



CANADIAN
COMMERCIAL CORPORATION

FOURTH ANNUAL REPORT
TO THE
MINISTER OF TRADE AND COMMERCE

APRIL 1, 1949 TO MARCH 31, 1950

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CANADIAN COMMERCIAL CORPORATION

Established by Canadian Commercial Corporation Act
Statutes of Canada 1946, 10 George VI Chap. 40
as amended by Statutes of Canada 1947, 11 George VI Chap. 51
and Statutes of Canada 1949, 13 George VI Chap. 2

PRESIDENT

M. W. MACKENZIE,
Deputy Minister of Trade and Commerce

DIRECTORS

C. M. DRURY,
Deputy Minister of National Defence.

W. D. LOW,
*Director of Purchasing,
Department of Trade and Commerce.*

H. B. MCKINNON,
*Chairman Tariff Board,
Department of Finance.*

H. O. MORAN,
*Assistant Under-Secretary of State
for External Affairs.*

S. D. PIERCE,
*Associate Deputy Minister,
Department of Trade and Commerce.*

L. P. SAINT-AMOUR,
*Assistant Deputy Governor,
Bank of Canada.*

CHARLES STEIN, K.C.,
Under-Secretary of State

K. W. TAYLOR,
Assistant Deputy Minister of Finance.

OFFICERS

W. D. LOW,
Managing Director.

J. D. MCCARTHY,
Secretary and Legal Adviser.

G. F. WEVILL, C.A.
Comptroller

W. J. ATKINSON,
General Purchasing Agent

HEAD OFFICE

No. 2 Temporary Building, 70 Lyon Street,
Ottawa, Ontario.

DISTRICT OFFICES

Victoria, B.C.
Vancouver, B.C.
Calgary, Alberta.
Edmonton, Alberta.
Regina, Saskatchewan.
Winnipeg, Manitoba.
London, Ontario.
Washington, D.C.

Toronto, Ontario.
Ottawa, Ontario.
Montreal, Quebec.
Quebec, Quebec.
Saint John, N.B.
Halifax, Nova Scotia.
St. John's, Newfoundland.
London, England.

CANADIAN COMMERCIAL CORPORATION

Ottawa, Canada

June 21st, 1950.

The Right Honourable C. D. Howe,
Minister of Trade and Commerce
OTTAWA, Ontario.

Sir,

In accordance with Section 13 (1) of the Canadian Commercial Corporation Act, 1946, I have the honour to submit herewith the Annual Report of the Canadian Commercial Corporation, together with Balance Sheet and Statement of Accounts, as audited by the Auditor General of Canada, covering the year ending March 31, 1950.

Yours faithfully,

(Signed) M. W. MACKENZIE,
President.

**ANNUAL REPORT
OF THE
CANADIAN COMMERCIAL CORPORATION**

On the basis of the dollar value of the contracts negotiated and placed by the Canadian Commercial Corporation during the fiscal year ended March 31, 1950, approximately 85% of the Corporation's work was performed in satisfying the requirements of the Department of National Defence. Having regard to the clerical work involved an even larger percentage of the Corporation's activity was devoted to the interest of National Defence. Contracts covering the acquisition of supplies, construction of projects and ships and the performance of various services connected with National Defence had a gross value of \$221,538,679.59 and numbered some 84,600 contracts in all, issued either from Ottawa or from the District Offices of the Corporation in Canada and abroad. The cost involved in negotiating and awarding these contracts and supervising production and delivery was \$999,783.52 or approximately .45% of the value of the goods and services obtained.

During the period under review the Corporation continued to revise, improve and extend the lists maintained of business organizations in Canada in a position to fulfil satisfactorily contracts placed on behalf of the Department of National Defence. And in line with Corporation policy all firms believed to be in a position to supply were listed and given opportunities to tender whenever requirements arose for products of their manufacture or for which they were regarded as reliable sources of supply. This entailed the issue of some hundreds of thousands of Invitations to Tender and, insofar as construction work was concerned, publication in the Canada Gazette and public press of 1424 Notices to Tenderers. 1571 of the defence contracts had estimated values in excess of \$15,000.00 and required authority of the Governor-in-Council.

Considerable progress was made during the year towards more economical purchasing by a concerted effort to negotiate firm price or cost-reduction-incentive contracts. The Corporation endeavoured to avoid, as far as possible, terms providing for escalation (material and labour cost variation) and other clauses or terms approaching cost plus situations. A small

proportion of the contracts awarded, however, contained of necessity, provisions calculated to protect the supplier against price or cost variations of a sort which the contractor felt he could not be expected to anticipate or provide for.

Advantages were derived through the extension into the planning level, during the year, of the close relationship which has always existed between the Corporation and the Department of National Defence. An illustration of this was the establishment of a Clothing and Textile Requirements Committee with representation from the Office of the Deputy Minister of National Defence, the three Armed Services, Inspection Services, the Directorate of Inter-Service Development and the Corporation. The work carried on by this Committee during the year was calculated to effect more economical and efficient production and improvements in delivery schedules, through utilization of slack industrial periods. It is expected, too, that long range planning carried out by this Committee will result in substantial further economies.

