simply checking as to where these infantry weapons were.

The CHAIRMAN: I think those are proper questions.

*By Mr. Drew:*

Q. Before I pass on from sheet 1, Mr. Mackenzie, are you in a position to say, from your knowledge as deputy minister of Defence Production, whether a decision has been made in regard to the calibre of rifle and standard machine gun that we are going to employ in our defence forces?—A. I cannot answer that question.

Q. Well in any event, just simply so we leave no doubt about it, there are no orders for rifles, sub-machine guns, machine guns, or other infantry weapons that are not included here?—A. This, to the best of my knowledge, is a complete list of the major orders placed during the period stated.

Q. Then we come to the next page?

Mr. MACDOUGALL: What page are you on now, Mr. Drew?



Mr. DREW: Page 2 of the summary.

On the next page I see there is an order for 59 4.2 inch mortars, or that order is suspended?

The WITNESS: No, sir. That is not so.

*By Mr. Drew:*

Q. Then the mark means something different on this page?—A. No, sir, the ones that have been partially suspended have been marked “suspended” or “partially suspended” and the asterisk refers to items against which the \$46 million has been paid but which cannot be allocated to the individual orders.

Q. Then the order has been placed for 59 4.2 inch mortars, but there is no expenditure, and I gather from your explanation that it is difficult to allocate the particular amount that would be appropriated to that particular purpose. Are these mortars yet delivered?—A. I cannot answer that, Mr. Drew.

Q. Well, would you get information as to when the order was placed and whether delivery has been made—or when delivery may be expected?

Mr. MCILRAITH: Could I get, for the record, an explanation of the asterisk at this item for 59 4.2 mortars. As I understand it, the item of \$46 million in the summary is in the expenditures column and has been spent, and the mortars may have been paid for out of this \$46 millions and may have been delivered. Is my understanding on that point correct?

The WITNESS: Yes, I just have not the information as to whether they have been delivered.

Mr. MCILRAITH: But they could have been delivered and may have been paid for.

Mr. HARKNESS: In connection with this whole thing, neither the expenditures item nor anything else gives us any idea of what deliveries have been made? That is really what it comes to?

The WITNESS: That is right. This does not cover deliveries of equipment.

Mr. HENDERSON: Mr. Mackenzie, some of these items may have been delivered in Korea and you do not know what items may have been delivered in Canada?

The WITNESS: I was using the word “delivered” to mean delivery to the Department of National Defence wherever they took delivery.

Mr. HENDERSON: No matter where it is delivered?

The WITNESS: No matter where it is delivered.

*By Mr. Drew:*

Q. So that some of these orders may simply be orders that were completed for the purpose of equipping our troops in Korea with American equipment. Is that the idea?—A. Yes, it may well be.

Q. But that does not necessarily tell us what guns we have for our own forces in this country or for European forces.—A. As I understand the question, it was with respect to orders and deliveries that have been made against them.

Mr. DREW: Yes, but it does not give us the picture too clearly unless first of all we know when the orders have been placed and then link that up with the general expectation of deliveries and also, in cases where they have not been delivered, when deliveries may be expected.

The CHAIRMAN: In fairness to the witness, Mr. Drew, he has answered the question which was asked him. If there are any other questions, more specific questions, I am quite sure he will answer them also.



Mr. MACDONNELL: Mr. Chairman, might I make one comment? I think on these questions we asked, it was important that we should have a clear knowledge as to where these things were to be used; that is, whether they were for the forces in Korea and elsewhere. Unfortunately, we are not to have the question answered in such a way that we would know if they are available in Canada. I mean, this question of delivery is most important—of course money is also important—but I think we should know what provision is made for deliveries in Canada. The real question has to do with weapons for troops in Canada. It does seem to me important that we should know what the weapons delivery schedule is and that is a top priority question that we ought to know about.

The CHAIRMAN: At the last meeting there was great emphasis placed on what weapons had been purchased. This gives you that information. The question as to what weapons have been delivered will also be answered in due course.

Mr. DREW: I just want to correct that to this extent. You will recall the terms of reference to the committee were to examine into the use of public money in relation to defence, and what is most important to us is that we should know what the requisitions are as we may relate them fully to defence preparations and to the needs of our defence forces. In that respect deliveries are most important because, in the first place, deliveries tell us the story. The second point is that it does not tell us where these weapons are and the number that are available for our own defence resources here in Canada. That was the object of asking the question; and if the witness hasn't got that information now may I ask him to supply us with it at the earliest possible moment.

Mr. MACDONNELL: We should know what the deliveries are in Canada; what is actually happening not only in Korea and in Europe but also what the position of deliveries is in Canada.

Mr. DREW: This does not tell us very much about deliveries in Canada. The fact that you have had deliveries of these 59 4·2 mortars in Korea; does not mean much in explaining what mortars are available for Canadian defence preparation or for the fitting out of our own forces. That is what I have in mind in this question.

Mr. McILRAITH: Isn't there a reference to defence expenditures? We are considering defence expenditures at the moment and we are starting right on it. I think that the point Mr. Drew is making will emerge from the discussion.

Mr. DREW: That is what I am trying to get at.

Mr. McILRAITH: I know that but we must start with the contracts that have been placed, the actual expenditures on them and the commitments. Now, I think that is the point. Of course, that information by itself is not all Mr. Drew is concerned about, but it does start us off.

Mr. DREW: But it will, Mr. McIlraith. If we know the details of the contracts that have been placed, as I pointed out, then we know when the orders were placed and when deliveries on those contracts can be expected; that is exactly what I had in mind.

Mr. McILRAITH: That is what they are giving us now in their report.

Mr. DREW: I appreciate that.

Mr. McILRAITH: They have given us a great volume of information this morning and we are getting along, as I see it, very quickly. I do not think you can just come forward with the whole thing all neatly tabulated because it is a very big job. Some of these contracts are tremendous things, and there is much detail which will have to be obtained. However, I don't see too much difficulty about it.



Mr. HUNTER: Mr. Drew wishes to determine whether 59 4.2 mortars have been delivered. It would seem that the purpose of this question is to try to determine the present state of the Canadian armed forces. I suggest that by obtaining that information which he is seeking he will not be achieving what he is endeavouring to ascertain, because without a complete list of the mortars already in the possession of the armed forces no true picture will emerge. I suggest, therefore, that without the additional information, which is outside the terms of reference of this committee, the question serves a very limited purpose.

Mr. DREW: I do not think so, Mr. Hunter. I think Mr. McIlraith has quite clearly indicated the relative facts of the situation. He pointed out that the facts are related to the contracts. I notice there is a reference there to 65 seventy-five millimetre weapons.

The CHAIRMAN: The department has tabled the answers to approximately 10 or 12 very long and very involved questions. My thought was that we would give this committee as much information as we could possibly place in their hands before prorogation. With that in mind, I have been urging the department on your behalf to supply all the information they can, and they are supplying a great deal of information. If there is further information which you require, let us know about it as soon as possible, we cannot be having many more meetings, if any. For that reason this questioning may do some good, but my thought is—and I go back now to the terms of reference, and I think Mr. Hunter's point may well be kept in mind—that the committee was set up to examine all expenditures of public money for National Defence and all commitments for expenditures for National Defence since March 31, 1950.

Mr. MACDONNELL: And to report from time to time their opinions thereon.

The CHAIRMAN: Yes, on expenditures. That is what we are committed to. I am not suggesting that the questions are out of order at the moment, but let us not lose ourselves, let us deal with expenditures for the time being. We may have an opportunity or another occasion to reach some conclusions.

Mr. DREW: Without attempting to reach any conclusions, may I ask Mr. Mackenzie if you know whether the 65 fifty-five millimetre rifles have been delivered.

The WITNESS: No, I have no figures of delivery here, Mr. Drew. This information, of course, again has to come from the Department of National Defence.

The CHAIRMAN: There is another question referring to selected items of operational equipment. Is it your request that we are to have delivery dates on all the items? Will that satisfy you? The date of order, the date of delivery?

Mr. DREW: Yes, the date of order and the date of delivery, and where delivered to.

The CHAIRMAN: The date of order and date of delivery. There may be no trouble on that, but from there on leave it at that. The delivery place is, of course, headquarters.

Mr. DREW: Let me explain what I mean. The fact is generally known that when our forces were sent to Korea they did their final training in the United States and they were equipped with American weapons—I think it is very important for us to know whether some of those items represent the weapons that were delivered for the purpose of equipping them to go to Korea. If those weapons represent the weapons delivered to the troops gone to Korea, then, of course, we immediately know what expenditure has or has not been made on weapons for both the active and reserve forces now training in Canada, as well as forces that we are sending to Europe. The last question I asked, Mr. Chairman, is with regard to the 65 55 millimetre rifles, which are like field guns.



The CHAIRMAN: Mr. Drew asked a general question on all this. The question asked you now is the date these orders were placed, the dates on which delivery was made and the place of delivery.

Mr. McILRAITH: As I understand Mr. Drew's last question it has to do with the use of these weapons, that is whether they went to the force in Korea or not. That is something of which this witness would have no knowledge. There may be some difficulty there. That may have to be obtained elsewhere.

Mr. DREW: I recognize that difficulty, but this witness will be in a position to answer the questions in regard to the date of the contracts and the date on which completion is to be effected.

The CHAIRMAN: The date when deliveries were made.

Mr. DREW: And are to be made. In other words, the essential details of the contract in that respect.

The CHAIRMAN: Let us be more specific so that we do not again misunderstand each other. The date the contracts were placed, the date when deliveries were made and, at what point were deliveries made.

Mr. DREW: And it grows out of the question I have already asked, when delivery of the balance of order may be expected.

The CHAIRMAN: Yes.

The WITNESS: I doubt very much that we can satisfactorily answer that. The dates on which the orders were placed is a matter that can be determined. The actual quantities that have been delivered to the Department of National Defence, I am sure, can be determined. Where they are delivered is, of course, a matter which we have no knowledge of in the Department of Defence Production. As far as making a forecast of the deliveries of all these items it would be, indeed, a very difficult task, if it is possible. We could do this for some of the items, undoubtedly, but with a great number of these items it is very difficult to set the production dates, and the forecasts are changing from time to time by reason of supply conditions.

*By Mr. Macdonnell:*

Q. Granted that one recognizes there may be changes, but surely every contract must indicate some expectation when it is at least hoped that delivery would be made, does it not?—A. In the contract itself?

Q. Or in the negotiations, let us say.—A. From the negotiations we know and have expectations as to when deliveries are going to commence on some of these orders.

*By Mr. Drew:*

Q. Mr. Mackenzie, is it not perfectly obvious that the one thing that the General Staff would want to know more than anything else, subject to all the variations that are inevitable, would be when they might expect delivery of weapons in relation to which they will be basing their plans for training and the dispatch of troops?—A. We have estimates of when these weapons are going to be delivered.

Q. Certainly; that is all I am asking.—A. They are not firm dates. The suggestion has been made that these are part of the contractual arrangements.

Mr. MACDONNELL: Maybe I used the wrong word. You said you had expectations of delivery.

*By Mr. Drew:*

Q. You can tell us when you expect delivery? You can answer from your records as to when you expect delivery?—A. It is very difficult, particularly in the case of the United States government deliveries.



Q. I simply point this out to illustrate the importance of the question and of getting some information in whatever form is most desirable. No plans could be made unless there was some anticipated date of delivery.—A. May I suggest we take notice of this question and see what we can do with it.

The CHAIRMAN: He said that he would attempt to answer the questions.

Mr. DREW: The 75 mm rifles would be light field guns?

The WITNESS: Those are recoilless rifles.

Mr. DREW: You say they are recoilless rifles.

The CHAIRMAN: What page are you on?

Mr. HARKNESS: Page 2 of mimeographed document.

Mr. DREW: Yes, page 2; and in the case of the 138 105 mm howitzers, I see there has been no payment, so I do not propose to ask further about it because the general information I have already asked for would cover it when you get that information. Now, what about the 88 105 mm howitzers?

Mr. STICK: The 88 105 mm howitzers cost \$1,457,646. The asterisk does not mean there is no payment which may be included in the \$46 million at the end of the page. Is that not right?

The WITNESS: That is right.

*By Mr. Drew:*

Q. I was referring to the 138 105 mm howitzers just above that item in relation to which it is shown that there is no payment.

Mr. STICK: But on the 88 105 mm howitzers there is nothing paid on that item.

*By Mr. Drew:*

Q. These steps are being taken, both by purchase from the United States government and by manufacturing in Canada, to supply a total requirement of 138 105 mm howitzers and 88 105 mm howitzers and 47 155 mm howitzers?—A. That is right.

Q. What field guns are on order?—A. Once again, let me say that within this list the 105 howitzers are the field guns.

Q. And there is no other field gun on order?—A. Well, the list is here, Mr. Drew.

The CHAIRMAN: The 155 mm howitzer is a field gun, and just a little below that item there are 3 similar items.

*By Mr. Drew:*

Q. There would be no other military weapons included in this, so there is no use in asking you about anti-tank guns. But let me ask you this question: is there any place where there is an order shown for anti-aircraft guns?—A. You will notice the last item on the list.

Q. On page 2?—A. Yes, still on page 2 you will see that the orders classified for security reasons amount to \$14,130,154.

Q. Yes.—A. As to all of which the expenditures against them are indicated as having been made in full.

Q. Yes.—A. The details are not available.

Q. Do you say that the details of that item include anti-aircraft guns?

Mr. CAMPNEY: The witness has said that they are classified for security reasons.

Mr. DREW: I would be curious to know why we are not entitled to learn what anti-aircraft guns there are.

Mr. GEORGE: Don't you think we should adjourn to study this?



Mr. MACDONNELL: Have we got or are we going to get figures as to the value of what is in hand apart from what we buy? Maybe that would cover the point.

The CHAIRMAN: The question has already been asked. He has been asked to provide that information.

Mr. MACDONNELL: That information could easily be given.

Mr. HENDERSON: Where is this Firestone Tire and Rubber Company? Is that in Canada or the United States?

The WITNESS: That is the Canadian company.

Mr. HENDERSON: The Magnovox Company is a Canadian company too?

The WITNESS: I would have to check that.

The CHAIRMAN: Subject to any instructions that the committee may give me, it is my own view that this will be the last meeting of this committee this year. The Prime Minister indicated that this committee would be called together at an early date in the ensuing session.

There were some thirteen or more questions asked by various members of the committee, all of them have been answered—some of them perhaps not fully answered but as well as could be done from the question that were asked. It is intended that they should be printed in the record, the record will be available for next year's committee. It is also hoped that the same members will be on the committee in the next session.

It may be valuable to this committee to read the record in the interval so we can commence functioning when the committee is called. The Prime Minister has indicated it will be called early. With that in mind I suggest that you now let us have questions that you should like answered. The departments will prepare the answers in the interval and have them available and ready when we return late in January or early in February.

Mr. DREW: We now have before us these lists which have just been prepared and we certainly could, with great advantage, ask further questions with regard to these when there has been an opportunity of examining them. I strongly urge that there be at least one more meeting and that meeting take place either tomorrow morning or on Saturday morning.

The discussion has several times come back to the fact that there should be time to read these over and examine them. I am quite prepared to admit with the session under way and with the present hours, there might be some suggestion that we could wait until Saturday morning; but I would certainly ask that we have a meeting on Saturday morning in any event so that further questions may be asked in regard to these details, simply for the purpose of clarification—recognizing that there may be some other questions that cannot be answered until a later date.

Mr. MACDONNELL: May I make a point? We have asked a lot of questions this morning and through no fault of anybody, they have been only partially answered and we have been left suspended in space. Mr. Mackenzie has been good enough to say that he can give us most of the remaining parts of those questions—

The CHAIRMAN: Let me say this. I am prepared, if the committee consents, to hold the record open up to the time the House closes and if anyone who has questions will send them in I will pass them on to the proper officials for answer.

