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THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS
ANNOUNCES DECISION TO SELL THE DEPARTMENT'S
DEBENTURES IN THE ABERDEEN MARINA CLUB,
HONG KONG

The Secretary of State for External Affairs announced today that he has instructed his Department to sell as soon as practicable 34 transferable debentures in the Aberdeen Marina Club acquired for employees of the Commission for Canada in Hong Kong and their families.

The memberships were purchased last year under the Department's Recreational Hardship Support Program. This program was set up on the finding of the 1981 Royal Commission on the Conditions of the Foreign Service that measures were needed to provide recreational outlets for Government of Canada employees and their families stationed in difficult environments abroad.

Late last month, the Auditor General questioned the procedures that led the Department to acquire the Aberdeen Marina Club memberships. He did not question the need for family recreational outlets for federal employees living in the expensive urban environment of Hong Kong.

The Secretary of State for External Affairs noted that the President of the Treasury Board had indicated, as a result of his own review, that

"a) the Recreational Hardship Support Program itself is sound in principle;

b) the Department of External Affairs acted within the terms of its Treasury Board authority in approving the Hong Kong transaction;

c) External Affairs committed no accounting irregularities and, in fact, showed sound cash management in spreading costs over 3 years.

In other words, the Department committed no improprieties, technical or otherwise, in this transaction."

Nevertheless, the Secretary of State for External Affairs decided that, while the Hong Kong project was of similar character to other Program elements, it was unusual in scope and cost and involved a disproportionate part of the initial program.

Accordingly, the Secretary of State for External Affairs has directed the Department to take the following steps:

- Complete the purchase of the debentures and sell the shares as quickly as practicable within the terms of the investment.

- Phase in alternative recreational assistance arrangements for employees and their families in Hong Kong as the memberships in the Aberdeen Marina Club are sold.

- Establish new procedures for the Recreational Hardship Support Program in the light of a review undertaken by the Department's Inspector General, and in consultation with Treasury Board.