Toward the end of the fiscal year the Corporation assumed active administration of responsibilities devolving upon the Minister of Trade and Commerce in respect of the security of classified information emanating from the Department of National Defence. Qualified officers of the Corporation developed, in collaboration with appropriate authorities, procedures and policies for the maintenance of industrial security in connection with classified projects.

The Corporation continued to act for such foreign governments and government agencies as requested its services. Purchases were made by the Corporation in an aggregate amount of \$28,822,048.56 on behalf of—

Belgian Congo	Mozambique
Belgium	Netherlands
China (Nationalist)	Nicaragua
Czechoslovakia	Pakistan
France	Portugal
Dominican Republic	Siam
India	South Africa
Iran	United Kingdom
	United States
The United Nations	International Children's
Emergency Fund	
International Refugee	Organization

The facilities of the Corporation were employed in connection with various other Government activities; and contracts placed by the Corporation for these purposes had a total gross value of \$2,372,089.42, including preparations for the 1950 International Trade Fair, the stockpiling of strategic materials, and certain other matters having a bearing upon foreign trade. The total gross value of all contracts placed by the Corporation during the year was \$252,732,817.57.

At March 31st arrangements had been made for the establishment of a District Office of the Corporation at Saint John, N.B., which would give the Corporation a total of 16 District Offices, including those in London, England, and Washington, D.C. At the year end 411 persons were employed in the Corporation as compared with 361 at March 31st, 1949.

CANADIAN COMMERCE
(INCORPORATED UNDER THE CANADIAN ACTS)

BALANCE SHEET AS AT

G E N E R A L

ASSETS

Cash on Hand and in Bank.....	\$ 4,120,695.27
Investments—Government of Canada bonds (par value \$139,700), at cost—less portion of premium amortized	144,105.96
Advances to Suppliers	82,869.46
Accounts Receivable	419,075.77

4,766,746.46

A G E N C Y

Cash in Bank	\$ 8,769,042.25
Advances to Suppliers	11,333,514.35
Accounts Receivable	735,612.40
Inventories, at cost	3,577,338.50
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	24,415,507.50
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NOTE:—Contingent Liability: Claims pending \$98,895.07

Approved on behalf of the Board

(Sgd.) M. W. MACKENZIE
President.

(Sgd.) W. D. LOW
Managing Director.

CIAL CORPORATION
 (INCORPORATED UNDER THE CANADIAN COMMERCIAL CORPORATION ACT)

T MARCH 31, 1950

A C C O U N T

LIABILITIES AND CAPITAL

LIABILITIES

Accounts Payable and Accrued Charges	\$ 305,653.94
Employees' Funds—Staff Savings Plans:	
Pay deductions (with interest) repayable on	
separation, etc.	159,303.22
Deferred Revenue—surcharge on purchase	
orders placed for others, etc.	2,056.71
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	\$ 467,013.87

CAPITAL AND SURPLUS

Government of Canada:	
Advances for working capital, provided under	
Section 8 of The Canadian Commercial Corporation Act	3,500,000.00

SURPLUS:

Balance as at March 31, 1949.....	\$ 745,893.62
Add—Prior years' adjustments.....	1,648.76
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	747,542.38
Excess of income over expenses for year	
ended March 31, 1950, per Schedule I.....	52,190.21
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799,732.59

4,299,732.59

4,766,746.46

A C C O U N T

LIABILITIES

Accounts Payable to Suppliers.....	\$ 1,731,843.33
Contractors' Security Deposits.....	24,330.11
	<hr/>
	\$ 1,756,173.44

NET OBLIGATION TO PRINCIPALS

Representing advances from agencies of	
various governments (including Canada)	
and certain international bodies.....	22,659,334.06
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	24,415,507.50
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I have examined the accounts of the Canadian Commercial Corporation for the year ended March 31, 1950, and have obtained all the information and explanations I have required. In my opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs, as at March 31, 1950, according to the best of my information and the explanations given to me and as shown by the books of the Corporation.

(Sgd.) WATSON SELLAR

Auditor General.

CANADIAN COMMERCIAL CORPORATION

Statement of Income and Expenses for the year ended March 31, 1950

INCOME

From defence purchasing services on behalf of the government of Canada.....	\$ 999,783.52*	
From purchasing for agencies of various governments (including Canada) and international agencies.....	166,306.60	
		\$ 1,166,090.12
Other Income		47,745.98
		\$ 1,213,836.10

EXPENSES

Salaries:		
Executive officers.....	30,700.00	
Others	883,003.98	
		913,703.98
Rent, light and heat.....		41,295.34
Telephone, telegraph and postage.....		88,552.60
Printing, stationery and office supplies.....		43,471.23
Advertising for tenders.....		29,510.53
Travel expenses		20,262.68
Unemployment Insurance.....		6,418.95
Interest on employees' retirement fund deposits		4,988.79
Maintenance of office equipment		4,481.18
Furniture and equipment		4,206.23
Other expenses		4,754.38
		1,161,645.89
Excess of income over expenses, transferred to Surplus.....		52,190.21

NOTE: *Financed from moneys provided, or to be provided from votes of the Department of Trade and Commerce.