Mr. DREW: Mr. Chairman, may I point this out? There are a number of unanswered questions and the statement has been made, or you have observed quite correctly, that these questions can only be answered by the Department of National Defence. Now we have had a statement placed before us this morning with information which does throw a great deal of light on the situation



but which requires amplification. Certain questions have been asked and the answers have been helpful. I will give a case as an example, the 75 millimetre rifles. That is a term describing 75 millimetre field guns or recoilless weapons. In this case, by questioning, we have received the information that these are recoilless rifles.

There are similar questions that could be asked and we have now asked certain questions of the deputy minister of Defence Production but there are others I would like to have asked. In any event, there are certain questions we passed over when we were told that the Department of National Defence could answer. We should at least have one more meeting so that the deputy minister of National Defence can answer the questions that have been asked. It seems apparent that he is the one who can give the answers and, for that reason, I move that when this committee adjourns it adjourn to meet at 10 o'clock Saturday morning or at whatever time Saturday morning the chairman may decide.

Mr. JONES: Would it be possible to get some idea of the amount spent on publicity and advertising for defence purposes?

The CHAIRMAN: Mr. Jones has asked questions, it is on the record, the officials have taken note of it, and it will be answered.

Mr. WRIGHT: I have a further question. Some of these figures are so obviously out of line that there must be some logical explanation. For instance, on page 4 we find Canadian Arsenals have a contract for 24,000 75 millimetre shells at a cost of \$11,580. The U.S. government has an order of 31,300 75 millimetre shells at an estimated cost of \$804,122.

Now, surely shells are something on which we have some idea of cost before we place the order—and the estimated costs. These figures to me at least appear ridiculous.

The WITNESS: I admit that on the face of it that looks as though it needed to be investigated. However, these figures were put together very hurriedly.

Mr. WRIGHT: What I want then, Mr. Chairman, is a comparison between the cost of the various weapons that we are producing in Canada, either at Sorel or at Canadian Arsenals Limited; and also the cost of those articles that we are purchasing in the United States or in other places.

The WITNESS: All right.

Mr. WRIGHT: I think we should have that information so we can have an intelligent discussion.

The CHAIRMAN: That will be provided.

Mr. CHURCHILL: Could we have the same comparative figures with regard to the American tank which apparently cost \$100,000 more than the British Centurion?

The CHAIRMAN: They are not similar tanks. We would have to have the same type of tanks in order to compare them.

Mr. CHURCHILL: The American Sherman tank and the Centurion are very much the same. I have been in the American tank and I have been in the Centurion and they are both what we call a medium tank.

The WITNESS: Mr. Chairman, may I say something? These figures which I supplied to you here should not be interpreted on a basis of comparing costs of relative pieces of equipment. If the committee want the relative cost of a piece of equipment then we will produce figures on the actual cost. That can be done. I was particularly careful to say in the early stages of today's sitting, and again to point out in reply to a question, that all I was trying to do here was attempting to show what types of equipment, what sort of things were on order. We were asked for the estimated value and we put in the estimated



value, but it becomes completely misleading if these values are divided by the numbers concerned and unit cost prices extracted therefrom.

Mr. CHURCHILL: Our terms of reference suggest that we should try to point out in particular what, if any, economies can be effected. It is fair to ask, is it not, Mr. Mackenzie, the difference in cost between the Centurion tank and the tank of American manufacture?

The CHAIRMAN: All the witness can do is to give you the cost and you will have to draw your own conclusions.

The WITNESS: I simply suggest that I am not denying information, I am not saying that this question should not be answered; but I say this list does not answer that question, it was not prepared for that purpose.

Mr. ADAMSON: Mr. Chairman, there is one question I would like to ask about that: does the department pay duty of any sort, customs duties of any sort?

The WITNESS: Yes, sir.

Mr. ADAMSON: I think that would be an interesting figure to have so we can know how much duty is paid on these items; if that could be given in a general way. The second question I would like to ask is: what items were of American type, what items were of British type and what items were of Canadian type, and are there any plans for the Centurion tank to be manufactured in Canada. Are all these items of American type or design?

The WITNESS: Oh, no sir; I did not say that.

Mr. ADAMSON: I know you did not say that; but the question I want to ask is: what proportion of these articles are of American type or United Kingdom type or Canadian type.

The CHAIRMAN: There is a motion to adjourn.

Mr. DREW: Just before you put that motion, might I ask one question for the purpose of convenience?

The CHAIRMAN: Yes.

Mr. DREW: I notice on page 2 of mimeographed documents, Mr. Mackenzie, there is a reference to rocket launchers. There are three items there referring to 3.5 inch rocket launchers. What exactly are those?

The WITNESS: I am told that those are bazookas, the instrument for launching anti-tank missiles.

The CHAIRMAN: That is an infantry anti-tank weapon.

Mr. DREW: Well then, that is one question that I want answered. How many of them have been delivered? Now, Mr. Chairman there is a motion before the committee, you have a motion before you that when we adjourn we adjourn to Saturday at an hour to be named by you.

The CHAIRMAN: Yes.

Mr. DREW: I simply want to say this before you put that motion. We have now been given the answer to a lot of these questions but I would like to point out that it would be impossible for Mr. Mackenzie to have the answers to some of these questions. For that reason I think we should at least have an opportunity of examining Mr. Drury who should be able to give us a simple explanation on many of these questions which Mr. Mackenzie has quite frankly said that he cannot give. In several cases he has had to turn to Mr. Drury to obtain the answer; so, for that reason, I do press my motion, and I hope it will be adopted so that at least we can get what information we can by way of explanation by meeting again on Saturday morning.



The CHAIRMAN: In fairness to this committee,—the amount of information that the committee has been supplied with is almost—somebody said stupendous—mountainous, is the term to use.

Mr. DREW: I thought you were going to say staggering, and it is staggering.

The CHAIRMAN: You are now obtaining information that no other committee ever had in its possession. The information is given freely, nothing is withheld; the information is placed on the table and the committee can use it as they see fit. They need an opportunity to digest it. They need an opportunity to study it. Every one of us is not as fully briefed on these matters, as Mr. Drew and some others, I say that in fairness—

Mr. DREW: I am not assuming any special knowledge. My digestion is sufficiently good; I will be ready on Saturday morning to ask questions which I think will be helpful.

The CHAIRMAN: As a matter of fact, we are very hopeful we won't be here on Saturday morning.

Mr. DREW: I think I would remove any hope of that kind.

Mr. JONES: Before you put the motion, Mr. Chairman, would it be possible for members of this committee to visit camps and other installations while on holidays?

The CHAIRMAN: Mr. Jones, I know nothing at all about that.

Mr. MACDOUGALL: Is that in the terms of reference?

The CHAIRMAN: We have not done enough work to really earn a trip, have we? I am merely being facetious.

Mr. DREW: There is one statement with which I am in entire agreement, that we have not done enough work.

Mr. WRIGHT: The question was asked, Mr. Chairman, so that any of the members who have these establishments in their constituencies, or who are visiting areas where they are, might have the opportunity to get some background with regard to carrying on their duties with regard to this committee when they meet again. The question was not asked in the sense that the government pay our expenses.

The CHAIRMAN: I did not suggest that. I was facetious, and I hope Mr. Jones and others so understand it. Mr. Drury tells me he will be more than happy to extend facilities to any member who happens to be in an area where there are installations. If a member is in the locality and wants to see some of the installations, Mr. Drury will extend him every facility.

Mr. DREW: Just so that we do not have any argument on procedure, may I, for the purpose of the record, state my motion: I move that when we adjourn we stand adjourned until a time on Saturday morning to be designated by the chairman, and that a recorded vote be taken on this motion.

The CHAIRMAN: You have heard the motion. All those in favour say yes, and those opposed say no.

The motion is lost. May I just say this: First, I wish to thank you for your very excellent attendance and diligence at these meetings. I wish also to thank the departments for their co-operation, both the Department of National Defence and the Department of Defence Production, and Mr. Drury and Mr. Mackenzie.

I said that if any of you have any questions that you wish the departments to answer I will see that the record is kept open until Saturday. I do not think I can keep it open any longer. In that way we will have prepared answers for some of your questions when we return here late in January or early in February.

Mr. McILRAITH: Just before we leave, Mr. Chairman, this committee ends as such with the end of the session, but it is intended, I take it, to continue it—



there is no doubt about that. That being so, de we put in any kind of report? I presume any such report would be that we recommend this committee be reconstituted at the next session.

The CHAIRMAN: I read to the committee the Prime Minister's words, He said when the committee was set up that it could be set up again at an early date in the ensuing year.

Mr. McILRAITH: I just wanted that to be clear.

Mr. DREW: In view of the fact that we all recognize that this is simply a preliminary basis for further examinations, there is no necessity to present a report. The figures speak for themselves as to what we have had before us. May I join in what has been said about the department which has prepared the material. But I do wish to leave no doubt with you that I feel that the officials of the department have co-operated with the committee in preparing this information.

Mr. McILRAITH: My sole purpose in raising the point was to have it on the record that the members are aware of the fact that no report is expected.

The CHAIRMAN: Thank you very much, gentlemen.



## APPENDIX I

## DEPARTMENT OF NATIONAL DEFENCE

(Requested by Mr. Wright)

Subject: Barracks and Messes Contracted for by Armed Forces since April 1, 1950, by Location, Showing numbers and type and Total and Per Capita Cost.  
(The figures shown represent building costs only; no services or utilities included)

## NAVY—RATINGS BARRACKS (CLASS I)

LOCATION	Number of Units and Type	Date of Award	Total Cost	Personnel Capacity	Per Capita Cost	REMARKS
Dartmouth.....	1 Ratings	11- 4-51	2,683,437	760		Barrack, Messing and Recreation facilities under one roof.
Halifax.....	1 Ratings	20- 9-49	1,845,617	800		Barrack, Messing nad Recreation facilities under one roof.
TOTAL.....	2 Ratings		4,529,054	780	2,919 av.	

## ARMY—OTHER RANKS BARRACKS (250-MAN)

Barrie field, Ont.....	2 Cl I	28-12-50	1,074,872	250		
Barrie field, Ont.....	1 Cl I	7- 7-51	610,775	250		
Calgary, Alberta.....	1 Cl I	21- 7-50	499,200	250		
Camp Borden, Ontario.....	1 Cl I	21-11-50	583,210	250		
Camp Borden, Ontario.....	1 Cl I	29-12-50	609,316	250		
Camp Borden, Ontario.....	1 Cl I	4-10-51	663,339	250		
Camp Borden, Ontario.....	1 Cl I	7-11-51	663,339	250		
Chilliwack, British Columbia.....	1 Cl I	28- 9-50	482,493	250		
London, Ontario.....	1 Cl I	1-11-51	630,097	250		
Petawawa, Ontario.....	1 Cl I	12- 1-51	555,079	250		
Picton, Ontario.....	1 Cl I	9-10-51	641,145	250		
St. Jean, Quebec.....	1 Cl I	22-10-51	555,124	250		
Shilo, Manitoba.....	2 Cl I	21-12-50	1,646,630	250		
TOTAL.....	15 Cl I		9,214,619	250	2,457 av.	



ARMY—OTHER RANKS BARRACKS (212 MAN)

Calgary, Alberta.....	1	CI I	9- 7-51	566,078	212	
Calgary, Alberta.....	1	CI I	6- 2-51	544,705	212	
TOTAL.....	2	CI I		1,110,783		2,619

ARMY—OTHER RANKS BARRACKS (180 MAN)

Chilliwack, British Columbia.....	1	CI I	12- 1-51	434,335	180	
Petawawa, Ontario.....	1	CI I	23- 8-50	377,713	180	
Petawawa, Ontario.....	1	CI I	12- 1-51	504,893	180	
Picton, Ontario.....	1	CI I	9-10-51	377,255	180	
Shilo, Manitoba.....	2	CI I	5- 9-51	1,154,252	180	
Victoria, British Columbia.....	1	CI I	17-10-51	454,488	180	
TOTAL.....	7	CI I		3,203,936	180	2,543 av.

ARMY—OTHER RANKS BARRACKS (SPECIALS)

Quebec, Quebec.....	1	CI I	6-12-50	233,049	100	
Whitehorse, Yukon Territory.....	1	CI I	24-11-50	619,792	166	
Wainwright, Alberta.....	1	semi-permanent	5- 9-51	165,890	228	
TOTAL.....	3			1,018,731	185 av.	2,062 av.

ARMY—OFFICERS QUARTERS

Wainwright, Alberta.....	2	semi-permanent	19- 4-51	169,098	50	1,691
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## AIR—OTHER RANKS BARRACKS (180 MAN)

LOCATION	Number of Units and Type	Date of Award	Total Cost	Personnel Capacity	Per Capita Cost	REMARKS
Camp Borden.....	2 Cl I	9- 6-51	984,468	180		
St. Hubert.....	1 Cl I	11- 5-51	370,500	180		
St. Hubert.....	1 Cl I	14-11-51	458,882	180		
Winnipeg.....	2 Cl I	25- 5-51	709,142	180		
TOTAL.....	6 Cl I		2,522,992	180	2,336 av.	

## AIR—OTHER RANKS BARRACKS (180 MAN)

Bagotville.....	1 Cl II	14- 5-51	355,700	180		
Clinton.....	1 Cl II	19- 1-51	387,771	180		
Clinton.....	2 Cl II	30- 4-51	774,100	180		
Moose Jaw.....	4 Cl II	10- 5-51	1,466,032	180		
North Bay.....	2 Cl II	26- 4-51	837,288	180		
Penhold.....	2 Cl II	1- 5-51	782,046	180		
TOTAL.....	12 Cl II		4,602,937	180	2,131 av.	

## AIR—OTHER RANKS BARRACKS (252 MAN)

Camp Borden.....	4 Cl I	9- 6-51	2,614,656	252		
Winnipeg.....	2 Cl I	25- 5-51	956,183	252		
TOTAL.....	6 Cl I		3,570,839	252	2,369 av.	



## AIR—OTHER RANKS BARRACKS (252 MAN)

Bagotville.....	1	Cl II	15- 3-51	461,090	252	
Centralia.....	1	Cl II	7- 3-51	506,988	252	
Penhold.....	1	Cl II	24- 1-51	529,622	252	
Saskatoon.....	1	Cl II	26 -4-51	488,360	252	
TOTAL.....	4	Cl II		1,986,060	252	1,970 av.

## AIR—NCO QUARTERS (30 MAN)

Bagotville, P.Q.....	2	Cl II	4- 5-51	236,200	30	
North Bay, Ont.....	2	Cl II	26- 4-51	354,686	30	
Portage la Prairie, Man.....	1	Cl II	18- 4-51	134,609	30	
TOTAL.....	5	Cl II		725,495	30	4,836 av.

## AIR—NCO QUARTERS (60 MAN)

Camp Borden, Ont.....	2	Cl I	14- 5-51	581,070	60	
St. Hubert, P.Q.....	1	Cl I	11- 5-51	225,225	60	
TOTAL.....	3	Cl I		806,295	60	4,479 av.

## AIR—NCO QUARTERS (60 MAN)

Chatham, N.B.....	1	Cl II	10- 5-51	201,300	60	
Clinton, Ont.....	1	Cl II	30- 4-51	198,326	60	
Moose Jaw, Sask.....	1	Cl II	10- 5-51	186,364	60	
Penhold, Alta.....	1	Cl II	1- 5-51	202,804	60	
TOTAL.....	4	Cl II		788,794	60	3,286 av.



## AIR—OFFICERS QUARTERS (30 MAN)

LOCATION	Number of Units and Type	Date of Award	Total Cost	Personnel Capacity	Per Capita Cost	REMARKS
St. Hubert.....	1 CI I	11- 5-51	155,325	30		
Winnipeg.....	1 CI I	25- 5-51	159,649	30		
TOTAL.....	2 CI I		314,974	30	5,266 av.	

## AIR—OFFICERS QUARTERS (30 MAN)

Bagotville.....	1 CI II	14- 5-51	118,100	30		
Centralia.....	1 CI II	19- 4-51	141,655	30		
Moose Jaw.....	1 CI II	10- 5-51	126,802	30		
North Bay.....	1 CI II	26- 4-51	177,343	30		
TOTAL.....	4 CI II		563,900	30	4,689 av.	

