

The CHAIRMAN: I am sure Mr. Richard will appreciate all the good friendly advice he is getting. On behalf of the committee I do hope that you will pay some attention to our free advice.

Mr. RICHARD: I would like to direct attention of the committee to page 338 of No. 10 of the minutes of proceedings and evidence in which the management consultants comment on the opening of bids.

Mr. CHOWN: That would be the comment on page 338 in (b):

- (b) a fixed schedule for the opening of bids, with extra staff to handle the maximum volume of bids that conceivably could be opened on any day. Opening of bids and selection of the successful bids would, of course, have to be completed in the presence of the public on the day of opening.

Mr. RICHARD: Please go on, sir.

Mr. CHOWN: Do you want me to continue?

Mr. RICHARD: Yes, please.

Mr. CHOWN:

The following advantages of present practices would be lost, likely leading to reduced recovery to the crown, if bids were opened in public:

- (a) at present the amount of the successful bids is not disclosed until three months after the sale is made and the amounts of unsuccessful bids are never disclosed. This protects the customer in marketing the commodities. It also prevents customers from learning the bidding habits of their competitors;
- (b) some protection against collusion amongst customers is afforded by the private opening of bids;
- (c) the successful bidder does not learn the amounts of other bids. Under public opening he would be able to cancel his bid (by refusing to submit a cheque to complete the sale) if his bid seemed to him to be inordinately high compared to the others.
- (d) bids are accepted at present if they are postmarked on or before the closing date for bids. If bids were opened in public on the closing date, bids in transit by post would not be eligible.

For these reasons and in view of the geographical locations of the branches, we came to the conclusion that neither of them is practicable.

The CHAIRMAN: I wonder, Mr. Auditor General, if I can anticipate the future. Perhaps next year in your follow-up report you might ask what happened to the recommendations and what conclusions were arrived at between the Crown Assets Disposal Corporation and the management consultants.

Mr. HENDERSON: Yes, Mr. Chairman, if it meets with the approval of the committee, I can go ahead with these meetings and next year have a follow-up report in respect of the recommendations.

Mr. MORTON: I think that would be most desirable. Also, I would like the Auditor General to keep in mind, in view of the fact that the Crown Assets Disposal Corporation seems to be getting somewhat smaller—primarily it was set up to dispose of large assets during war years—to consider the advisability perhaps of dissolving the Crown Assets Disposal Corporation as such and perhaps make it an agency of the Department of Defence Production.

Mr. HENDERSON: Are you suggesting this be part of the discussion I hold with both the consultants and Mr. Richard and his associates?

Mr. MORTON: Yes.