

Supply—Defence Production

would dispose of these armouries, and whether he had contacted the municipalities concerned to see if they could make a deal with the Department of National Defence, because these municipalities knew the circumstances surrounding the purchase of the land in the first place.

Much to my surprise on March 7, 1968, I received a letter from the minister, and I would like to put on the record part of the second paragraph of that letter, in which he wrote:

—the department is prevented by statute from effecting direct disposal of these properties. Under the provisions of the Surplus Crown Assets Act, my department is obligated to hand over all responsibility for the disposal of its surplus properties to the Crown Assets Disposal Corporation.

Further on he wrote:

—the department has no voice in the negotiations and cannot predetermine the sale price.

On receipt of that letter I examined my files and from them extracted a news release which apparently was issued by the Department of Defence Production, dated January 24, 1968. This news release, which I should like to put on the record says:

The Department of Defence Production announces the sale of Haley Industries Limited, Haley Station, Ontario, a crown-owned light alloys foundry, to Bartaco Industries Limited of Orillia, Ontario.

The Haley plant was built in 1951 for the production of high grade magnesium and aluminum castings required by Canadian defence industry and was operated for the crown under management contracts.

The foundry will continue operations in the Renfrew area as a subsidiary of Bartaco Industries Limited.

The Haley foundry was set up at a time when no other source for such castings was available in Canada. Other sources are now available and it is no longer necessary to maintain this facility as a crown-owned plant for defence purposes.

The next part of the news release is very important so far as I am concerned, where it says:

In line with the government's policy in such cases, the facility is now being turned over to commercial interests so that it may expand and diversify.

A number of companies interested in the foundry business were solicited and the only offer received was from Bartaco Industries Limited.

It seems very peculiar to me, Mr. Chairman, that the Department of Defence Production can handle the sale of public property in this manner, especially when the Department of National Defence says that it is prevented by statute from effecting direct disposal of such properties. Which department are we to believe?

[Mr. McIntosh.]

It may be coincidental that this foundry is in the Renfrew constituency which is represented by a minister of the crown, and that the two armouries I refer to are in the constituency of a backbencher. I wonder if this has any significance, because the hon. member representing the Renfrew area is also a candidate for the leadership of the Liberal party. Again I ask, is this just a coincidence?

I wish to ask the Minister of Defence Production why and how the sale of this plant in the Renfrew area was handled in this manner, and why was it when we, on this side of the chamber, requested that the department handle the sale of publicly owned property in my constituency, the minister's colleague said he was prevented by statute from doing so in this way?

I would also like to ask the assessed value of the property in Renfrew? I also wish to ask, because I have been unable to find out, for how much was this property sold? Further, I wish to ask whether this Bartaco company, mentioned in the department's news release, is an American or a Canadian firm? I have reason to believe that possibly at the time of the sale of the plant, some two or three months ago, Bartaco Industries was a Canadian firm, but that now it has been taken over by American interests. Was there no provision in the sale agreement that such a thing should not happen?

In addition, Mr. Chairman, I would like the minister to put on record the amount of the original capital expenditure for the building and the property in the first place. Referring to these supplementary estimates, what period do the figures therein cover? Actually the total of the two items in vote 6c and vote 7c amounts to \$1,220,000. Was that the total loss on that plant over the time it was operated for the department, or was it the loss for one year?

I refer the minister's attention to the wording of item 6c:

Reimbursement of the defence production revolving fund established by section 16(1) of the Defence Production Act for losses sustained in the operation of the crown-owned magnesium foundry at Haley, Ontario, prior to its sale in December, 1967.

• (8:10 p.m.)

Vote 7c provides for payment of the obligations of the crown-owned magnesium foundry at Haley, Ontario, outstanding as of September 30, 1967 in the amount of \$740,000. There is a three month interval there. If you divide the amount of \$480,000 by three it would seem that the operating loss would be