## AIR—OFFICERS QUARTERS (60 MAN)

St. Hubert.....	2 CI I	11- 5-51	450,450	60		
Trenton.....	1 CI I	1-11-51	325,657	60		
Winnipeg.....	1 CI I	25- 5-51	234,454	60		
TOTAL.....	4 CI I		1,010,561	60	4,210 av.	

## AIR—OFFICERS QUARTERS (60 MAN)

Bagotville.....	1 CI II	14- 5-51	168,900	60		
Centralia.....	1 CI II	19- 4-51	203,082	60		
Chatham.....	2 CI II	10- 5-51	402,000	60		
Clinton.....	3 CI II	30- 4-51	594,978	60		
Comox.....	2 CI II	5- 9-51	408,092	60		
Moose Jaw.....	2 CI II	10- 5-51	371,596	60		
North Bay.....	1 CI II	26- 4-51	272,396	60		
Penhold.....	2 CI II	1- 5-51	405,608	60		
Saskatoon.....	1 CI II	26- 4-51	190,582	60		
TOTAL.....	15 CI II		3,017,234	60	3,353 av.	



ARMY—OTHER RANKS MESSES

Barriefield.....	1	Cl I	3- 8-51	207,900	500		
Calgary.....	1	Cl I	6- 2-51	215,221	500		
Camp Borden.....	1	Cl I	29-12-50	218,900	500		
Camp Borden.....	1	Cl I	1- 8-51	203,734	500		
Chilliwack.....	1	Cl I	9- 8-50	141,339	500		
Petawawa.....	1	Cl I	12- 1-51	222,814	500		
Petawawa.....	1	Cl I	20- 7-51	237,361	500		
St. Jean, P.Q.....	1	Cl I	22-10-51	220,510	500		
Picton.....	1	Cl I	9-10-51	216,500	500		
Shilo.....	1	Cl I	21-12-50	179,885	500		
Shilo.....	1	Cl I	21-12-50	185,885	500		Heating plant included
Victoria.....	1	Cl I	17-10-51	205,525	500		
Whitehorse.....	1	Cl I	11- 7-51	366,840	500		
<b>TOTAL.....</b>	<b>13</b>	<b>Cl I</b>		<b>2,822,414</b>	<b>500 av.</b>	<b>434 av.</b>	

AIR—OTHER RANKS MESSES

Camp Borden.....	1	Cl I	23-11-51	553,788	1,000	554	
Clinton.....	1	Cl II	15-11-51	521,698	1,000	522	

AIR—COMBINED MESSES

St. Hubert.....	1	Cl I*	30- 3-51	404,999	*390	1,038	* Capacity: O-Off, 130-NCO, 260-OR Kitchen Capacity—1,000
Bagotville.....	1	Cl II*	13- 3-51	453,400	*390		*Capacity: O-Off, 130-NCO, 260-OR Kitchen capacity—1,000
Chatham.....	1	Cl II	29- 2-51	445,221	390		
Moose Jaw.....	1	Cl II	10- 5-51	434,397	390		
North Bay.....	1	Cl II	2- 2-51	522,263	390		
Penhold.....	1	Cl II	26- 4-51	411,374	390		
Saskatoon.....	1	Cl II	19- 5-51	439,023	390		
<b>TOTAL.....</b>	<b>6</b>	<b>Cl II</b>		<b>2,705,678</b>	<b>390</b>	<b>1,156 av.</b>	

AIR—OFFICERS' MESSES

Bagotville.....	1	Cl II	4- 5-51	218,100	75-150		
Chatham.....	1	Cl II	10- 5-51	253,400	75-150		
North Bay.....	1	Cl II	27- 4-51	272,266	75-150		
<b>TOTAL.....</b>	<b>3</b>	<b>Cl II</b>		<b>743,766</b>	<b>75-150</b>	<b>1,653 av.</b>	



**APPENDIX M**  
DEPARTMENT OF NATIONAL DEFENCE

Document CDE/DND.....  
December 13, 1951.

Subject: Department of National Defence—Land and Buildings purchased from April 1, 1950 to October 31, 1951 and Leases of Land and Buildings in force at Dec. 1, 1951.

PART 1.—LAND AND BUILDINGS PURCHASED FROM APRIL 1, 1950 TO OCTOBER 31, 1951

Location	Service	Purchase Price	From Whom Purchased	Date of Purchase	Purpose
		\$    cts.			
NEWFOUNDLAND—					
St. John's.....	Navy.....	130,000 00	Prop. of McLea Est.....	Oct 7/50	Joint Service Headquarters for Province. Dismantling, transporting and re-erection of a hangar.
Corner Brook.....	Army.....	1 00	Bowaters' Paper Mills.....	May 16/50	
PRINCE EDWARD ISLAND—					
Summerside.....	Air.....	1,500 00	K. Mills.....	Feb 21/51	Radio Site
		2,200 00	E. Mills.....	Feb 21/51	Radio Site
NOVA SCOTIA—					
Greenwood.....	Air.....	500 00	J. Dolliver.....	Sep 1/51	Radio Site.
		100 00	D. Dolliver.....	Sep 1/51	Radio Site
Hammond Plains.....	Army.....	937 50	J. Thomas.....	June 21/50	Radio Site
		1,320 00	M. Eisenhauer.....	June 23/50	Radio Site
		224 00	F. Thomas.....	Jan 8/51	Radio Site
		2,277 50	B. & A. Thomson.....	Jan 23/51	Radio Site
		105 00	L. & W. Haverstock.....	Aug 8/50	Radio Site
Loch Broom.....	Army.....	144 00	G. Corkum & wife.....	Sep 12/50	Rifle Range
		1,000 00	M. Patterson.....	Sep 11/50	Rifle Range



## NEW BRUNSWICK—

Chatham.....	Air.....	175 00	J. Foley.....	Dec 16/50	Railroad Siding
		126 00	D. Elkin.....	Dec 16/50	Railroad Siding
		57 00	T. Phalen.....	Dec 16/50	Railroad Siding
		100 00	J. Vanstone.....	Dec 16/50	Railroad Siding
		50 00	W. Delaney.....	Dec 16/50	Railroad Siding
		104 00	H. White.....	Dec 16/50	Railroad Siding
	Air.....	59 00	S. Jardine.....	Dec 16/50	Railroad Siding
		1,200 00	C. Breau.....	Dec 16/50	Railroad Siding
		546 00	Dr. C. Sproul.....	Oct 23/50	Runway Extension
		324 00	St. Thomas College.....	Oct 23/50	Runway Extension
		100 00	N. Maher.....	Oct 23/50	Runway Extension
		1,035 00	J. Gordon.....	Oct 23/50	Runway Extension
		78 00	M. Keating.....	Oct 23/50	Runway Extension
		102 00	J. Jardine.....	Oct 23/50	Runway Extension
		488 00	R. Pyne.....	Oct 23/50	Runway Extension
		20 00	Mrs. J. Connors.....	Oct 23/50	Runway Extension
		720 00	W. Lane.....	Oct 23/50	Runway Extension
		832 00	J. S. Wrigley.....	Oct 23/50	Runway Extension
		967 00	S. Hay.....	Oct 23/50	Runway Extension
		964 00	J. Hay.....	Oct 23/50	Runway Extension
		325 00	Mrs. J. Simpson.....	Oct 23/50	Runway Extension
		1,000 00	Sisters of Hotel Dieu.....	Oct 23/50	Runway Extension
		150 00	E. Kelly.....	Oct 23/50	Runway Extension
		548 00	J. Thompson.....	Oct 23/50	Runway Extension
		13,500 00	J. Flynn.....	Oct 23/50	Runway Extension
		270 00	Municipality of Northumberland.....	Oct 23/50	Runway Extension
		11,000 00	J. Keating.....	Oct 23/50	Runway Extension
		1,000 00	W. Traer.....	Jan 5/51	Permanent Married Quarters
		8,000 00	D. McLean.....	Jan 5/51	Permanent Married Quarters
		2,122 00	St. Thomas College.....	Dec 16/50	Permanent Married Quarters
		5,000 00	J. J. Hackett.....	April 6/51	Radio Site
		100 00	J. H. MacDonald.....	May 7/51	Homing Beacon
Fredericton.....	Army.....	Not settled	Expropriated.....	May 14/51	Radio Site
Gunningsville.....	Navy.....	4,000 00	J. G. Ayles.....	Nov 1/50	Radio Site
Moncton.....	Army.....	775 00	D. & A. Steves.....	June 6/50	Additional Land for Rifle Range
		237 50	E. Matthews.....	May 30/50	Additional Land for Rifle Range
		1 35	John W. Steeves.....	June 6/50	Additional Land for Rifle Range
		237 50	Z. Steeves.....	June 6/50	Additional Land for Rifle Range
St. John.....	Army.....	225,00 00	Atlantic Wholesalers Ltd.....	Jan 30/51	Building to be converted to Armoury
QUEBEC—					
Bagotville.....	Air.....	Not settled	J. Bouchard.....	Feb 12/51	Sewage Disposal
Farnham.....	Army.....	500 00	A. Delorme.....	Apr 16/51	Exchange of Land
Lac St. Joseph.....	Air.....	1,500 00	M. Clement.....	May 15/50	Radio Site
		3,000 00	J. E. Seale.....	May 15/50	Radio Site
		5,800 00	C. Raymond.....	May 15/50	Radio Site.
		1,100 00	O. Tontini.....	Feb 23/51	Radio Site
		1,500 00	G. Cox.....	Feb 23/51	Radio Site



Location	Service	Purchase Price	From Whom Purchased	Date of Purchase	Purpose
QUEBEC—					
		\$ cts.			
LaSalle.....	Navy.....	200,000 00	LaSalle Land Co. in Liquidation.....	Dec 13/50	Stores Development
Mont Joli.....	Air.....	14,800 00	P. Roussel.....	Sep 29/50	Flight Clearance
Montreal.....	Army.....	3,700 00	J. Cadieux.....	June 30/50	Parade Ground
		75,000 00	St. Alban's Parish.....	June 28/51	Armoury
New Richmond.....	Army.....	3,000 00	School Commrs.....	Aug 23/50	Erection of Quonset hut
Quebec.....	Navy.....	15,000 00	A. Perrault.....	Aug 8/51	Inspection Board
Quebec.....	Army.....	175,000 00	Bell Telephone Co.....	May 2/51	Office Accommodation
		Not settled	Various owners.....	Sep 21/51	Married Quarters
St. Hubert.....	Air.....	Not settled	P. Brosseau.....	June 16/50	Married Quarters. Per
		27,300 00	F. Charron.....	July 11/50	Runway Extension
		23,200 00	M. Bouthillier.....	July 11/50	Runway Extension
		38,878 00	R. Charron.....	July 11/50	Runway Extension
		9,000 00	C. Marcel.....	Aug 13/51	Runway Extension
		18,500 00	O. Dubue.....	Aug 13/51	Runway Extension
St. Hubert.....	Air.....	Not settled	Owner Unknown.....	Nov 18/50	Station Development
Sherbrooke.....	Army.....	4,800 00	Henry McBain.....	Nov 9/50	Tank Training Area
Sherbrooke.....	Air.....	75,000 00	T. Bryant, Ltd.....	Aug 13/51	Office accommodation
ONTARIO—					
Almonte.....	Army.....	9,000 00	Estate of Robert Patterson.....	Sep 7/50	Armoury
Cedar Springs.....	Army.....	3,400 00	J. McLachlan.....	May 15/50	Construct Rifle Range
		1,400 00	C. S. Eberts.....	May 26/50	Construct Rifle Range
		6,000 00	S. A. Curtis.....	May 27/50	Construct Rifle Range
		14,000 00	A. & J. Hebblethwaite.....	May 27/50	Construct Rifle Range
		12,500 00	M. F. Nichols.....	May 12/50	Construct Rifle Range
		50 00	V. G. McGuigan.....	May 13/50	Construct Rifle Range
Centralia.....	Air.....	325 00	J. Reeder.....	Nov 24/50	Drainage Ditch
		5,650 00	J. & H. Hunter.....	May 22/51	Radio Site
Centralia.....	Air.....	1,240 00	H. & M. Hirtzel.....	Dec 12/50	Radio Site
Clinton.....	Air.....	2,875 00	J. Clegg.....	Apr 25/51	Additional Building
		500 00	E. O'Brien.....	Apr 25/51	Additional Building
Cobourg.....	Army.....	1 00	Town of Cobourg.....	June 5/51	Ordnance Depot
Downsview.....	Air.....	Not settled	S. Boake.....	July 24/50	Airdrome Expansion
		Not settled	G. Jackson.....	July 24/50	Airdrome Expansion
		325,000 00	Dufferin Const. Co.....	Deed not rec'd	Flightway Clearance
		75,000 00	J. Franceschini.....	Deed not rec'd	Flightway Clearance



Downsview.....	Air.....	Not settled	F. & C. Hubert.....	July 24/50	Airdrome Expansion
		Not settled	Various, lots in Township of York.....	Oct 19/50	Flightway Clearance
		Not settled	City of Toronto.....	Sep 29/50	Airdrome Expansion
		12,775 71	L. Lloyd.....	Jan 8/51	Airdrome Expansion
		Not settled	Lots in Township of York, private individuals	Mar 24/51	Airdrome Expansion
Edgar.....	Air.....	13,500 00	Laura Price.....	Aug 1/51	Airdrome Expansion
		900 00	J. Bertram.....	Sep 30/50	Radio Site
		1,350 00	R. Healey.....	Sep 30/50	Radio Site
		350 00	P. J. Shannahan.....	Sep 30/50	Radio Site
		850 00	H. Mackay.....	Oct 23/50	Radio Site
Falconbridge.....	Air.....	575 00	City of Simcoe.....	Sep 30/50	Radio Site
		3,000 00	L. Labrie.....	May 11/51	Radio Site
		Not settled	E. Demore.....	May 11/51	Radio Site
		700 00	R. Dubeau.....	May 11/51	Radio Site
		400 00	Province of Ont.....	May 11/51	Radio Site
Fort Francis.....	Army.....	3,500 00	Keyes-Green Investors.....	May 15/50	Gunshed and Garage
Foymount.....	Air.....	3,500 00	W. O'Connor.....	Nov 8/50	Radio Site
		100 00	W. Gallagher.....	Nov 8/50	Radio Site
		210 00	A. Holly.....	Nov 8/50	Radio Site
		400 00	J. O'Connor.....	Nov 8/50	Radio Site
		3,050 00	G. & H. Granzie.....	Jan 4/51	Radio Site
Gananoque.....	Army.....	1,500 00	Expropriated.....	June 22/51	
		1 00	Town of Goderich.....	Oct 2/50	Tracked Driving Area
Goderich.....	Army.....	5,062 42	City of Kitchener.....	Jan 15/51	Armoury
Kitchener.....	Army.....	137 50	M. A. McAllister.....	Jan 13/50	Armoury
Leitrim.....	Army.....	30,000 00	The Medway Properties Limited.....	June 24/50	Additional land for Masts.
London.....	Army.....	68,320 00	Belle Ayre Dev't Co.....	Oct 3/50	Married Quarters
Long Branch.....	Army.....	12,000 00	W. Carmichael.....	Dec 28/50	Ordnance Depot
North Bay.....	Air.....	1,600 00	C. H. Dennison.....	Nov 21/50	Married Quarters
		5,000 00	J. Novakuski.....	Aug 27/51	Transmitter Site
Winchester.....	Air.....	10,500 00	J. St. Pierre.....	Sep 19/51	Runway Extension
		3,250 00	A. St. Pierre.....	June 23/51	Range
		3,000 00	B. C. Hough.....	June 23/51	Range
		4,500 00	A. St. Pierre.....	June 23/51	Range
		1,500 00	L. & M. Hay.....	June 23/51	Range
		7,000 00	A. Blaine.....	June 23/51	Range
		900 00	C. & B. Acres.....	June 23/51	Range
		1,400 00	L. Acres.....	June 23/51	Range
		1,520 00	L. & E. Carlyle.....	June 23/51	Range
		1,000 00	G. & H. Carlyle.....	June 23/51	Range
		1,800 00	J. Cameron.....	June 23/51	Range
		5,000 00	E. & H. Dockstader.....	June 23/51	Range
		1,132 00	E. & H. Dockstader.....	June 23/51	Range
		2,875 00	A. Kerr.....	June 23/51	Range
		1,500 00	S. W. Kerr.....	June 23/51	Range
		125 00	J. J. Kerr.....	June 23/51	Range
		700 00	R. & R. Porteous.....	June 23/51	Range
		2,100 00	A. St. Pierre & H. Rozen.....	June 23/51	Range
		4,500 00	O. J. St. Pierre.....	June 23/51	Range



