

Mr. Bigg: I would like to know whether or not this 10 year rental contract had any release clause in it, so far as the federal government was concerned and, if so, why it was not brought in. According to my figures, in the final deal they got \$242,000 which left a net savings to the federal government, if they completed the rent, of \$28,000. I wonder if that is the standard type of contract the federal government uses when renting buildings. It seems to me that if we knew we were going to be vacating two years short of the expiry date, or within a month or two, that we would not be expected to pay 100 per cent of the rent or anything near that. Now if we went blindly into this contract and said that we would pay them \$135,000 a year for 10 years, then we are stuck with it. I would think that when we do not know how long we are going to need a building, and this often is the case in respect of defence, there should be an escape clause for us as well as for the other person.

The Chairman: Mr. Bigg, what is your question?

Mr. Bigg: What were the terms of release, if any, when the federal government entered this contract?

Mr. Henderson: I intend to ask Mr. Douglas because he is looking up the record on this particular contract.

The Chairman: While they are looking that up, Mr. Leblanc, did you have a question?

Mr. Stafford: I wanted to point out a correction to Mr. Bigg's question. He mentioned a savings of \$28,000. If they saved 25 per cent, that would be \$80,000.

Mr. Bigg: Just correcting you, Mr. Stafford. It says here 75 per cent plus the cost of heating, utilities and so on, which I presume...

Mr. Stafford: It is 18 months, not a year.

The Chairman: One at a time, please.

Mr. Bigg: ...is for 18 months, and as I add it up, the total cost to the federal government was \$242,800 instead of \$270,000 which would be their normal rent. That, of course, does not include heating, which would be on top of that again.

The Chairman: All right, Mr. Leblanc. There seems to be agreement.

Mr. Leblanc: According to my figures, the lease would have been carried out again for 41 months, which would have amounted to \$461,250. We finally came to an agreement of some sort for \$242,813, which I personally, think is very good. But what strikes me is that on May 1, 1957, the same landlord rented to the Department of National Defence a building for \$135,000, then on January 1, 1966, when everything had increased, including rents, he turns around and rents it for \$108,000. That strikes me very strange. I do not know what happened between May 1, 1957 and January 1, 1966, which resulted in the rent being decreased by \$27,000 a year, when everyone knows very well that rents have increased everywhere.

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Mr. Stafford: Then would you not say that the Department of Manpower got a good deal when they paid their portion?

Mr. Leblanc: I do not want to infer anything, but it seems strange to me.

Mr. Muir (Lisgar): Why was the Department of National Defence renting it in the first place when I understand that Public Works is the agency that is supposed to be doing this for the government?

The Chairman: There is a question which should be answered.

Mr. Henderson: I think this had something to do with the reserve forces. Public Works does not take specialized buildings of this type and the record shows that the Department of National Defence moved in direct on May 1, 1957 and took it for 10 years.

In answer to the question that Mr. Bigg had, the agreement was for a term certain of 10 years from April 2, 1957 with an option to renew for a further 10-year term at the same rental, the Department of National Defence being responsible for the costs of heating and charges of public utilities.

Mr. Bigg: And no escape clause?

Mr. Henderson: And there was no escape clause at all in the event their plans changed.

Mr. Muir (Lisgar): The reason I asked my question is that this is not the first time that this has come to our attention. We have dealt with this sort of thing over the years, where leases on buildings have been terminated because a particular department was through