

By Mr. Homuth:

Q. If there was any financial arrangement to be made it certainly would not come to you? It would be between the department and the owner of the land. You people would not have that?—A. That is not necessarily true. Consider this situation; some department of the Crown makes a lease of a substantial piece of land on a relatively short term and have built a \$2,000,000 building on it. In that situation it becomes a very serious question. Are we going to have to turn people down, give it to the landlord? Will he buy it? What is going to happen in that situation? There may be substantial recovery of the Crown investment. In that case it probably would be passed to the corporation and their real estate division would be asked to go and negotiate with the landlord and see what kind of a deal could be made. Mind you, the corporation would, of course, go back to the original department, get their files and find out the facts. They do not start in de novo.

Mr. HOMUTH: I wonder if we could not make more progress in view of the fact that these two aspects of the matter dovetail so closely if we went ahead with whatever statement is going to be made in regard to the War Assets Corporation. Then you have the complete picture before the committee rather than starting on the questioning of a witness now on things that really come under the War Assets Corporation.

Mr. PROBE: I have one more question on the Crown Assets Allocation Committee before that is done, if I may.

By Mr. Probe:

Q. I should like to ask the witness if the Crown Assets Allocation Committee makes any financial agreements with bodies to whom they recommend sales of equipment? I am thinking now of the case where you have recommended the sale of certain equipment by War Assets Corporation along a certain pattern, that is, you have decided that two or three Fairmiles shall go to the Quebec educational authorities. That was brought up in the House the other day. In making the recommendation as to the Fairmiles that they should go to the Quebec educational authorities do you at the same time recommend the financial arrangements as well, or is that beyond the scope of your department?—A. That is entirely up to the corporation. The committee merely recommends that so-and-so be done if a deal can be made; but the committee pays no attention to prices or values or such things.

Q. One more question following that, Mr. Chairman: You make a recommendation that certain surplus could go to a certain prospective purchaser because he has priorities. Do you go further to see that the priority is respected, or is that a matter for War Assets to argue about? For example, A is given a priority by the Act or board regulations and you recommend in the light of that and the fact that you have a request from A for this type of equipment that it go to A, and then after that has been turned over to War Assets Corporation, B comes along and gets the goods in question. Whose responsibility is it to see that the priority is respected? Is that the responsibility of War Assets Corporation or of the Crown Assets Allocation Committee?—A. There is no machinery, Mr. Probe, for checking back so far as any of us know the priorities suggested by the committee have been carried out by the corporation. We have never heard of any case where they violated them. Mind you, the priority is always subject to negotiated price. If the priority purchaser is not prepared to pay the price corporation thinks it can get, the prospective purchaser loses his priority.

Q. Of course, you are then going on the assumption that the long priority purchaser is willing to meet the price.—A. We assume the corporation is not gypping anyone and we have never heard of a case where they have.