Location	Service	Purchase Price	From Whom Purchased	Date of Purchase	Purpose
		\$ cts.			
<b>ONTARIO—Continued</b>					
Ottawa.....	Army.....	Not settled	Ottawa School Board.....	Apr 17/51	Reserve Force Accommodation
Ottawa.....	Air.....	43,000 00	Expropriation.....	Apr 17/51	Reserve Force Accommodation
		16,500 00	Bronson Co.....	Aug 16/51	Building Area
		40,000 00	J. Omanique.....	Feb 2/51	Purchase of Building
		16,500 00	W. Thompson.....	Oct /51	Building Area
Picton.....	Army.....	36,980 00	Expropriation.....	Apr 17/50	Married Quarters
Point Petre.....	Army.....	1,238 00	G. & C. McCaw.....	Aug 2/51	Anti-Aircraft Range
		1,000 00	W. C. Haggerty.....	Aug 29/51	Anti-aircraft Range
		2,000 00	Nelson Moore.....	Aug 10/51	Anti-Aircraft Range
		1,000 00	J. G. Walker.....	Aug 2/51	Anti-Aircraft Range
		2,055 00	G. Wood.....	Aug 2/51	Anti-Aircraft Range
		2,975 00	W. M. Walmsley.....	Aug 10/51	Anti-Aircraft Range
		4,871 00	P. Collier.....	Aug 2/51	Anti-Aircraft Range
		5,250 00	F. Frost.....	Aug 2/51	Anti-Aircraft Range
		1,245 00	H. Wood.....	Aug 2/51	Anti-Aircraft Range
		4,000 00	G. Rose.....	Aug 10/51	Anti-Aircraft Range
		4,395 00	A. D. Collier.....	Aug 10/51	Anti-Aircraft Range
		1,695 00	C. Bartman.....	Aug 2/51	Anti-Aircraft Range
		975 00	A. McCrimmon.....	Aug 29/51	Anti-Aircraft Range
		1,125 00	W. F. Demore.....	Aug 29/51	Anti-Aircraft Range
		2,500 00	W. O. Striker.....	Aug 2/51	Anti-Aircraft Range
Ramsayville.....	Navy.....	2,500 00	F. Tomlinson.....	July 24/50	Naval Experimental Station
Rockcliffe.....	Air.....	Not settled	Owners Unknown.....	Dec 9/50	Flightway Clearance
St. Mary's.....	Army.....	1 00	Town of St. Mary's.....	June 28/50	Armoury
Toronto.....	Army.....	30,000 00	R. Roy.....	Nov 13/50	Parking Lot
		1,500 00	Victaulic Co.....	Dec 6/50	Parking Lot
Woodbridge.....	Army.....	Not settled	Various owners.....		
Trenton.....	Air.....	2,295 00	F. M. Reid.....	Oct 11/50	Radio Site
Uplands.....	Air.....	1,359,288 00	Various owners.....	Sept 7/50	Airdrome Expansion
<b>MANITOBA—</b>					
MacDonald.....	Air.....	Not settled		Oct 18/51	Airdrome Expansion
Rivers.....	Air.....	Not settled	Owners Unknown.....	Aug 29/50	Water supply line
Stevenson Field.....	Air.....	2,600 00	V. Smythe.....	Apr 30/51	Building Area
		4,541 00	H. Smith.....	Apr 30/51	Building Area
		4,565 00	P. Tarapasky.....	Apr 30/51	Building Area
		2,200 00	A. Trottier.....	Apr 30/51	Building Area
		4,790 00	T. Clarke.....	Apr 30/51	Building Area
		4,400 00	W. Dutka.....	Apr 30/51	Building Area
		5,500 00	F. Courtney.....	Apr 30/51	Building Area
		3,800 00	R. & R. King.....	Apr 30/51	Building Area
		23,760 00	Municipality of St. James.....	Apr 30/51	Building Area



<b>MANITOBA—</b>					
Virden.....	Army.....	6,000 00	Estate of H. Hoover.....	May 11/50	Temporary Transport Garage
Winnipeg.....	Army.....	7,016 77	City of Winnipeg.....	Oct 12/50	Parade Ground and Sports Field
		75,456 11	City of Winnipeg.....	July 19/50	Station Development
Winnipeg.....	Air.....	720 00	W. Rodgers.....	Apr 10-50	Radio Site
		6,300 00	J. V. Weir.....	Apr 10/50	Radio Site
		65 00	Estate of D. Oxley.....	Apr 10/50	Radio Site
		65 00	C. M. Brown.....	Apr 10/50	Radio Site
		2,677 00	A. Cameron.....	Apr 10/50	Radio Site
		750 00	Municipality of Assiniboia.....	Apr 10/50	Radio Site
<b>SASKATCHEWAN—</b>					
Aneroid.....	Army.....	3,800 00	C. Dougherty.....	Oct. 31/50	Reserve Force Accommodation
Moose Jaw.....	Air.....	Not settled		Oct 17/51	Married Quarters
<b>ALBERTA—</b>					
Calgary.....	Air.....	9,000 00	F. S. Sanderson.....	Nov 13/50	Married Quarters
Edmonton.....	Navy.....	7,000 00	Navy League of Canada.....	Aug 13/51	Boathouse and Jetty for Naval Reserve
		3,000 00	City of Edmonton.....	July 3/50	Expansion of Naval Division
Edmonton.....	Army.....	38,500 00	A. Bloomey.....	Sep 1/51	Additional land for new depot area
		250 00	J. Grant.....	Sep 7/52	Radio Site
Edmonton.....	Air.....	4,342 00	F. Rustemeir.....	Sep 7/50	Radio Site
		200 00	E. Yeake.....	Sep 7/50	Radio Site
		24,000 00	J. Wall.....	Apr 29/50	Radio Site
		100 00	A. D. Carruthers.....	Sep 7/50	Radio Site
Fort Chipewyan.....	Army.....	200 00	Edmonton Fur Sales.....	Nov 24/50	Radio Site
Lethbridge.....	Army.....	1,500 00	Provincial Marketing Board.....	June 22/51	Armoury
Namao.....	Air.....	Not settled	Owner unknown.....	Aug 16/51	Aerodrome Expansion
		10,000 00	Mr. Kobasiuk.....	Feb 21/51	Flight Clearance
Strathmore.....	Army.....	1 00		Sep 26/51	Armoury
Wabumun.....	Navy.....	400 00	Department of Citizenship & Immigration for Paul's Band of Indians	Jan 12/51	Summer Camp Site
<b>BRITISH COLUMBIA—</b>					
Chilliwack.....	Army.....	2,400 00	F. W. Ingham.....	Jan 9/51	Right of Way
Coquitlam.....	Army.....	192,000 00	Expropriation.....	Aug 9/51	Warehouse Site
Esquimalt.....	Navy.....	30,000 00	Jessie Murial St. Clair Keith	May 20/51	Permanent Married Quarters
Kamloops.....	Navy.....	100 00	City of Kamloops.....	Dec 10/50	Naval Magazine Site
		25 00	Eva E. Power.....	Dec 10/50	Naval Magazine Site
		2,201 00	Province of British Columbia.....	May 15/50	Naval Magazine Site
		600 00	Eva E. Power.....	Jan 12/51	Naval Magazine Site
		1,000 00	City of Kamloops.....	Jan 18/51	Naval Magazine Site
		400 00	D. Bowers & G. Bowers.....	May 1/51	Naval Magazine Site



Location	Service	Purchase Price	From Whom Purchased	Date of Purchase	Purpose
		\$ cts.			
<b>BRITISH COLUMBIA—</b>					
Masset.....	Navy.....	3,000 00	Buckley Securities Ltd.....	Jan 2/51	Radio Site
Mission.....	Army.....	900 00	J. Turner & E. MacFadden.....	July 6/51	Parking Space
Nanoose Bay-Vancouver Island.....	Navy.....	75,000 00	A. Johnstone.....	Aug 15/51	Training Site
Rocky Point, Metchosin District.....		35,000 00	W. Keller.....	Aug 30/51	Naval Magazine
Vancouver Island.....	Navy.....	8,000 00	C. & K. Wood.....	Aug 30/51	Naval Magazine
		10,500 00	N. Cann.....	Aug 30/51	Naval Magazine
		27,550 00	A. C. Burdick.....	Aug 30/51	Naval Magazine
		65,000 00	David Hunter Miller.....	Aug 30/51	Naval Magazine
		7,000 00	V. Lunt.....	Aug 30/51	Naval Magazine
		5,500 00	A. Brownlee.....	Aug 30/51	Naval Magazine
		3,000 00	Dorothy Parker.....	Aug 30/51	Naval Magazine
		35,000 00	A. & D. Parker.....	Aug 30/51	Naval Magazine
		12,100 00	Miss K. Johnson.....	Aug 30/51	Naval Magazine
		4,750 00	J. MacKenzie.....	Aug 30/51	Naval Magazine
		1,665 00	J. B. Edwards.....	Aug 30/51	Naval Magazine
		1,665 00	C. Foster.....	Aug 30/51	Naval Magazine
		11,000 00	Dr. Brock Chisholm.....	Aug 30/51	Naval Magazine
		11,000 00	C. McClosky.....	Aug 30/51	Naval Magazine
		5,500 00	G. Davey.....	Aug 30/51	Naval Magazine
		11,600 00	Veteran's Land Act.....	Aug 30/51	Naval Magazine
		5,700 00	P. Davidson.....	Aug 30/51	Naval Magazine
		28,500 00	W. & W. Haolland.....	Aug 30/51	Naval Magazine
		4,750 00	Russell Hemsworth.....	Aug 30/51	Naval Magazine
		150 00	C. & C. Ball.....	Aug 30/51	Naval Magazine
		24,700 00	Rettick.....	Oct 31/51	Naval Magazine
Trail.....	Army.....	8,000 00	Rotary Club of Trail.....	July 28/50	Armoury
Victoria.....		105,000 00	F. Begg.....	June 27/51	Reserve HQ
<b>YUKON TERRITORIES—</b>					
Aklavik.....	Navy.....	4,000 00	Hudson's Bay Co.....	Nov 16/51	House on skids
		6,000 00	Kenneth Anderis.....	Apr 4/51	Lots with house and shed
Dawson.....	Army.....	100 00	Edwin Low.....	May 11/51	Married Quarters
		4,000 00	A. C. Duncan.....	Apr 6/51	Married Quarters
		4,400 00	E. Fournier and Veteran's Land Act.....	May 14/51	Married Quarters
		4,500 00	H. Wunen.....	Apr 6/51	Married Quarters
		3,200 00	M. McCuaig.....	Apr 6/51	Married Quarters
Alaska Highway, Mile 1167.....		8,500 00	K. O'Harra.....	Apr 5/51	Maintenance Camp
<b>OUTSIDE CANADA—</b>					
<b>ENGLAND—</b>					
London.....		£24,000 00	Southcourt Ltd.....	Jan 12/51	Office Accommodation



## PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease		Purpose
NEWFOUNDLAND— Grand Falls.....	Army	1 00	7 Feb 50	99 years	Armoury Site
PRINCE EDWARD ISLAND—					
Charlottetown....	Army	180 00	1 Apr 48	Yearly	COTC Accn
Montague.....	Army	750 00	1 Mar 51	1 year	Armoury Accn for RF
Souris.....	Army	360 00	1 May 48	5 years	Armoury for RF
NOVA SCOTIA—					
Amherst.....	Army	20 00	1 Apr 40	15 years	Rifle Range Site
Bridgetown.....	Army	2,400 00	1 Apr 51	1 year	Armoury Accn for RF
Chebucto Bty.....	Army	5 00	1 Oct 42	Yearly	Bty Site
	Army	10 00	1 Oct 42	Yearly	Bty Site and R/W
Church Point.....	Army	250 00	1 Apr 48	Yearly	COTC Accn
Dartmouth.....	Army	600 00	1 Apr 49	Yearly	Armoury Accn for RF
Debert.....	Army	154 76	15 May 41	Yearly	Railway Siding
		94 77	1 Dec 49	Yearly	Railway Siding
		16 00	15 Aug 40	Yearly	Site for Ordnance Bldg.
Deep Brook.....	Navy	1 00	1 Oct 43	21 years	Site for Naval Railway Station
Flandrum.....	Army	1 00	12 Mar 42	Yearly	FOP Site
Glace Bay.....	Army	10 00	1 Mar 48	Yearly	Site for RF Bldg.
	Army	1,656 00	15 Sep 51	1 year	Armoury RF
	Army	720 00	1 Jul 51	1 year	Garage RF
Halifax.....	Army	500 00	1 Apr 49	Yearly	COTC Accn
		174 78	1 Jan 49	Yearly	Rly Siding—Willow Park
		74 83	1 Jan 44	Yearly	Rly Siding—Willow Park
		76 42	1 Dec 42	Yearly	Rly Siding—Willow Park
		41 90	2 Jul 42	Yearly	Siding for RCE Stores
Halifax.....	Army	752 50	1 Apr 48	Yearly	COTC Accn
	Navy	10 00	1 Apr 48	Yearly	COTC Accn
		360 00	28 Dec 44	Month to month	Site for Parking Naval Vehicles
Lunenburg.....	Army	50 00	1 Jul 51	1 year	Rifle Range Site
	Army	100 00	1 Jul 51	1 year	Rifle Range Site
Mahone Bay.....	Army	600 00	26 May 51	1 year	HQ No. 1 Manning Depot
New Glasgow.....	Army	2,400 00	8 Jun 42	Monthly	Armoury Accn for RF
		150 00	1 Oct 40	Monthly	Drill Hall Site
		72 00	1 Feb 42	Monthly	Drill Hall Site
		1,980 00	1 Aug 51	1 year	Recruiting Station
New Waterford....	Army	840 00	1 Jul 51	1 year	Armoury Accn for RF
Pictou.....	Army	120 00	1 May 50	Yearly	Garage Accn for RF
River Herbert....	Army	300 00	19 Feb 51	1 year	Armoury Accn for RF
Scotchtown.....	Army	36 00	1 Apr 43	Yearly	RDF Site
Springhill.....	Army	5 00	1 Nov 43	10 years	Rifle Range Site
Stellarton.....	Army	1,800 00	1 Sep 51	1 year	Armoury Accn for RF
Stewiacke.....	Army	360 00	1 Jan 51	1 year	Armoury Accn for RF
	Army	240 00	15 May 51	1 year	Garage (RF)
Sydney Mines.....	Army	1,200 00	1 Oct 50	1 year	Armoury Accn for RF
West Paradise.....	Army	700 00	1 Apr 49	25 years	Land and R/W
Wolfville.....	Army	1,200 00	15 May 42	Monthly	Armoury Accn for RF
		1,200 00	1 Mar 51	1 year	Garage Accn for RF
		500 00	1 Apr 48	Yearly	COTC Accn
Yarmouth.....	Army	1,800 00	14 Aug 51	1 year	Recruiting Station
NEW BRUNSWICK—					
Bathurst.....	Army	600 00	1 Aug 40	Monthly	Armoury Accn Reserve Force
		300 00	1 Aug 47	Monthly	Same as above
		144 00	1 Apr 48	Yearly	COTC Accn
		240 00	1 Jun 51	1 year	Garage Accn Reserve Force
Berry Mills.....	RCAF	1 00	1 Jan 46	Yearly	Station Site
Campbellton.....	Army	2,400 00	1 Jun 51	1 Year	Armoury Accn RF
		1 00	1 Apr 50	Yearly	Armoury Accn RF
		1,050 00	1 Jan 51	1 year	Armoury Accn RF
		2,400 00	1 Sep 50	Yearly	Armoury Accn RF
Chatham.....	Army	180 00	1 Apr 48	Yearly	COTC Accn
	RCAF	94 50	1 Apr 49	(as long as required)	W/T Site
		10 00	18 Jun 49	"	W/T Site
		15 00	20 Jul 49	"	W/T Site
		25 00	12 Feb 48	"	D/F Station



PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease		Purpose
<b>NEW BRUNSWICK—</b>					
Clifton.....	Army	360 00	1 May	47 Monthly	Armoury Accn for RF
		240 00	1 Apr	51 1 year	Garage Accn Reserve Force
Dalhousie.....	Army	600 00	1 Sep	46 Monthly	Armoury Accn for RF
		420 00	15 Jun	49 1 year	Garage Accn for RF
				Monthly thereafter	
Edmundston.....	Army	1 00	1 Jun	46 5 years	Armoury Accn for RF
Fredericton.....	Army	900 00	10 Feb	51 1 year	Garage Accn for RF
	Army	720 00	1 Jan	51 1 year	Supply Depot and Petrol Point
	Army	2,000 00	1 Sep	50 Yearly	COTC & UNTD Accn
	Army	2,400 00	15 Sep	50 Monthly	RCASC Garage
Grand Falls.....	Army	1,800 00	1 Sep	51 1 year	Armoury Accn for RF
Hampton.....	Army	480 00	1 Dec	46 Yearly	Armoury Accn for RF
		120 00	1 Apr	47 Monthly	Garage Accn for RF
Havelock.....	Army	144 00	15 Jun	44 Monthly	Armoury Accn for RF
McGivney.....	Army	752 20	1 Oct	42 Monthly	Railway Siding Amn Depot
Moncton.....	Army	2,847 00	1 Apr	47 Yearly	Garrison Brks Site
Newcastle.....	Army	1,800 00	1 Aug	51 1 year	Armoury Accn for RF
		1,200 00	1 Nov	46 Monthly	Same as above
Petiteodiac.....	Army	540 00	1 Jan	50 Yearly	Armoury Accn for RF
		120 00	15 Feb	48 Monthly	Garage Accn for RF
Plaster Rock.....	Army	420 00	15 Nov	46 Monthly	Armoury Accn for RF
Pointe du Chene...	RCAF	250 00	4 Nov	50 Yearly	Fuel Depot
Saint John.....	Army	5 00	1 Jun	41 Yearly	Part of Site of Fort Dufferin
		10 00	1 Jun	45 Yearly	Part of Site of Fort Dufferin
		1 00	15 Jul	42 Yearly	Site for RF Accn
Saint Martins.....	Army	600 00	1 Oct	51 1 year	Armoury Accn for RF
St. Stephen.....	Army	600 00	15 Jul	50 Yearly	Armoury Accn for RF
		2,700 00	15 Nov	48 3 years	Armoury Accn for RF
Sackville.....	Army	1,800 00	1 Jan	51 1 year	Armoury Accn for RF
	Army	2,400 00	1 Sep	50 Yearly	COTC & UNTD Accn
Salisbury.....	Army	480 00	1 Feb	51 1 year	Armoury Accn for RF
Shediac.....	Army	1,500 00	1 Jun	51 1 year	Armoury Accn for RF
Sussex.....	Army	101 49	1 Sep	39 Yearly	Railway Siding Sussex Camp
		75 00	1 Nov	42 Yearly	Railway Siding Sussex Camp
		122 00	1 Nov	42 Yearly	Railway Siding Sussex Camp
Utopia.....	Army	190 00	9 Dec	46 Yearly	Part of Camp Site
		25 00	1 Apr	46 Yearly	Part of Camp Site
		15 00	28 Oct	43 Yearly	Part of Camp Site
		6 00	16 Nov	43 Yearly	Part of Camp Site
		2 50	27 Oct	43 Yearly	Part of Camp Site
<b>QUEBEC—</b>					
Arvida.....	Army	2,400 00	1 Dec	48 Monthly	Reserve Force Armoury
		4,800 00	1 May	51 Monthly	Reserve Force Bldg.
Bouchard.....	Army	11,692 00	6 Dec	47 Bi-monthly	Railway Sidings
		3,152 46	22 Apr	42 Until notice	Railway Sidings
Bury.....	Army	36 00	1 Jul	43 Monthly	Reserve Force Garage
		360 00	1 Nov	51 1 year	Reserve Force Garage
Cap de la Madeleine.....	Army	1 00	3 Oct	46 Tri-monthly	Hangar sites for Reserve Force
Cartierville.....	RCAF	2,400 00	1 Jun	47 Yearly	Office Accommodation
Coaticook.....	Army	516 00	1 Dec	50 Yearly	Reserve Force Garage
				for 2 years	
Cookshire.....	Army	600 00	15 Jun	42 Monthly	Reserve Force Armoury
Cowansville.....	Army	1,500 00	1 Oct	45 5 years	Reserve Force Armoury
Danville.....	Army	1,320 00	1 Jan	52 1 year	Reserve Force Armoury
Drummondville...	Army	1,200 00	1 Oct	51 1 year	Reserve Force Garage
Gaspe.....	Army	25 00	1 Nov	43 Yearly	Land for Rifle Range
Joliette.....	Army	2,400 00	1 Jun	47 5 years	Reserve Force Accommodation
Jonquiere.....	Army	600 00	Apr	51 1 year	Reserve Force Armoury
Lachine.....	RCAF	1,500 00	19 Nov	42 Yearly	Station Area
Matane.....	Army	3,300 00	1 Sep	51 1 year	Officers for Reserve Force
Montmagny.....	Army	200 00	1 Aug	51 1 year	Reserve Force Rifle Range
	Army	480 00	15 Nov	49 Monthly	Reserve Force Garage



## PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951

—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease		Purpose
<b>QUEBEC—Con.</b>					
Montreal.....	Army	8,280 00	1 May	49 Yearly	RCASC Supply Depot
	Army	4,200 00	1 Dec	51 1 year	COTC Accommodation
	Army	7,480 00	1 Oct	51 1 year	COTC Accommodation
	Army	5,112 00	1 Mar	51 1 year	Reserve Force Garage
	Army	9,000 00	1 Apr	48 Yearly	COTC Accommodation
	Army	900 00	1 May	50 Monthly	Parking Area for Active Force
	Army	1,800 00	1 Apr	48 Yearly	COTC Accommodation
	Army	50 00	1 Jan	45 Yearly	Railway Siding Site
	Army	5,367 05	1 Sep	42 Yearly	Railway Sidings
	Army	10 00	1 Apr	46 Yearly	Fence on Railway Property
	Army	56 00	1 Aug	50 Yearly	Land for Roadway
	RCAF	360 00	1 Dec	49 Yearly	Reserve Accommodation
	RCAF	17,500 00	15 Jun	50 5 years	R & C Unit
	RCAF	200 00	1 Sep	50 Yearly	AMES 11
New Carlisle.....	Army	96 00	1 Feb	50 Monthly	
		1,200 00	1 Sep	45 Monthly	
Noranda.....	Army	750 00	1 Nov	51 Yearly	Reserve Force Accommodation
	Army	1,500 00	1 Sep	50	Reserve Force Garage
	Army	3,300 00	1 Nov	51 1 year	Reserve Force Armoury
	Army	1,500 00	1 May	51	Reserve Force Accommodation
North River.....	Army	180 00	1 July	51	Tank Hangar (RF)
	Army	120 00	1 Jan	51	Gun Storage (RF)
Outremont.....	Navy	2,500 00	1 July	51 2 years	Temporary Naval Storage Depot
Plessisville.....	Army	264 00	1 Nov	48 Monthly	Indoor Rifle Range (RF)
	Army	960 00	1 Aug	51 1 year	Reserve Force Accommodation
Port Alfred.....	Army	3,600 00	1 Jan	51 1 year	Reserve Force Armoury
Quebec.....	Army	1 00	1 July	51 10 mon.	
	Army	10,000 00	1 Sep	51 3 years lease	Drill Hall Site
	RCAF	900 00	1 June	50 Yearly	Reserve Force Armoury
	Army	300 00	1 Dec	51	Reserve University Sqdn.
Rock Island.....					
Ste. Anne de Belle- vue.....	Army	360 00	1 July	51	Reserve Force Accommodation
St. Jerome.....	Army	500 00	1 Nov	47 15 years	Reserve Force Accommodation
St. Marie Beauce.....	Army	600 00	1 Aug	50 Monthly	Training Accommodation (RF)
St. Romuald.....	Army	4,200 00	1 Nov	48 5 years	Reserve Force Accommodation
Scotstown.....	Army	300 00	1 April	51	Armoury (RF)
	Army	96 00	1 Nov	51	Garage (RF)
	Army	96 00	1 Nov	51	Garage (RF)
	Army	120 00	1 Sep	50	Training Ground (RF)
Shawinigan Falls..	Army	2,700 00	1 Mar	51	Armoury (RF)
	Army	3,000 00	9 Dec	50 Monthly	Armoury (RF)
Sherbrooke.....	Army	4,200 00	1 Jan	51	Accommodation (RF)
	Army	2,000 00	1 Sep	51	
	Army	6,300 00	1 June	51	Workshop & Garage (RF)
Sorel.....	Army	3,840 00	1 April	51	Training & Storage (RF)
Thetford Mines....	Army	156 00	15 Nov	49 Monthly	Garage (RF)
Windsor Mills.....	Army	840 00	1 April	47	Armoury (RF)
<b>ONTARIO—</b>					
Ajax.....	Army	900 00	1 Dec	50 1 year	Armoury (RF)
Bancroft.....	Army	594 00	1 Jul	51 1 year	Armoury (RF)
	Army	108 00	1 Feb	50 Monthly	Garage (RF)
Belleville.....	Army	7,200 00	21 Feb	51 5 years	Armoury (RF)
Brampton.....	Army	25 00	1 Jul	50 Yearly	Land for Rifle Range
	Army	1,200 00	1 Feb	51 1 year	Garage (RF)
Brockville.....	Army	35 00	21 Nov	42 Yearly	Military Camp
	Army	25 00	1 Aug	41 Monthly	Military Camp
	Army	200 00	1 Aug	41 Monthly	Military Camp
	Army	2 00	1 Jul	43 Yearly	Military Camp
	Army	175 00	1 Jan	43 Monthly	Rifle Range
	Army	15 00	1 Aug	41 Monthly	Rifle Range
	Army	21 00	1 Aug	41 Monthly	Rifle Range
	Army	10 00	1 Aug	41 Monthly	Rifle Range
	Army	55 00	1 Jan	47 Monthly	Rifle Range
	Army	84 00	1 Jan	47 Monthly	Rifle Range
	Army	400 00	1 Aug	41 Monthly	Rifle Range
	Army	45 00	1 Aug	41 Monthly	Rifle Range



## PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951

—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
<b>ONTARIO—Con.</b>						
Burks Falls.....	Army	1,500 00	1 Jan	51	1 year	Armoury (RF)
Camp Borden.....	Army	700 00	25 Aug	50	3 years	Land Gravel Pit
Carleton Place....	Army	180 00	1 Mar	46	Monthly	Armoury (RF)
	Army	300 00	1 May	48	Yearly	Gun Storage
Edwards.....	Navy	105 00	15 Nov	42	Monthly	Naval W/T Station Site
Fort Erie.....	Army	1,020 00	1 Apr	51	1 year	Armoury (RF)
Fort Frances.....	Army	2,640 00	1 Feb	51	1 year	Armoury (RF)
	Army	120 00	1 Feb	47	Monthly	Garage (RF)
Fort William.....	Army	150 00	1 Jun	51	1 year	Storage space
Frankford.....	Army	400 00	1 Jan	49	Yearly	Armoury (RF)
	Army	840 00	1 Jul	51	Monthly	Garage (RF)
	Army	60 00	1 Jul	50	1 year	Garage (RF)
Galt.....	Army	1,044 00	1 May	48	5 years	Armoury (RF)
Goderich.....	Army	360 00	1 Nov	50	1 year	Armoury (RF)
Guelph.....	Army	500 00	1 Apr	47	Monthly	COTC
Hagersville.....	Army	510 11	6 Jan	42	.....	Railway siding
	Army	366 18	1 Aug	46	.....	Railway siding
Hamilton.....	Army	475 00	1 Apr	49	Yearly	COTC
		(+\$2.00 per period per lecture room)				
Kingston.....	Army	1,200 00	1 Apr	51	1 year	RCASC Garage
	Army	400 00	1 Apr	48	Yearly	COTC Accn
	Army	720 00	1 Jul	50	1 year	Armoury RF
	DRB	3,500 00	1 Apr	47	Yearly	Laboratory Accn
Kenora.....	Army	1 00	1 Jul	50	7 years	Indoor Rifle Range
Kitchener.....	Army	120 00	1 Apr	47	Monthly	Parade Ground
London.....	Army	1,500 00	1 Apr	50	Yearly	COTC Accn
		(\$1.00 per man in units)				
	Army	152 00	12 Nov	42	.....	Railway Siding (COD)
	Army	258 00	12 Dec	40	.....	Railway Siding (COD)
Madoc.....	Army	108 00	1 Nov	49	1 year thereafter monthly	Garage (RF)
Malton.....	Army	339 04	21 Dec	47	Yearly	Use of Storm Sewer
Marathon.....	Army	1,500 00	1 Sep	49	Monthly	Armoury (RF)
Merrickville.....	Army	1 00	5 Aug	07	99 years	Armoury (RF)
Midland.....	Army	600 00	1 Jun	51	1 year	Armoury (RF)
Mohawk.....	RCAF	2,508 50	1 Sep	40	Yearly	Airport Site
Morrisburg.....	Army	1 00	1 Mar	50	99 years	Vacant
North Bay.....	Army	1,140 00	1 May	51	1 year	Recruiting Office
Oshawa.....	Army	2,400 00	1 Nov	50	1 year	Armoury (RF)
Ottawa.....	Army	560 00	1 Sep	50	1 year	RCASC Parking Space
	Army	9,000 00	1 May	48	5 years	Historical Section
	Army	781 20	31 Oct	49	Monthly	Imperial War Graves Com- mission
	Army	600 00	15 Apr	42	Yearly	Site for Composite Stores
	Army	193 81	1 Oct	43	Yearly	Railway Siding (Plouffe Park)*
	Army	8,220 00	1 Mar	51	1 year	Armoury (RF)
	Army	1 00	18 Dec	40	Monthly	Armoury (RF)
	Army	15,000 00	25 Mar	51	5 years	Armoury (RF)
	Army	7,800 00	11 May	49	3 years	Armoury (RF)
	Army	1,560 00	1 Apr	48	Yearly	COTC Accn
	Army	900 00	1 Apr	51	5 months	COTC Accn
Owen Sound.....	Army	1,020 00	1 Dec	50	1 year	Armoury (RF)
	Army	4,800 00	15 Dec.	50	1 year	Armoury (RF)
Paris.....	Army	1,200 00	1 Nov	50	1 year	Armoury (RF)
Parry Sound.....	Army	360 00	1 Sep	50	Monthly	Storage (RF)
Perth.....	Army	720 00	1 Sep	50	1 year	Garage (RF)
Petawawa.....	Army	25 00	3 Jul	50	1 year	Removal of Gravel
	Army	198 00	1 Jul	29	Yearly	Railway Siding
	Army	127 00	1 Nov	25	Yearly	Railway Siding
	Army	1 00	1 May	41	Yearly	Training Area
	Army	42 00	2 Jun	42	Yearly	Coal Spur
	Army	1 00	1 Mar	43	Yearly	Training Area
Port Colborne.....	Army	1,200 00	1 Feb	51	1 year	Armoury (RF)



## PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951

—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
<b>ONTARIO—Con.</b>						
Port Credit.....	Army	600 00	1 Jan	42	.....	Armoury (RF)
Port Hope.....	Army	1 00	1 Jul	48	Yearly	Armoury Site
	Army	834 00	15 Dec	49	Yearly	Armoury (RF)
Renfrew.....	Army	144 00	30 Sep	50	1 year	Armoury (RF)
Sarnia.....	Army	840 00	1 Sep	51	1 year	Garage (RF)
Sault Ste. Marie...	Army	1 00	15 Oct	43	Yearly	Sgts. Mess
Smith Falls.....	Army	600 00	15 May	40	Monthly	Armoury (RF)
Strathroy.....	Army	300 00	1 Dec	51	1 year	Armoury (RF)
St. Mary's.....	Army	540 00	1 Jan	51	1 year	Armoury (RF)
	Army	408 00	15 Jun	50	Yearly	Garage (RF)
Stouffville.....	Army	739 60	1 Jun	50	2 years	Training Area (RF)
	Army	900 00	15 Nov	49	Yearly	Armoury (RF)
Sudbury.....	Army	480 00	7 Dec	48	.....	Storage of Vehicles
	Army	4,200 00	1 Jun	51	1 year	Armoury (RF)
Terrace Bay.....	Army	3,000 00	1 Mar	51	1 year	Armoury (RF)
Tillsonburg.....	Army	900 00	12 Dec	40	.....	Armoury (RF)
Toronto.....	Army	6,000 00	1 Sep	49	5 years	Garage and Workshop
	Army	11,520 00	1 Feb	49	5 years	Armoury (RF)
	Army	6,375 00	1 Jan	51	1 year	Training Bldg.
	Army	1,515 00	16 Jan	51	Monthly	Transport Accn.
	Army	1,200 00	15 Mar	43	Monthly	Parking Lot
	Army	6,200 00	1 May	51	1 year	Armoury (RF)
	Army	2,139 00	15 Sep	50	Yearly	Armoury (RF)
	Army	764 80	13 Mar	51	Monthly	Office Space (RTO)
	Army	2,091 60	1 Apr	51	1 year	COTC Accn
	Army	90 00	Period of lease indefinite			Parking Space
	Navy	1 00	1 Oct	44	998 years	Site for Naval Divisions
	Navy	900 00	15 Nov	49	Yearly	Hangar for Naval Training Aircraft
Welland.....	Army	1 00	1 Jul	47	Yearly	Armoury (RF)
	Army	600 00	5 Oct	48	Yearly	Garage (RF)
Weston.....	RCAF	5 00	1 Jan	46	99 years	Supply Depot
Windsor.....	Army	3,600 00	1 May	50	Yearly	Site for Hutments (RF)
Wingham.....	Army	240 00	1 May	48	5 years	Armoury (RF)
	Army	1 00	.....			Parking Lot (RF)
Woodstock.....	Army	180 00	1 May	51	1 year	Land Training Area (RF)
<b>MANITOBA—</b>						
Birtle.....	Army	480 00	1 Oct	51	1 year	Armoury Accn (RF)
Brandon.....	Army	1 00	1 Jul	47	Yearly	Vehicle Training Area
Carman.....	Army	840 00	1 Apr	51	1 year	Armoury Accn (RF)
Churchill.....	Army	555 14	1 Feb	45	Yearly	Railway Siding
Clear Lake.....	Army	10 00	1 Apr	45	21 yrs.	Cadet Camp Site
Dauphin.....	Army	120 00	1 Nov	47	Monthly	Garage Accn (RF)
Dryden.....	Army	1,440 00	1 Nov	49	1 year	Armoury Accn (RF)
	Army	120 00	1 Nov	51	1 year	Garage Accn (RF)
Flin Flon.....	Army	1,800 00	1 May	45	Monthly	Armoury Accn (RF)
Rivers.....	RCAF	2,508 50	1 Sep	40	Yearly	Airport Site
Shilo.....	Army	1 00	31 Jul	42	Yearly	Sewage disposal site
	Army	1 00	4 Nov	42	Yearly	Storage & Isolation magazine
	Army	659 13	26 Sep	34	Yearly	2 railway sidings
Swan River.....	Army	420 00	1 Jul	51	1 year	Armoury Accn (RF)
The Pas.....	Army	300 00	1 Jun	49	5 years	Armoury Accn (RF)
	Army	120 00	14 Feb	47	Monthly	Armoury Accn (RF)
Winnipeg.....	Army	5,700 00	1 Apr	46	10 years	Barrack Site
	Army	338 84	1 Dec	51	Yearly	Railway Siding
	Army	101 57	10 Jun	40	Yearly	Railway Siding
	Army	480 00	1 Apr	48	Yearly	COTC Accn
	RCAF	2,500 00	1 Sep	42	Yearly	Airport Site
	RCAF	6 00	1 Aug	50	Month to month	Parking Area



PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
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Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease			Purpose
<b>SASKATCHEWAN—</b>						
Abbey.....	Army	300 00	1 Jan	51	1 year	Armoury Accn (RF)
Assiniboia.....	Army	900 00	1 Nov	51	1 year	Armoury Accn (RF)
	Army	120 00	1 Dec	51	1 year	Garage Accn (RF)
Climax.....	Army	336 00	1 Jul	51	1 year	Armoury Accn (RF)
Fond du Lac.....	Army	1 00	1 Nov	32	Yearly	Radio & Seaplane base
Frontier.....	Army	220 08	1 Apr	51	1 year	Armoury Accn (RF)
Goldfield.....	Army	1 00	1 May	38	20 years	Radio Telegraph Station
	Army	1 00	1 May	38	21 years	Radio Telegraph Station
Gravelbourg.....	Army	360 00	1 Jun	45	Monthly	Armoury Accn (RF)
Grenfell.....	Army	260 00	16 Mar	51	1 year	Armoury Accn (RF)
	Army	540 00	1 Jan	51	Monthly	Armoury Accn (RF)
Herbert.....	Army	284 00	1 Apr	45	Monthly	Armoury Accn (RF)
Humboldt.....	Army	900 00	1 Sep	47	Yearly	Armoury Accn (RF)
Indian Head.....	Army	144 00	1 Feb	49	Monthly	Vehicle storage (RF)
Kamsack.....	Army	365 00	1 Apr	51	Yearly	Armoury Accn (RF)
	Army	120 00	1 Oct	50	Yearly	Vehicle Storage (RF)
Langham.....	Army	200 00	26 Oct	50	Yearly	Vehicle Storage (RF)
	Army	960 00	1 Oct	48	Yearly	Armoury Accn (RF)
Limerick.....	Army	420 00	1 Nov	48	Yearly	Armoury Accn (RF)
Melville.....	Army	900 00	1 Jun	49	Yearly	Armoury Accn (RF)
Melfort.....	Army	102 50	1 Apr	49	Yearly	Vehicle Storage (RF)
Moose Jaw.....	Army	900 00	Jun	51	Monthly	Personnel Depot & Recruiting Station
	Army	5,000 00	1 Nov	46	Yearly	Tank repair depot
Nipawin.....	Army	840 00	4 Feb	51	1 year	Armoury Accn (RF)
Outlook.....	Army	600 00	1 Nov	49	Yearly	Armoury Accn (RF)
Prince Albert.....	Army	1 00	1 Dec	48	Yearly	Parking Lot
	Army	1,620 00	1 Jun	51	1 year	Personnel Depot
Regina.....	Army	746 64	1 Jan	51	1 year	Armoury Accn (RF)
	Army	1,814 40	1 Jul	50	Yearly	Armoury Accn (RF)
	Army	50 00	27 Aug	42	Yearly	Site of EMQ's
	Army	1 00	1 Jan	51	1 year	Parade ground
	Navy	1,634 33	6 Feb	42	Yearly	Buildings for Naval Division
Saskatoon.....	Army	6,000 00	1 Mar	51	1 year	Armoury Accn (RF)
	Army	2,600 00	1 Apr	50	Yearly	COTC Accn—joint services
Shaunavon.....	Army	600 00	1 Jun	51	3 years	Armoury Accn (RF)
Saskatoon.....	Army	2,400 00	1 Jan	51	1 year	Armoury & Vehicle storage
Swift Current.....	Army	1,200 00	1 May	51	Yearly	Armoury Accn (RF)
	Army	1,800 00	1 Jun	48	Yearly	Armoury Accn (RF)
	Army	600 00	1 Nov	47	Monthly	Armoury Accn (RF)
Tompkins.....	Army	200 00	1 Dec	51	1 year	Vehicle Storage & training
Weyburn.....	Army	1,750 00	10 Oct	38	to 10 Oct 53	Armoury Accn (RF)
	Army	109 00	1 Dec	48	Monthly	Vehicle storage (RF)
Wakaw.....	Army	420 00	1 Nov	51	1 year	Armoury Accn (RF)
<b>ALBERTA—</b>						
Bassano.....	Army	1 00	26 April	49	Yearly	Site for Armoury Accommodation
Big Valley.....	Army	60 00	1 Oct	41	Yearly	Armoury Accn. (RF)
Blackie.....	Army	1 00	1 Jun	51	1 year	Armoury Site
Brooks.....	Army	720 00	1 Jan	50	1 year	Armoury Accn (RF)
Calgary.....	Army	14 00	1 Aug	37	Yearly	Railway Siding
	Army	3,000 00	24 Aug	42	Monthly	Garage Accn
	Army	180 00	1 Sep	42	Monthly	Parking Space
	Army	300 00	1 Jan	47	Monthly	Recreation Accn (RF)
	Army	2,400 00	1 Nov	48	Yearly	Workshop Accn (RF)
	RCAF	1,000 00	1 Feb	45	Yearly	S.D. Accommodation
Condor.....	Army	120 00	1 Aug	51	1 year	Armoury Accn (RF)
Didsbury.....	Army	300 00	8 Jun	48	Monthly	Armoury Accn (RF)
Drumheller.....	Army	1,500 00	1 Nov	50	3 years	Armoury Accn (RF)
Edmonton.....	Army	648 00	1 Oct	46	Yearly	Site for Supply depot
	Army	100 00	1 Jan	48	10 years	Site for Warehouse
	Army	540 00	1 May	51	1 year	Site for EMQ's and Workshop
	Army	1 00	1 Mar	51	1 year	Site for Army Hutments
	Army	1,200 00	1 April	50	Yearly	COTC Accn
	Army	400 00	18 May	42	10 years	Rifle Range Site
	RCAF	1,500 00	9 Feb	48	Yearly	Married Quarters
	RCAF	60 00	1 Mar	51	1 year	Transformer Station
	RCAF	1,848 00	1 April	49	Yearly	Married Quarters
	RCAF	1 00	29 Dec	47	10 years	Building Area



PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951  
—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease		Purpose
<b>ALBERTA—Con.</b>					
Grand Prairie.....	Army	1 00	21 Feb	51 1 year	Site of Armoury Building
High River.....	Army	2,400 00	1 Jul	49 5 years	Armoury Accn (RF)
	Army	600 00	1 Jul	51 1 year	RF Garage Accn
Lake Chestermere	Navy	90 00	22 Aug	51 50 years	Site for Naval Division
Lethbridge.....	Army	600 00	1 Apr	51 3 years	Armoury Accn (RF)
Lacombe.....	Army	1,080 00	1 Nov	51 1 year	Armoury Accn (RF)
	Army	15 00	30 Apr	51 1 year	(RF) Garage Accn
Medicine Hat.....	Army	300 00	24 Sep	47 10 years	Officers' Mess Building
Nanton.....	Army	1,020 00	1 Apr	51 1 year	Armoury Accn (RF)
Okotoks.....	Army	510 00	1 May	43 Monthly	Armoury Accn (RF)
Olds.....	Army	120 00	1 Apr	51 1 year	Orderly Room (RF)
	Army	1 00	9 Nov	47 Yearly	Armoury Accn (RF)
Pincher Creek.....	Army	1 00	1 Mar	51 1 year	Site of Armour Accn (RF)
Redcliffe.....	Army	60 00	1 Nov to		Garage Accn (RF)
			30 Apr	52	
Rocky Mt. House.	Army	720 00	1 Jan	51 1 year	Armoury Accn (RF)
Sarcee.....	Army	2,000 00	1 Apr	51 1 year	Camps Site Train. area RR
	Army	3,000 00	1 Oct	51 1 year	Trg area
Turner Valley.....	Army	1,440 00	1 Feb	51 2 years	Armoury Accn (RF)
Vermillion.....	Army	1 00	1 Jul	51 5 years	Armoury Site
Vulcan.....	Army	150 00	6 Jul	41 Monthly	Armoury Accn (RF)
Wainwright.....	Army	20,000 00	1 Apr	49 Yearly	Trg area and Camp Site
	Army	503 98	13 Nov	42 Yearly	Spur track to Camp Site
Wetaskiwin.....	Army	50 00	1 Apr	50 Yearly	Loading Corral
Wetaskiwin.....	Army	1 00	1 Apr	51 1 year	Armoury Accn (RF)
Lamont.....	Army	180 00	1 July	45 Monthly	Armoury Accn (RF)
<b>BRITISH COLUMBIA—</b>					
Chilliwack.....	Army	6 00	15 May	51 1 year	Watermanship Training Area
	Army	5 00	5 Oct	42 Yearly	Rifle Range Area
	Army	248 00	1 Nov	51 1 year	Rifle Range Area
	Army	240 00	1 Nov	51 1 year	Rifle Range Area
	Army	208 00	10 Feb	51 1 year	Rifle Range Area
	Army	20 00	8 Oct	42 Monthly	Bridging Training Area
	Army	1 00	19 Oct	42 Monthly	Bridging Training Area
	Army	21 00	9 Nov	43 Yearly	Vehicle Parking Lot (RF)
Comox.....	Navy	150 00	1 Jan	40 21 years	Navy Firing Range
Dawson Creek.....	Army	269 12	8 Sep	47 Yearly	Railway Siding for SD
	RCAF	3,000 00	1 Feb	51 1 year	Storage
Duncan.....	Army	5 00	1 Jan	48 20 years	Radio Station Sites
	Army	5 00	1 Mar	49 20 years	Radio Station Sites
	Army	1,200 00	1 Sep	49 Yearly	Armoury (RF)
Esquimalt.....	Navy	1 00	14 Oct	43 10 years	Part of Naval Base Site
Kamloops.....	Army	50 00	20 Jul	44 10 years	Water Supply Magazine Area
	Army	360 00	1 Oct	45 Monthly	Vehicle Storage (RF)
Kimberley.....	Army	1,680 00	31 Oct	50 1 year	Armoury (RF)
	Army	540 00	1 Oct	46 Monthly	Vehicle Storage (RF)
New Westminster.	Army	1 00	11 Mar	43 Yearly	Artillery Ranges
	Army	1 00	21 Apr	43 Yearly	Artillery Ranges
Port Alberni.....	Army	284 29	1 Jan	48 Yearly	Rifle Range Site
Prince George.....	Army	1 00	1 Nov	48 Yearly	Armoury Site
	Army	218 00	1 Apr	48 Yearly	Armoury Site
Prince Rupert.....	Army	41 96	9 Jan	39 Yearly	Railroad Siding
	Army	25 00	1 Nov	44 Yearly	Anti-Aircraft Battery Site
	Army	200 00	16 Mar	47 Monthly	Rifle Range Site
	Army	110 00	1 Apr	51 1 year	Garage Site (RF)
	Army	1 00	1 Apr	51 1 year	Rifle Range Site
	Navy	25 00	1 Oct	49 Yearly	Site for Seaward Defence
	Navy	1 00	22 Dec	42 21 years	Bldg & Site for Naval Base
Salmon Arm.....	Army	360 00	19 Dec	50 1 year	Armoury (RF)
	Army	180 00	1 Aug	51 1 year	Vehicle Storage (RF)
Sea Island.....	RCAF	1,108 80	1 Jul	49 Yearly	Explosives Storages
Trail.....	Army	1,200 00	1 Jan	49 Yearly	Armoury (RF)
Tsawwassen.....	RCAF	50 00	1 Jun	44 As long as required	Bombing Range



