

Supply—Public Works

Company. This company was more or less a fly-by-night proposition which established itself and received many hundreds of thousands of dollars' worth of contracts.

Mr. Fournier (Hull): Mr. Chairman, I do not want to intervene, but may I say that I have a file on this matter. Would the hon. member wait until we reach that item?

Mr. Diefenbaker: I want to ask some questions about it.

Mr. Fournier (Hull): Certainly; when we get to the item.

Mr. Diefenbaker: This is a general subject for discussion now.

Mr. Fournier (Hull): I will answer when we get to the item for the construction of the building in question.

Mr. Diefenbaker: Will the minister tell me when we get to Lunam Construction Company?

Mr. Fournier (Hull): Certainly I will.

Mr. Diefenbaker: Will the minister tell me which item it is?

Mr. Fournier (Hull): Yes. It is Qu'Appelle. Look under Saskatchewan, Qu'Appelle, and you will find an item. When we get to that item I will answer questions. I have a whole file here.

Mr. Diefenbaker: Of course Qu'Appelle is just one of many. This company had a number of contracts. Some of them have been completed. I want to find out one thing about this company. Who are the officials of the company and is there any system in effect in the Department of Public Works whereby contractors are bonded? Certainly the situation in regard to this company is one that is inexcusable. Merchants in various parts of Saskatchewan, suppliers of materials, on the assumption that they would be paid, advanced tens of thousands of dollars of credit to the Lunam Construction Company for materials. It is not only the Qu'Appelle business that is in question; there is the building in Regina and there are various other buildings that were built by this company as well.

In one or two cases—I have not the figures before me and I am speaking from memory, but my memory will not belie me on this matter—\$40,000 or \$50,000 worth of materials are not paid for, and these amounts are owing to suppliers in three or four cases. Yet when these merchants get in touch with the department the answer is, "The account has been paid". I want to know whether, in order to protect suppliers and the like, there is in

[Mr. Diefenbaker.]

effect in the Department of Public Works a bond; and if so, what bonds there are in connection with Lunam Construction Company. In the second place, I want to know what justification there is for departmental engineers or architects or the like to permit payments far in advance of the work actually done. In the case of the Lunam Construction Company, if the various contracts which this company had are completed, the Canadian people will have to expend at least \$175,000 more than the contract price that was to be paid for the completion of these buildings by the company. That is aside altogether from labour costs.

Certainly what took place in connection with the buildings constructed by the Lunam Construction Company does not indicate that careful husbandry of public funds that one would expect. Why should a company be in a position to receive payment in advance of work sheets showing the work to have been done? To individuals who supply materials that go into the construction of these buildings why should protection not be afforded before payment is made to the contractor? This company, after receiving contracts for about a year and a half, went into insolvency. It objects to anyone's saying it went into bankruptcy for it did not commit any act of bankruptcy. It just failed to pay its creditors. Today there are in Saskatchewan merchants who, having contributed on the basis of credit which should be extended under government contracts, are in a position where they are going to lose unless something is done.

The minister says he will deal with Qu'Appelle in particular when we come to it, but I want to know now the total amount of the various contracts the Lunam Construction Company received from the Department of Public Works. What was the amount that the company undertook to do the work for? Was the work done as the result of tenders, and who are the responsible officials who in their carelessness advanced moneys to that company, defunct in fact, whether bankrupt in law, at a time when suppliers had a large amount of money coming to them? I should like to know the general principle upon which that was done.

Mr. Fournier (Hull): The hon. gentleman speaks of general principles. During this session he put two series of questions to the department. He received the answers.

Mr. Diefenbaker: That is right.

Mr. Fournier (Hull): He has them right in front of him.

Mr. Diefenbaker: No, I have not got them; I said that.