

rent and the cost of extensive renovations of the very same premises on which the federal government had already paid termination charges of over \$242,000.

**The Chairman:** Well, there is a lot of room for questions there, gentlemen.

**Mr. Winch:** There sure is. What is the answer?

**Mr. Bigg:** I think the answer is interdepartmental exchange of knowledge when they are looking for rental facilities for the federal government. Surely the Department of Labour, which looks after the vocational training agreements, could do a little checking with the Department of National Defence.

**The Chairman:** Are you saying there is a lack of communication between departments?

**Mr. Bigg:** Yes; particularly when items are so obviously closely related there should be some liaison.

**Mr. Muir (Lisgar):** Does the Department of Public Works not negotiate for these premises for all departments?

**Mr. Henderson:** National Defence was doing this one itself. The point that interested me in looking into this case was how active the Department of National Defence had been in locating a tenant, a subtenant. They had the right to sublease; and this is quite a large building on College Street—College and Bathurst, I think.

**The Chairman:** I think Mr. Muir's question is a good one. Does the Department of Public Works look after accommodation for all departments normally?

**Mr. Henderson:** They were consulted here, as the train of events shows, and they certainly sought to render what assistance they could. But I suppose, in terms of other federal government requirements at the time, there was no demand for this particular building. The record shows that the Department of National Defence had a lot of discussions with the representative of the landlord in Toronto, who was trying to be helpful. The landlord actually made a suggestion of various courses which might be followed, one of which was that he would be agreeable to accepting 50 per cent of the rent for the balance of the term.

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**Mr. Winch:** Did you find out why they did not accept the offer of 50 per cent?

**Mr. Henderson:** I am quoting from a memorandum on it now. This suggestion was put forward, the Department said, as a basis for a discussion. It did not necessarily mean that the suggestion would be acceptable, it says, either to the lessor or to the Department. The 50 per cent offer was purely tentative but was later discarded by the landlord's representative and myself as being impractical. The conditions of the offer—that is the 50 per cent offer—involved giving him authority to lease the building in whole or in part as he chose, but the Department of National Defence would be responsible for the payment of the full rent on that part not leased. This would involve much administrative difficulty and might in the long run create problems for both the lessor and the Department if the Department considered he was not lending every effort to have the building leased.

**Mr. Winch:** May I ask the Auditor this question. The fifth paragraph on page 52 on this shows they paid \$175,313, which was 75 per cent of the rental. One month after—I think I am right—they gave way, it was rented. Is there any evidence at all that they endeavoured to get any money back?

**Mr. Henderson:** No, I think nothing was secured back; I think I am right on that. We actually have a number of questions about this, Mr. Chairman, but these are the facts of the situation.

**Mr. Winch:** A wonderful patronage grant for a certain landlord.

**Mr. Stafford:** No, you have made a settlement for less than the whole amount; how would you get it back?

**The Chairman:** Mr. Stafford, you have a question here now.

**Mr. Stafford:** The lease was terminated, as I understand it, on September 30, 1965; was it not, Mr. Henderson? And that is when final settlement with the landlord was made of approximately 75 per cent. Have I got that right so far?

**Mr. Henderson:** Yes, it is in the fifth paragraph.

**Mr. Stafford:** Now I take it from what you say that at that particular time possibilities were rather remote of renting the building because it had been vacant for six months and possibly the landlord, the Department of