## PART II—LEASES OF LANDS AND BUILDINGS BY DND IN FORCE AT DECEMBER 1, 1951

—Continued

Location	Force	Rented (per annum unless otherwise stated)	Date and Term of Lease	Purpose
<b>BRITISH COLUMBIA—</b>				
<i>Con.</i>				
Vancouver.....	Army	160 00	1 Dec 49 25 years	Heating Tunnel under 4th Avenue
	Army	300 00	1 Mar 49 Monthly	Hutment Site (RF)
	Army	13,942 00	1933 20 years	Site of Armoury
	Army	2,000 00	1 Apr 48 Yearly	COTC Accn
	Navy	75 00	15 Jun 51 Monthly	Naval Recruiting Stn
Vernon.....	Army	a month 182 00	1 Jan 43 Yearly	Armoury & Stores Site
		1,450 00	15 Aug 51 1 year	Training Area
Victoria.....	Army	25 00	1 Sep 39 30 years	Access Road to FOB Site
	Army	180 00	1 Aug 50 5 years	Battery Site
	Army	55 56	1 Jul 41 Monthly	Searchlight Battery Site
<b>NORTHWEST TERRITORIES—</b>				
Fort Resolution...	Army	1 00	Year to Year	RCCS Radio Station
Norman Wells.....	Army	50 00	1 Jun 46 10 years	RCCS Radio Station
Yellowknife .....	Army	6,350 00	23 Apr 49 3 years	Air Supply
	Army	8,100 00	11 Aug 48 Yearly	Armoury (RF)
<b>ENGLAND—</b>				
London.....	Army	16,800 00	25 Mar 51 1 year	Joint Services Accommodation
	Army	1,050 00	1 Apr 51 1 year	Joint Services Garage
<b>UNITED STATES—</b>				
Washington.....	Army	5,347 80	1 Jun 51 .....	Joint Staffs Garage
	Army	14,400 00	1 Sep - 31 Oct 53	Office of Joint Staffs



## PART III—LAND AND BUILDINGS LEASED SINCE APRIL 1, 1950, BUT SINCE TERMINATED

*(Part III substituted as per letter of clerk on December 14)*

Location	Service	Total Rental Paid	Date of Lease	Date of Termination	Purpose
		\$ cts.			
Georgetown, P.E.I.....	Army	100 00	7 May 50	6 Oct 51	Armoury Accn (RF)
Sherbrooke, Que.....	RCAF	8,125 00	3 Aug 50	31 Aug 51	AC and WV, HQ
Grimsby, Ont.....	Army	900 00	1 Jun 50	31 May 51	Armoury Accn (RF)
Toronto, Ont.....	Army	1,391 00	1 Jun 50	13 Mar 51	RTO
Winnipeg, Man.....	Army	300 00	1 Jun 50	31 May 51	Coal Storage Site
Midland, Ont.....	Army	2,850 00	15 Apr 50	15 Oct 51	Armoury Accn (RF)
Corner Brook, Nfld.....	Army	480 00	28 Apr 50	28 Oct 50	Armoury Accn (RF)
Owen Sound, Ont.....	Army	666 66	1 Oct 50	31 Dec 50	Armoury Accn (RF)
Calgary, Alta.....	Army	3,665 04	1 Nov 50	1 Mar 51	Can Army (Special F.)
Ottawa Coliseum, Lansdowne Park	Army	1,000 00	2 May 51	30 May 51	Sleeping Accn
Victoria, B.C.....	Navy	700 00	9 May 51	9 Oct 51	Storage Accom
Victoria, B.C.....	Navy	1,550 00	15 May 50	31 Aug 51	Training Field
Aklavik, N.W.T.....	Navy	120 00	1 Jul 51	1 Oct 51	Storage Accom



## APPENDIX N

ORDERS PLACED BY CANADIAN COMMERCIAL CORPORATION  
AND  
THE DEPARTMENT OF DEFENCE PRODUCTION  
ON BEHALF OF THE  
DEPARTMENT OF NATIONAL DEFENCE  
FOR  
SELECTED ITEMS OF OPERATIONAL EQUIPMENT  
APRIL, 1950—NOVEMBER, 1951

This list covers all major orders placed on behalf of the Department of National Defence for operational equipment with the exception of specialized electronic items. Figures given for aircraft, however, include the value of electronic gear to be embodied in the actual airframes. The estimated value of the orders and the expenditures there against relate to production contracts only and do not include those for capital assistance or development. The period covered is from April, 1950 to November, 1951.

## SUMMARY

Category	Estimated Value	Expenditures
	\$	\$
1. Small arms and machine guns .60 calibre (15.2 mm) and under . . .	19,282,262	308,300
2. Artillery and naval guns over calibre .60 (over 15.2 mm), mortars and missile launchers . . . . .	45,729,565	21,458,232
3. Tanks, self-propelled weapons and other military vehicles . . . . .	93,265,436	7,283,654
4. Ammunition . . . . .	103,039,505	6,875,508
5. Rockets . . . . .	14,379,311	1,882,329
6. Miscellaneous ammunition and related products . . . . .	5,498,635	622,148
7. Miscellaneous ordnance and ordnance material . . . . .	396,381	266,677
8. Aircraft . . . . .	788,585,635	157,004,557
9. Ships . . . . .	167,653,448	23,858,316
Expenditure for bulk orders placed with the United States government for divisional equipment . . . . .		46,495,890
TOTALS . . . . .	1,237,830,178	266,055,611



## 1.—SMALL ARMS AND MACHINE GUNS .60 CALIBRE (15.2 MM) AND UNDER

Major orders placed for the armed services in the period April, 1950 to November, 1951, amounted to \$19,282,262. This figure includes orders for United States-type small arms valued at \$1,103,621 on which procurement has been suspended pending clarification of the issue of standardization. The expenditure on these items covers deliveries before the orders were suspended. The main orders are shown below.

Canadian Arsenals Limited .....	12,291 Browning .5 machine guns.	14,601,228	26,620
U.S. Government.....	208 aircraft machine guns and spares.....	493,740	18,000
Canadian Arsenals Limited.....	1,176 .22 calibre rifles.....	77,584	45,404
U.S. Government.....	2,025 .45 calibre sub-machine guns	93,357*	
U.S. Government.....	734 .50 calibre machine guns.....	(partly suspended) 513,514*	
U.S. Government.....	20,951 .30 calibre rifles.....	(partly suspended) 2,329,287*	
U.S. Government.....	1,234 .30 calibre machine guns.....	(partly suspended) 308,900*	
Harrington and Richardson Arms Co. Limited.....	4,440 survival weapons (.22).....	240,781	nil
Canadian Arsenals Limited.....	Parts, accessories and repairs for .303 rifles.....	623,871	218,276
		19,282,262	308,300

## 2. ARTILLERY AND NAVAL GUNS OVER CALIBRE .60 (OVER 15.2 MM), MORTARS AND MISSILE LAUNCHERS

The value of major orders placed for guns over .60 calibre, including mortars and launchers in the period April, 1950 to November, 1951 amounted to \$45,729,565. Procurement action on grenade launchers valued at \$30,343, has been suspended although this amount is included in the total. The main orders are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Dominion Bridge Company.....	73 mountings for anti-submarine mortars.....	500,000	nil
Dominion Bridge Company.....	33 naval mortars.....	400,000	nil
U.K. Government.....	Anti-submarine mortars.....	458,940	nil
Sorel Industries Ltd.....	11 mounts for anti-submarine mortars.....	400,000	nil
U.S. Government.....	10 3"/50 calibre naval guns.....	3,751,068	3,748,068
Sorel Industries Ltd.....	44 3"/50 calibre naval guns.....	13,000,000	2,730,514
U.S. Government.....	267 60mm mortars and mounts and 98 81mm mortars and mounts.....	411,319*	
U.S. Government.....	59 4.2" mortars.....	141,070*	
U.S. Government.....	4,093 grenade launchers.....	30,343*	
U.S. Government.....	1,345 3.5" rocket launchers.....	(suspended) 114,095*	
U.S. Government.....	81 57mm rifles.....	100,440*	
Firestone Tire & Rubber Company.....	3,750 3.5" rocket launchers.....	255,274	nil
Magnovox Co.....	Parts for 3.5" rocket launchers.....	48,019	3,299
U.S. Government.....	65 75mm rifles.....	110,500*	
U.S. Government.....	64 gun carriages.....	2,052,490*	
U.S. Government.....	30 40mm guns.....	846,197	846,197
Sorel Industries Ltd.....	138 105mm howitzers.....	1,500,000	nil
U.S. Government.....	88 105mm howitzers.....	1,457,646*	
U.S. Government.....	47 155mm howitzers.....	1,412,010*	
Sorel Industries Ltd.....	29 155mm howitzers.....	650,000	nil
Sorel Industries Ltd.....	180 155mm howitzers*	3,960,000	nil
Orders classified for security reasons.....		14,130,154	14,130,154
		45,729,565	21,458,232

\* See footnote on final page.

\*\* For transfer to other NATO countries.



## 3. TANKS, SELF PROPELLED WEAPONS AND OTHER MILITARY VEHICLES

Major orders for military vehicles of all types amounted to \$93,265,436 in the period April, 1950 to November, 1951. The main orders placed in this period are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
U.S. Government.....	1,136 military vehicles.....	7,272,727	7,272,727
U.S. Government <sup>1</sup> .....	220 medium tanks.....	51,134,957*	
U.S. Government.....	34 Bulldozer tank mountings plus spares.....	268,753*	
U.S. Government.....	11 tank recovery vehicles.....	1,527,900*	
U.S. Government.....	9 light tanks.....	1,070,640*	
U.S. Government.....	Motor carriages T141 plus spares..	6,048,000*	
U.S. Government.....	9 tanks T41E1 plus spares.....	1,803,069*	
Ford Company of Canada.....	1,911 $\frac{1}{2}$ ton 4 x 4 trucks.....	4,933,000	nil
Chrysler Corporation of Canada....	933 $\frac{3}{4}$ ton 4 x 4 trucks.....	5,669,940	10,927
General Motors of Canada.....	1,978 $2\frac{1}{2}$ ton 6 x 6 trucks.....	13,536,450	nil
		93,265,436	7,283,654

<sup>1</sup> Procurement action on these tanks has been suspended. In the meantime a contract demand has been received for 40 Centurion tanks worth \$5,236,000 to be purchased from the United Kingdom and it is understood that additional contracts demands for Centurion tanks will probably be submitted in the near future.

\* See footnote on final page.



## 4.—AMMUNITION

Major orders placed for ammunition amounted to \$103,039,505 in the period April, 1950 to November, 1951. Procurement action has been held up on small arms ammunition valued at \$1,097,775 pending clarification of the issue of standardization. To avoid duplication, pool orders issued in the Department of Defence Production for components are not included in this tabulation. The main orders for ammunition are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Canadian Arsenals Limited	286,100 20 mm cartridges	308,680	74,980
Canadian Industries Ltd.	28,680,000 .22 cartridges	212,538	201,731
U.S. Government	9,991,200 .30 cartridges	935,162*	
U.S. Government	8,823,950 .50 cartridges	(partly suspended) 2,737,900*	
Canadian Arsenals Limited	14,000,000 .50 cartridges	(partly suspended) 5,700,000	8,106
Canadian Arsenals Limited	808,240 40 mm cartridges	8,590,795	1,079,462
Canadian Arsenals Limited	21,000 empty 40 mm cartridges	27,720	27,720
U.K. Government	68,776 40 mm cartridges	317,619	293,257
U.S. Government	19,300 37 mm shells	100,340	100,340
U.S. Government	18,144 57 mm cartridges	329,842*	
Canadian Arsenals Limited	24,000 75 mm shells	11,580	11,580
U.S. Government	31,300 75 mm shells	804,122*	
U.S. Government	15,924 75 mm cartridges	459,935*	
U.S. Government	9,000 76 mm shells	196,142	196,142
Canadian Arsenals Limited	30,000 76 mm shells	14,490	4,790
Canadian Arsenals Limited	Modification of 75 mm and 76 mm projectiles	133,910	107,630
U.K. Government	10,896 4" cartridges and fuzes	647,134	nil
U.K. Government	8,560 4" cartridges	244,314	151,965
U.K. Government	11,500 4.5" cartridges	622,328	nil
Canadian Arsenals Ltd.	20,000 5.5" cartridges	138,888	138,888
Canadian Arsenals Ltd.	2,500 5.5" shells	57,886	nil
E. Leonard & Sons Ltd.	1,500 6" practice shot	69,844	nil
U.K. Government	5,856 3 pdr. cartridges	49,922	nil
Canadian Arsenals Ltd.	12,000 17 pdr. cartridges	1,303,186	593,134
Canadian Arsenals Ltd.	27,512 25 pdr. cartridges	166,169	62,687
U.S. Government	91,368 60 mm mortar shells	819,332*	
U.S. Government	93,925 81 mm mortar shells	1,728,761*	
U.S. Government	24,624 4.2" mortar shells	727,688*	
Canadian Arsenals Ltd.	238,315 105 mm shells	18,745,656	1,822
U.S. Government	166,364 105 mm shells	5,025,345*	
U.S. Government	43,851 155 mm shells	2,437,853	
Canadian Arsenals Ltd.	104,700 155 mm shells	12,542,347	nil
Canadian Arsenals Ltd.	86,400 cartridges, 20,530 fuzes for 3"/50 shells	8,487,650	19,282
Canadian Arsenals Ltd.	13,437 3"/50 cartridges	632,789	152,986
U.S. Government	20,450 3"/50 cartridges	1,383,440	1,383,440
U.S. Government	14,000 3"/50 cartridge tanks	50,225	50,225
Orders classified for security reasons		26,277,973	2,215,334
		103,039,505	6,875,508

\* See footnote on final page.



## 5.—ROCKETS

Major orders for rockets and components in the period April, 1950–November, 1951 amounted to \$14,379,311. The main orders included in this category are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Aerojet Engineering Corp.....	5,000 aircraft rockets.....	195,585	195,585
Canadian Arsenals Limited.....	70,000 aircraft rockets 2-25".....	3,208,700	nil
U.S. Government.....	25,000 rockets 2-36".....	240,209	240,209
Canadian Arsenals Limited.....	209,759 rockets, H.E. 3-5".....	8,079,591	nil
U.S. Government.....	90,302 rockets H.E. and smoke 3-5".....	1,130,690*	
U.S. Government.....	400 rockets, 5".....	43,672	43,672
U.S. Government.....	Miscellaneous fuzes, rockets and components.....	1,402,864	1,402,864
Orders classified for security reasons.....		78,000	nil
		14,379,311	1,882,330

## 6. MISCELLANEOUS AMMUNITION AND RELATED PRODUCTS

Major orders placed for items in this category in the period April, 1950 to November, 1951 amounted to \$5,498,635. The main orders included in this category are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Canadian Arsenals Limited.....	12,500 depth charges Mk 7*.....	1,701,21	nil
U.K. Government.....	3,600 "T" cutters (demolition equipment)	123,200	31,289
U.K. Government.....	120,000 detonators, percussion and other minesweeping equipment	116,697	nil
U.K. Government.....	2,776 shells. H.E., 971 bombs, H.E., 10,410 rocket motors and other aircraft ammunition stores	455,987	nil
U.K. Government.....	1,818 anti-submarine projectiles and other ammunition stores...	409,024	75,426
U.K. Government.....	Miscellaneous ammunition and related products.....	73,143	52,369
U.K. Government.....	510 mines, components and acces- sories.....	267,896	nil
Canadian Arsenals Limited.....	3,000 depth charges.....	433,410	164,460
Canadian Arsenals Limited.....	20,660 anti-submarine projectiles.	1,205,552	nil
U.S. Government.....	200 depth charges.....	34,918	31,600
U.S. Government.....	3,000 smoke shells.....	39,079	39,079
U.S. Government.....	25,000 drift signals.....	115,500	115,500
U.S. Government.....	6,000 hand grenades.....	45,156	45,156
T. W. Hand Fireworks Co. Ltd.....	27,864 grenades.....	138,428	50,068
U.K. Government.....	5,100 pyrotechnic items.....	35,843	nil
U.K. Government.....	destruction and demolition equip- ment.....	40,000	nil
T.W. Hand Fireworks Co. Ltd.....	70,096 signal cartridges.....	74,950	nil
T. W. Hand Fireworks Co. Ltd.....	54,240 signal cartridges and other pyrotechnic equipment.....	160,552	nil
T. W. Hand Fireworks Co. Ltd.....	40,000 pyrotechnic cartridges.....	28,080	17,201
		5,498,635	622,148

\* See footnote on final page.



