

So they must be prepared to buy in large quantities. Of course, that may restrict the number which are likely to be interested, but only owing to the expense involved.

Mr. CHOWN: I am concerned about these tenders being opened all over the country by grade III clerks. I was going to ask the Auditor General, is it the practice in other departments of government to spread out the opening of tenders or is it on a local level?

Mr. HENDERSON: I do not know. I have not had the experience to answer that question. I believe Mr. Stevenson might be able to answer.

Mr. STEVENSON: My understanding is that the tenders are opened centrally. In the course of our audit we inquire into the system of opening tenders from time to time.

Mr. CHOWN: I am thinking of the Department of Transport and the Department of Public Works.

Mr. STEVENSON: Yes.

Mr. CHOWN: I believe they are opened by clerks, each tender is stamped and they are recorded on a list and it is done in public.

Mr. SPENCER: A tenderer is entitled to be present at the time the tenders are opened.

Mr. STEVENSON: Yes.

Mr. RICHARD: But these departments do not have the tremendous volume we have.

Mr. CHOWN: I am concerned about this decentralization. As a matter of policy it would seem that it would be better to have it centralized.

The CHAIRMAN: I think Mr. Smith has a statement he would like to put on the record.

Mr. SMITH (*Simcoe*): Is it not a custom, Mr. Stevenson, that when tenders are opened in the Department of Public Works or in the Department of Transport that usually there is a representative of the shipbuilders association present in that case and in the case of the Department of Public Works tenders a representative of the Canadian construction association is present.

Mr. STEVENSON: That is so.

Mr. SMITH (*Simcoe*): I think that is a commendable practice and it might be the course followed by Crown Assets in cases where there are large sales. I am not speaking of the sale of two typewriters, but rather sales of many thousands of dollars worth of construction equipment in which case if there were a representative of the industries present when those tenders are opened it would remove a lot of doubts that surround it.

Mr. Broome at the last meeting asked me, since he would not be here, to read a conclusion from the report of the Canadian manufacturers association of this year. It has to do with surplus sales.

The association also recommended that the agreement between Canada and the United States with respect to the disposal of U.S. equipment located in Canada be revised so that all such equipment will be subject to appraisal under the usual customs laws prior to its sale or disposal in Canada. Under the present agreement, this U.S. equipment is allowed importation into Canada free of customs duties and taxes. When this equipment is declared surplus it is turned over to the Crown Assets Disposal Corporation for sale in Canada, for the reason that the United States government prohibits its return to that country. The sale of this U.S. equipment in Canada at bargain prices adversely affects the sale of competitive Canadian-made equipment.