

*Supply—Defence Production*

**Mr. Drury:** Mr. Chairman, section 5 of the Surplus Crown Assets Act provides that the Minister of Defence Production may authorize a government department to dispose of surplus crown assets in such manner, upon such terms and subject to such conditions as he may consider desirable. This is an enactment of very long standing. In respect of a condition that this property remain in Canadian ownership, I hope I can get the hon. gentleman to appreciate that we have for a very long time been trying to dispose of the property at the most advantageous terms possible and finally succeeded in finding one buyer, one man who under rather difficult or harsh conditions was prepared to take this plant over and continue operating it.

Whether Bartaco should be forced to guarantee that the operation will remain in Canadian hands for a specified period of time seemed rather beyond our powers to insist upon as part of the bargain. We were trying to dispose of this property at the least cost to the people of Canada and still keep it as a continuing operation for the production of magnesium castings.

**Mr. McIntosh:** Mr. Chairman, would the minister use his authority to dispose of the two armouries I have referred to at the least cost to the Canadian public? Would he be prepared to sell these armouries for \$1, which is the price for which this plant was sold?

**Mr. Drury:** I am not sure I would agree to that, Mr. Chairman. Crown Assets Disposal Corporation, as a trustee of public assets, has been charged with securing the best possible return on the disposal of these assets. In the exercise of this mandate, Crown Assets regards itself as trustee for all the taxpayers of Canada and is not, as a consequence, authorized to confer benefits on a particular section or community of Canada. In the discharge of this responsibility, however, they do accord a priority in disposal and allow a right of first refusal exercisable in the first instance by the government of the province in which the asset is situated, and in the second place by the municipal authorities of the area in which the asset is situated. In that order, these non-federal government bodies have the right of first refusal.

**Mr. McIntosh:** Mr. Chairman, in the light of that explanation I fail to see why the minister did not turn the Haley plant over to them. I cannot see the difference in the two transactions. As I said, perhaps it is coincidental that there is a minister representing

[Mr. McIntosh.]

the constituency of Renfrew and an opposition member representing the constituency of Swift Current-Maple Creek.

However, if the minister will not listen to reason in this regard I should like to ask him a further question in connection with the report of the Auditor General. Does this type of transaction come under the heading of "Unauthorized use of the Defence Production revolving fund" which is found on page 29 of the Auditor General's report? Does this paragraph in the report have any bearing on the sale of this property?

**Mr. Drury:** I do not think so. The report of the Auditor General will, I think, be examined in some detail by the public accounts committee. There, I am sure, legal advice will be sought as to the appropriateness of the observations made on the use of the revolving fund.

**Mr. McIntosh:** Mr. Chairman, I should like to ask the minister whether he guaranteed any government funds to the company which bought this asset for the sum of \$1, in order to keep it in operation.

**Mr. Drury:** No, Mr. Chairman. Indeed, as I have indicated, the liabilities of the crown are ended with this operation. The future obligations become the responsibility of the purchaser Bartaco, and the crown's participation in this transaction is limited to a share of future profits.

**Mr. Winch:** Mr. Chairman, I should like to ask the minister whether he could briefly give us a picture of the authority and policy of the Department of Defence Production in the calling of tenders, the letting of contracts and the cancellation of contracts. I am certain that all of us from British Columbia would appreciate that information because we have noticed that in the realm of contracts the changing policy of the government has in the past few months almost totally wrecked the shipbuilding industry of British Columbia.

• (8:40 p.m.)

Only a few months ago the government very proudly announced in the House of Commons that this year they were going to call for contracts for the construction of search and rescue vessels for the coastguard system on the Pacific coast. That policy has now been changed and no contracts are to be awarded. It is bad enough that the government does not keep its word that it is going ahead, not only with research for the safety