

Dissolution of 1967 Expo Corporation

agreement that it seemed better to scrap it and to transfer the assets of the Corporation to the three levels of government for the nominal sum of \$1. The report reads:

However, the assets were not distributed in the manner apparently contemplated by this agreement. On the authority of the Governor in Council, ownership of the bulk of the Corporation's capital assets was transferred at December 31, 1967 to the three governments for the nominal sum of \$1.

Under this arrangement the assets, according to the report, were transferred as follows: Canada received \$59,876,000; the province of Quebec, \$4,754,000, and the city of Montreal, \$135,095,000. Of course, under the agreement 50 per cent of the assets ought to have gone to Canada, 37½ per cent to Quebec and the remaining 12½ per cent to Montreal. Any deficit was supposed to be met proportionately, according to the same percentages. The federal government, in other words the taxpayers of Canada, is called upon to meet 50 per cent of the deficit of \$285 million. The province and the city of Montreal took up the remainder.

To judge from what has happened, it does not seem as if the government has taken good care of the Canadian taxpayers' money. Certainly, the executor of any estate who undertook to give away the assets of an estate and yet agreed to meet the liabilities of the estate would soon find himself in serious difficulty with the courts.

● (4:10 p.m.)

Mr. Baldwin: They need a trustee in bankruptcy.

Mr. Harkness: On page 186, the Auditor General states in paragraph 228 in connection with the general handling of contracts:

In paragraph 226 of our 1967 Report we pointed out that a number of procedures followed in connection construction projects had the effect of materially weakening financial control. These included amending contracts subsequent to the work having been completed in whole or in part without prior ascertainment of the additional costs involved, making a substantial number of progress payments to contractors without complete verification, and renegotiating bid prices with the lowest tenderer for modified programs without the benefit of competitive bidding. These procedures were continued throughout 1967.

In other words, in spite of the Auditor General having complained about this type of procedure, the government continued to act in the same way as before with a consequent continued escalation in the cost of these things. If we look at some of the costs as far as construction is concerned, we find evidence

[Mr. Harkness.]

of terrific escalation. On page 35, the report deals with the cost of Habitat. The estimated cost was originally \$11.5 million. It ended up at \$22,686,000—an increase of 100 per cent. The report enters into considerable detail concerning the mistakes which were made in letting contracts, the delays which added to the cost, and so on, leading to expenditures on a scale which only the government could possibly stand. In the end, of course, it is the Canadian taxpayer who has to find the money.

I shall not go into further examples. As I say, the detailed comments of the Auditor General on this particular operation take up more than ten pages of his report. They disclose, undoubtedly, that there has been a great deal of carelessness and inattention on the part of the government concerning what was happening. A very large amount of money was wasted. The amount paid out in extra salaries alone totals something well over \$10 million, made up of overtime payments made necessary by the poor spacing of work, termination allowances and things of that sort.

The minister talked at considerable length about the way in which the assets have been disposed of so far. I would be interested in knowing the precise nature of the assets, still held by Canada said to be worth between \$50 million and \$60 million, which the dominion government has received. It seems to me the most iniquitous clause in the bill is clause 6, which deals with the method of the disposal of these assets. It reads:

The minister shall dispose of the assets and liabilities to which this Act applies in such manner as the Governor in Council, with the concurrence of the Lieutenant Governor in Council of Quebec, may direct.

In other words, it is a blank cheque enabling the minister to do anything he wants to do with these assets. I submit this is a clause which should be changed. Parliament should provide that these assets be disposed of to the highest bidder by public tender, or some other arrangement along those lines. It should not be possible for them to be disposed of entirely at the convenience or whim of a minister. It is true that the concurrence of the Governor-in-Council is needed, but we all know the Governor-in-Council is preoccupied by so many things that the minister's recommendation, whatever it is, is likely to be accepted without question.

Mr. Pepin: You should trust me more.