

making inquiries of War Assets I was informed that the boats were sold without any tenders or request for tenders, and that the price was \$3,000. I then wrote and asked if the boats could be purchased for that price and was informed that the boats had been sold. Who determined the price of \$3,000 for these Fairmiles and decided to sell them without calling for tenders? How was the figure of \$3,000 arrived at? Why were tenders not called for?

Mr. HOWE: That is really a matter for the Minister of Reconstruction, but if the hon. member wants an answer now I will attempt to give it to him.

This is a memorandum I have received from War Assets Corporation with regard to the sale of Fairmiles:

A total of sixty-three Fairmiles were declared surplus on the east coast and thirteen on the west coast. Of the east coast declarations, four were turned over by the navy to the R.C.M.P.; one was a wreck and was sold on sight for \$470. Three were made available to the province of Quebec on indefinite loan for educational purposes and were delivered by the navy to Rimouski.

The balance of fifty-five on the east coast were delivered by the navy to Sorel. One of these was made available to the Boy Scouts on indefinite loan and one to the Sea Cadets.

Of the remaining fifty-three, one suffered substantial damage while at Sorel and was sold for \$1,500, and the balance for \$3,000.

Terms of sale provided that if they were resold by the buyer, the corporation would receive additional payments of \$4,900 to the end of 1946; \$3,850 to the end of 1947; \$2,800 to the end of 1948; \$1,750 to the end of 1949; \$700 to the end of 1950.

Buyers of five boats have already fulfilled this undertaking and have paid the additional amount of \$4,900 on each ship.

Delivery of these vessels by the navy to War Assets Corporation was begun in June. No sales were made until middle September. They were advertised for sale along with other naval ships in the principal papers across Canada from August 21 to middle September. Efforts had been made in the interval between June and September to sell these ships and among other outlets sought were the Canadian Shipyards who had built these vessels, represented by their Fairmile Association. It was the view of these experts that

"While over a period there might be a limited market for this type of vessel to be converted into a diesel type pleasure boat . . . with the difficulties of obtaining diesels without priority, the high cost of conversion and of diesel engines at the present time, it was not considered possible for there to be any interested purchasers this year."

The association were also unable to accept our invitation that they take these boats in on consignment. They expressed the opinion that we would be very fortunate "to secure a few buyers at \$5,000 per vessel in so far as the market is concerned."

These vessels are particularly subject to injury from ice and are also subject to heavy depreciation above the water line from idleness. The nature of their wood construction, accord-

ing to advice given to us would require for their preservation that they be taken out on land on a marine railway and stored in cradles covered over with watertight housing. Dealing with a boat 105 feet long in this way is an expensive undertaking. We were faced with the prospect of making capital expenditures for facilities and for labour that might easily have exceeded the gross proceeds from the sales of the vessels, unless we succeeded in developing a substantial market which, up to the time of the first sales in September, we had no prospect of doing.

Apart from their hull construction, it should be understood that these boats are entirely single purpose in design: the living accommodation on them is incapable of being converted to the comforts of a normal yacht without a great expense. The two engines, whether Hall-Scott or Stirling, consume high octane gasoline at a rate to make their economical use for commercial or for ordinary pleasure purposes out of the question. I have been told that their consumption is around thirty-five gallons an hour for ordinary cruising speed and as high as eighty-five gallons an hour at full speed.

This completes the story of the eastern ships except that, while the selling in the east was going on, fifteen ships were sold to an eastern shipyard and taken delivery of by them and put under care. They expressed their willingness to turn back any ships which are wanted and it was decided on Saturday that we might ask them to give back six. They have already given back one, and buyers will be required to pay \$3,000 plus the cost of removal from the mooring grounds at Sorel plus the cost of winterizing. The assumption is in the present weather, such buyers could not take delivery until the spring.

On the west coast, these Fairmiles may have had a greater usefulness than was indicated for the east. We only had thirteen there and these ships were delivered to War Assets Corporation after the advertising period. Also the advertising referred to ships at Sorel and the Fairmiles in the west were never specifically advertised.

Summarizing it will be seen that the corporation was faced with the problem of either disposing of the vessels prior to the closing of navigation and the icing up of the St. Lawrence river, or alternatively facing the cost of taking the ships out of the water and preserving them at a cost which would have been out of all proportion to the scrap value or, at that time, the estimated sales value of the boats, or leaving the boats in the water and carrying minor winterizing operations into effect, taking the chance that the boats would still be afloat at the time the ice disappeared. The price of \$3,000 was therefore, and for the foregoing reasons, affixed to these boats; and as the policy established by the corporation is a one-price policy, the price of \$3,000 applied to all boats in whatever location. Indications are that quite a number of these boats now having passed into the hands of private owners will be put into Canadian shipyards during the winter months for work and in some cases conversion, thus providing employment to follow on the cessation of war contracts.

Mr. COCKERAM: Were these ships sold to the wreckers, or whatever they are called, with technical equipment and navigational equipment, for \$3,000? What happened to all the navigational and technical equipment?