## 7. MISCELLANEOUS ORDNANCE AND ORDNANCE MATERIAL

Major orders placed for miscellaneous ordnance material in the period April, 1950 to November, 1951 was \$396,381. The main orders included in this category are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
U.S. Government.....	57 portable flame-throwers and accessories.....	68,176	68,176
U.S. Government.....	50 linking machines.....	53,932	53,932
U.S. Government.....	12,332 bayonets with scabbard, 9,480 knives.....	129,704*	
U.S. Government.....	670 depth bombs Mk 54.....	144,569	144,569
		396,381	266,677

## 8.—AIRCRAFT

The main orders for the aircraft program, including repair, overhaul and modification in the period April, 1950 to November, 1951 amounted to \$788,585,635. Some of the main orders are shown below.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
U.K. Government.....	20 Dakota aircraft.....	840,000	nil
Babb Company.....	7 Dakota aircraft.....	664,125	131,250
Leeward Aeronautical Corp.....	2 Dakota aircraft.....	180,000	357,000
U.S. Government.....	48 Fairchild C-119c aircraft and 72 Pratt and Whitney 3350-30W engines.....	38,633,280	1,234,322
DeHavilland Aircraft Co. Ltd.....	2 Comet jet transports.....	3,500,000	841,687
Bristol Aeroplane Company of Canada.....	3 Bristol type 107 Mk 31 aircraft..	714,750	488,412
Canadian Pratt and Whitney Aircraft Co.....	1 Sikorski S-55 helicopter.....	218,320	54,580
Bell Aircraft Corp.....	3 Bell helicopters.....	110,989	89,619
U.S. Government.....	6 Piasacki helicopters.....	2,436,000	nil
Canadian Car & Foundry Ltd.....	200 Harvard IV trainer aircraft...	13,050,000	4,493,956
Canadian Car & Foundry Ltd.....	300 Harvard T6J trainer aircraft..	22,800,000	nil
Canadian Pratt & Whitney Aircraft Co.....	1,000 R1340 aircraft engines.....	15,000,000	nil
Aircraft Industries of Canada Ltd.....	10 Harvard trainer airframes.....	220,000	208,080
U.S. Government.....	20 T-33A aircraft and 100 spare engines.....	4,874,976	4,874,976
Canadair Limited.....	576 T-33A aircraft.....	69,000,000	nil
Rolls Royce Limited.....	900 Nene engines.....	33,355,350	nil
U.S. Government.....	88 B-25 Mitchell dual pilot trainers and 12 B-25J Mitchell A1 trainers	14,049,300	12,984,246
Beech Aircraft Corp.....	100 Expeditor 3N aircraft.....	9,291,968	7,353,099
Beech Aircraft Corp.....	53 Expeditor 3NM and 47 Expeditor 3TM aircraft.....	7,985,940	2,992,912
Beech Aircraft Corp.....	80 Expeditor 3NM aircraft.....	5,763,511	572,920
DeHavilland of Canada.....	37 Chipmunk trainers.....	524,956	524,956
Orders classified for security reasons		545,372,261	119,802,542
		788,585,635	157,004,557

\* See footnote on final page.



## 9.—SHIPS

Major orders placed in the shipbuilding program in the period April, 1950 to November, 1951 amounted to about \$167,653,448. The list does not include the "pool orders" contracts as such placed by the Department, but the estimated value does include the value of such items as propulsion machinery ordered for all the escort vessels through one supplier. The main orders are listed as follows.

Supplier	Item	Estimated Value	Expenditure
		\$	\$
Burrard Drydock Co. Ltd.	3 anti-sub escort vessels	24,000,000	1,357,888
Canadian Vickers Ltd.	3 anti-sub escort vessels	24,000,000	2,159,250
Davie Shipbuilding & Repair Company Limited	1 anti-sub escort vessel	8,000,000	nil
Halifax Shipyards Ltd.	3 anti-sub escort vessels	24,000,000	1,172,824
Marine Industries Ltd.	2 anti-sub escort vessels	16,000,000	115,515
Victoria Machinery Depot	1 anti-sub escort vessel	8,000,000	49,429
Yarrows Limited	1 anti-sub escort vessel	8,000,000	nil
Canadian Shipbuilding & Engineering	1 Minesweeper	925,000	349,357
Canadian Vickers Ltd.	1 Minesweeper	925,000	925,000
Geo. T. Davie & Sons Ltd.	1 minesweeper	925,000	494,735
Davie Shipbuilding & Repair Company Ltd.	3 minesweepers	2,775,000	2,065,441
Davie Shipbuilding & Repair Company Ltd.	Detail and working drawings for one minesweeper	250,000	250,000
Marine Industries Ltd.	1 minesweeper	925,000	562,967
Port Arthur Shipbuilding Co.	2 minesweepers	1,850,000	1,010,600
Victoria Machinery Depot	2 minesweepers	1,850,000	1,175,152
Yarrows Limited	1 minesweeper	925,000	414,639
Marine Industries Ltd.	1 icebreaker	12,750,000	6,237,009
Burrard Drydock Co. Ltd.	1 gate vessel	500,000	466,062
Geo. T. Davie & Sons Ltd.	1 gate vessel	500,000	432,630
Saint John Drydock Co. Ltd.	2 minesweepers	1,850,000	900,435
Pictou Foundry & Machine Co. Ltd.	1 gate vessel	500,000	284,492
Victoria Machinery Depot	1 gate vessel	500,000	420,496
Saint John Drydock Co. Ltd.	1 loop layer and tug	2,400,000	nil
Geo. T. Davie & Sons Ltd.	1 loop layer	700,000	nil
Pacific Drydock Co. Ltd.	1 lighter	500,000	nil
Halifax Shipyards Ltd.	conversion and refitting of 1 minesweeper and 1 patrol ship	537,948	44,418
Marine Industries Ltd.	Purchase of 16 frigates and 18 minesweepers	1,982,500	202,018
Canadian Vickers Ltd.	conversion of 3 frigates and refitting	2,439,000	469,895
Saint John Dry Dock Co. Ltd.	conversion of 3 frigates and refitting	2,439,000	342,191
Canadian Vickers Ltd.	conversion and refitting of 1 minesweeper	475,000	84,665
Davie Shipbuilding Co.	Repair & refitting of 1 minesweeper	475,000	nil
Geo. T. Davie & Sons Ltd.	conversion and refitting of 2 minesweepers	950,000	292,164
Geo. T. Davie & Sons Ltd.	conversion and refitting of 2 frigates	1,626,000	40,725
Davie Shipbuilding & Repair Co. Ltd.	conversion and refitting of 2 frigates	1,626,000	188,378
Halifax Shipyards Ltd.	conversion and refitting of 3 frigates	2,439,000	250,136
Marine Industries Ltd.	conversion and refitting of 3 frigates and 3 minesweepers	3,864,000	442,291
Montreal Drydocks Ltd.	conversion and refitting of 2 minesweepers	950,000	164,610
Pictou Foundry & Machine Co. Ltd.	conversion and refitting of 2 minesweepers	950,000	83,829
Saint John Drydock Co. Ltd.	conversion and refitting of 2 minesweepers	950,000	111,545
Steel and Engine Products Ltd.	conversion and refitting of 2 minesweepers	950,000	146,018
Lunenburg Foundry Co. Ltd.	Rehabilitation of 2 minesweepers	500,000	88,228
Bruce Stewart Co. Ltd.	Conversion and refitting of 2 minesweepers	950,000	63,284
		167,653,448	23,858,316

\* On these items payments totalling \$46,495,890 have been made to the United States Government against bulk orders. These payments cannot be completely allocated to specific items at the present time.



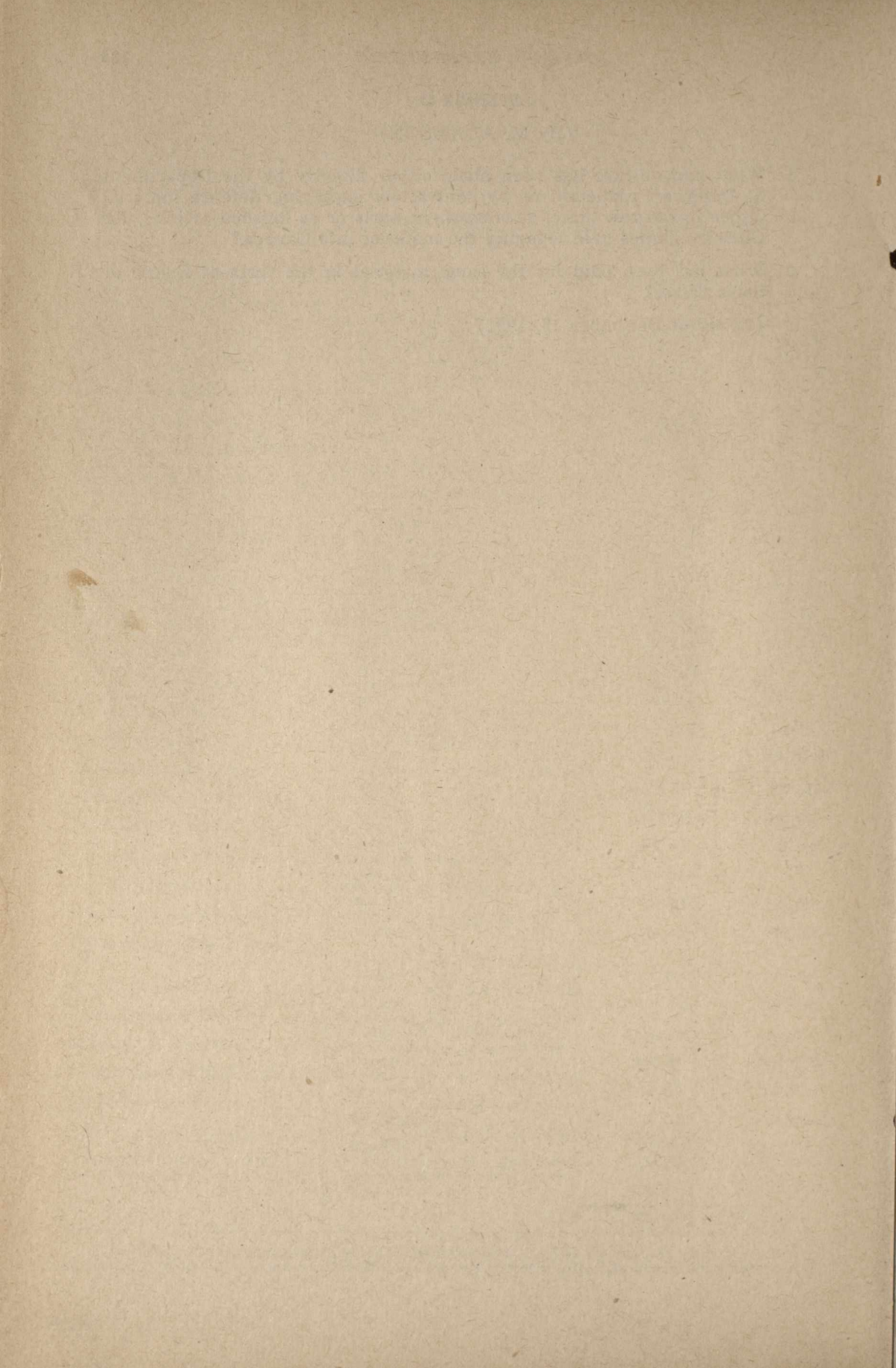
**APPENDIX O**

(By M. ADAMSON)

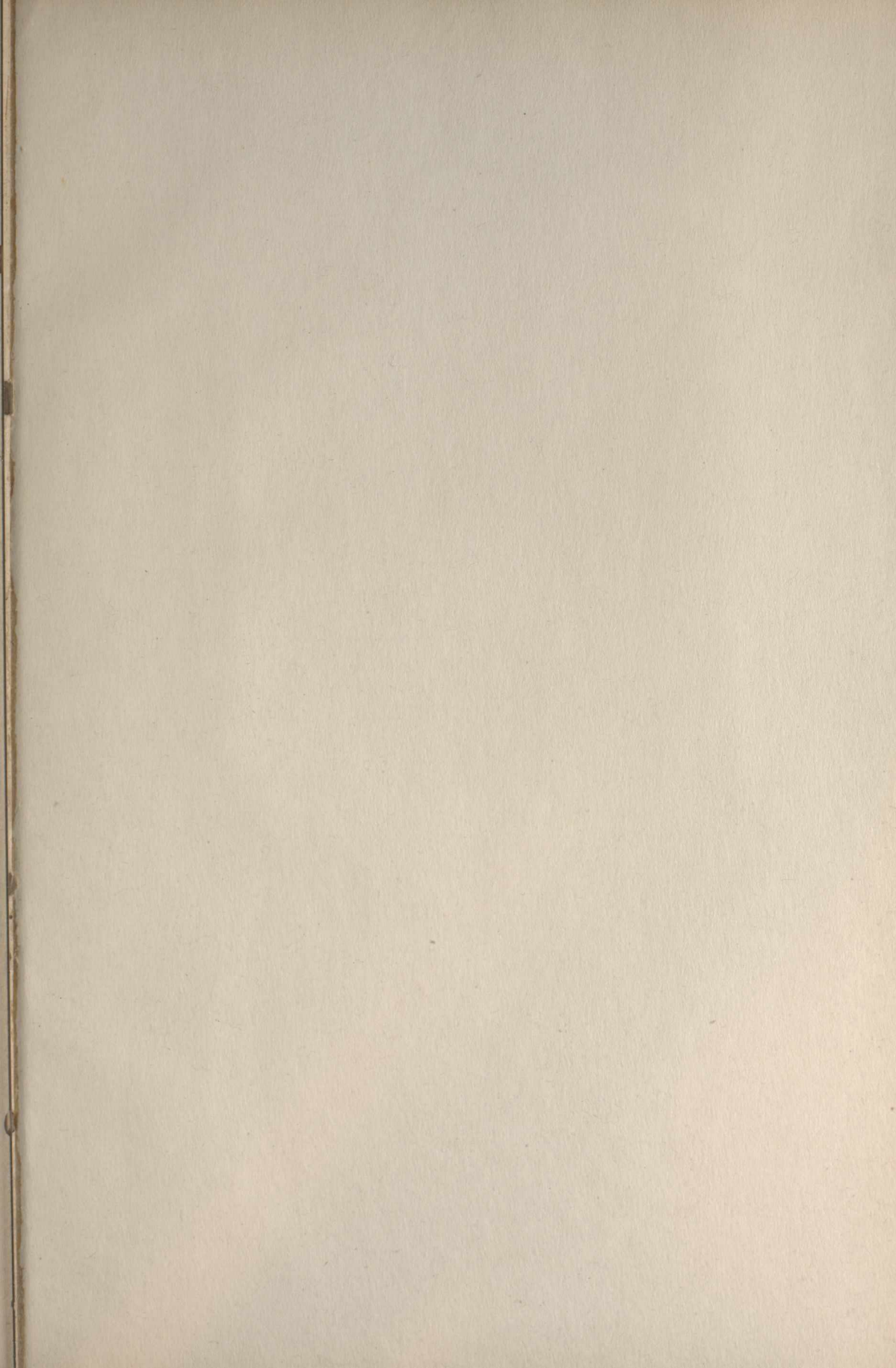
1. What expenditure has been made either directly by the Department of Defence Production or by contractors supplying defence material either in the raw state, as component parts or as finished articles, for Customs Duties paid bringing the material into Canada?
2. What has been paid for the same material in the form of Excise or Sales Taxes?

(Letter of December 13, 1951)















Canada. Parl. H. of C. Special  
Comm. on Defence Expenditure,  
1951, 2d Sess.



