

6. Purchase of Property in Westmount.

The essence of the charge in connection with this transaction is that the vendor purchased the property for \$12,000 and resold it to the Department of National Defence for \$18,000 shortly afterwards. This transaction has a long and involved history affecting two Government Departments and two administrations.

During the Bennett regime the Department of Public Works, in collaboration with the Air Force, selected as premises suitable for down-town headquarters for a certain Air Force squadron in Montreal, the building in Westmount formerly used as a telephone exchange. The former Government obtained from the Bell Telephone Company an offer to lease the building for five years at a monthly rental of \$190. with an option to purchase at \$25,000 for the first two years of the lease.

An Order-in-Council approving this lease was put through by the retiring Conservative Minister of Public Works on October 22, 1935, - the last day prior to the resignation of the Bennett Government.

The new Minister of Public Works held up the execution of the lease for further consideration. Efforts were made to find accommodation in a Government building or at a less rental. Some time elapsed without success.

Eventually, the Department of Public Works advised the Department of National Defence that it did not wish to be the agent for the Department of National Defence in connection with premises required by the Air Force for certain technical purposes, which purposes were included among those for which this Westmount telephone exchange building was required.

Accordingly, the Department of National Defence decided to proceed on its own account. Unfortunately, when enquiries were made, it was found that the Bell Telephone Company had sold the building in the meantime to a purchaser who contemplated transforming it into an apartment house. The new owner was approached and offered to rent the building at \$250 a month or to sell it for \$18,000.

Comparisons were made of the relative advantages of renting and purchasing. The building was substantial and was estimated to have a long life. The comparison was made on a ten-year basis. To the purchase price was added the cost of alterations. The rental for ten years was calculated. It was found that at the end of ten years the Department would have spent less money by purchase than by rental and would still be the owner of a valuable property.

It was ascertained that the property was assessed at \$43,000. The reason why it was available at so low a price as \$18,000 was that building restrictions in Westmount are very severe and a building of this type had limited usefulness.

Accordingly, it was considered that the price of \$18,000 was fair and reasonable in the circumstances, and the transaction was closed.

W.L.M. King Papers, Memoranda and Notes, 1933-1939
(M.G. 26, J 4, volume 159, pages C113389-C114137)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA