

National Defence and the Department of Public Works had been unable to find tenants. Is that correct?

**Mr. Henderson:** They had been unable to locate any tenants. They had worked through the spring and the summer on it and talked it all over with the landlord, who had come to Ottawa, as this file indicates, and...

**Mr. Winch:** Mr. Chairman, can I...

**Mr. Stafford:** Just a minute; I do not think you understand what is happening here.

And is it not correct that at that particular time, when possibilities for renting looked so remote, it was up to the departments at that particular time either to keep on renting it for the remainder of the term, or to make a deal or a settlement with the landlord? That is naturally the only...

**Mr. Henderson:** I do not question that at all.

**Mr. Stafford:** No, it is natural. And when they made the deal of a final settlement of 75 per cent, that settlement would naturally mean under such terms, since they were not going to keep the lease for the full rent for the rest of the term, that a final release would be given and the deal closed. Is that correct?

Now, as the new leasing arrangements were made directly between the Board of Education of the City of Toronto and the building owner, there is no reason to suspect that any department knew this was going to happen at the time, is there?

**The Chairman:** Just a minute.

**Mr. Stafford:** There is no reason to suspect that the Department ever realized that such leasing arrangements would be made.

**Mr. Henderson:** It was brought to my attention that this building had got a new occupant...

**Mr. Stafford:** Yes, but at the particular time.

**Mr. Henderson:** Well, in the month of November.

**Mr. Stafford:** Yes, but at the particular time of the settlement, my question was. There is no reason to believe that the Department realized...

**Mr. Henderson:** No, I think that is right.

**Mr. Stafford:** Is it not correct that the Department of Manpower and Immigration was not involved in these negotiations between the Board of Education of the City of Toronto and the building owner?

**Mr. Henderson:** Oh, I would not expect them to be involved in it at all; they just administer that particular program.

**Mr. Stafford:** Yes; then they were made aware of the rental of the building by the provincial authorities after the building had been taken over by the Toronto Board of Education. I want to make it clear, Mr. Henderson, that when this termination date was arrived at Mr. Winch cannot seem to understand that there were two possibilities open to the government, either to keep the lease and pay for the rental until the lease was up or try to make a cheaper deal of 75 per cent. Is it not obviously correct, Mr. Henderson, that if a deal of 75 per cent was made the money would be paid to the landlord, otherwise the government would have been stuck for the whole 100 per cent. They could not find a tenant and naturally the landlord had control of the premises and was entitled to do whatever he wanted to with it. Is there anything difficult about that and is it in any way different from any negotiation carried on every day across Canada?

**Mr. Henderson:** With the combination of events, I saw at once that this landlord would be collecting what is virtually double rent on the property.

**Mr. Stafford:** Yes, but not when a sale was made. How can we make comments on a matter of strict law in this Committee or in any other? This is all I want to know.

**The Chairman:** Just a minute. We will have Mr. Winch and then Mr. Bigg.

**Mr. Winch:** It is darn funny that they can negotiate for five months, that the landlord does not know anything and cannot get a tenant, but within 30 days after he gets \$173,000 from the federal treasury he can rent. You are not suspicious? Well, I am.

**Mr. Stafford:** Is it not correct, Mr. Henderson, that it takes more than suspicion to put forward any constructive defences and things like that?

**The Chairman:** Mr. Bigg is next in a supplementary.