

(7) STANDING COMMITTEE ON PUBLIC ACCOUNTS

MEETING No. 10

Page 298:

(a) Mr. Drysdale requested Mr. Richard to obtain and submit detail of description, condition and evaluation relating to the sale of one Crane, Shovel, Thew, 1953, sold for \$16,112.

CADC Representatives conducting inspections of equipment and sales operations in Newfoundland have many years of experience in inspecting and evaluating construction equipment. The method used is as follows:

- (i) Each piece of construction equipment reported surplus at U.S. Bases is identified and inspected.
- (ii) Where declared value is not reported, CADC Representatives place an estimated original cost on each piece of equipment based on recorded data on previous disposals of the same make and model.
- (iii) For appraisal purposes the age of each piece of equipment is taken into consideration on the basis of an eight year usage write-off on depreciation.
- (iv) After physical examination the depreciated value is either raised or lowered to provide an estimated sales recovery evaluation. If equipment is in repairable condition and depreciated in excess of six years, the estimated recovery value is raised to reflect a probable sales value. If the equipment after depreciation is found to be almost totally worn out, the estimated cost of rehabilitation and in many instances transportation difficulties owing to location may justify reducing the estimated recovery value accordingly.
- (v) The estimated recovery is recorded prior to customer inspection and closing date for receiving bids.
- (vi) After bids are opened and the highest bid established it is compared with the estimated recovery, in many instances the bids are higher than estimated recovery and, likewise, in many instances lower. Then the CADC Representative returns the file to Head Office with his recommendation of acceptance or rejection of the highest bid. Final approval of a sale is the responsibility of the Manager of the Commodity Sales Division, Head Office.