

APPENDIX "D"

P.C. 1278

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council approved by His Excellency the Administrator on the 2 April, 1946.

The Committee of the Privy Council have had before them a report, dated 29th March, 1946, from the Minister of Veterans Affairs, stating as follows:

1. Section 7 and 7A of The Veterans' Land Act 1942, authorize the Director, The Veterans' Land Act, to purchase land, buildings and building materials and to enter into a contract with any person, firm or corporation for the erection of buildings and for effecting such other improvements as he may deem necessary.
2. Under authority so granted, the Director during the years 1944-45 purchased land deemed necessary by him for the establishment of veterans in parttime farming and for the purpose of providing homes and other improvements on lands so acquired. The construction of such small holdings or homes was distributed amongst the Provinces as follows: British Columbia, 572 units; Alberta, 275 units; Saskatchewan, 79 units; Manitoba, 240 units; Ontario, 1,033 units; Quebec 187 units; New Brunswick 74 units; Nova Scotia, 30 units and Prince Edward Island, 15 units. The construction of these small holdings and homes was distributed in 86 localities in Canada.
3. In the inception of the construction program referred to in (2) above, a number of tenders were advertised for in the usual way for contracts on a firm price bid but the bids quoted were generally at prices which were exorbitant or alternatively, no bids were received. Construction on firm price contracts was approved for 160 housing units in Alberta; 10 in Manitoba; 56 in Ontario, and 30 in New Brunswick.
4. Following the failure to obtain reasonable contracts on firm price bids, recourse was had to contracts arranged on a cost plus fixed fee basis along the lines followed by the Department of Munitions and Supply. The fixed fee was arranged at a reasonable figure and the operation of all cost plus fixed fee contracts were from the outset placed under the disbursement control of the Audit Division of the Treasury Department and under the structural supervision of representatives of the Director.
5. The Director, The Veterans' Land Act has now reported that as a result of difficulties confronting building contractors and the administration occasioned by the cost of Materials, delays in obtaining deliveries of essential materials, excessive labour costs, and abnormally wet weather during critical stages of construction in certain areas, the total cost of the construction operations referred to will exceed the estimated costs. Costs have shown substantial variations for identical dwellings located in the same area built by different contractors and substantial variations in costs of like designs in different areas, all of which present problems in the sale of these holdings to qualified veterans as provided by Section 9, The Veterans' Land Act.