

December 5, 1967 and signed a preliminary agreement of sale in April 1968, the formal agreement transferring title to the property and embodying the various terms of the acquisition was not signed by the purchaser until November, 1968.

This proposed sale was discussed at that time in the House of Commons in Committee of Supply in March, 1968 and following the House approved Supplementary Estimates (C) 1967-68 which provided the Department of Defence Production with \$480,000 in Vote 6 to reimburse the Defence Production Revolving Fund for the losses sustained in the operations of the foundry prior to its sale, and \$740,000 in Vote 7 to pay the obligations of the foundry outstanding at September 30, 1967.

This has not been a profitable venture for the government. During the years 1963-1968, this foundry has operated with a variety of managements and business arrangements, mostly at a loss. Over the years 1963-1968, on a gross sales of \$7,421,000, the foundry operated at a loss of \$535,000 and the Crown's share of this loss was \$450,000.

The Department cannot be faulted for not trying to obtain some firm interested in acquiring the foundry and continuing operations,—having approached some 27 Canadian and several United States firms over the years, but it was not successful until it agreed to sell all outstanding shares of the operating company at the book value of \$7 and a share of the profits in the ensuing five years' operation.

It was agreed that the Crown would receive 50% of any profit earned in the years ending December 31, 1968 and 1969 and the lesser of \$90,000 or 50% of any profit in 1970, 1971 and 1972.