

Mail Contracts

might receive tenders for a certain mail route and might accept the lowest tender even though it might be ridiculously low in the light of conditions which the carrier is bound to face in transporting the mail to the people along a certain route. The person who tendered might realize he offered a ridiculously low tender, but after the tender had been accepted he might come to the government and ask the government to correct the situation by paying him a bonus.

Mr. Bertrand (Laurier): Could such a payment be made?

Mr. Shaw: As I pointed out, I do feel we should be given further information as to the method the department employs in accepting or rejecting tenders.

Mr. Bertrand (Laurier): Mr. Chairman, we have a system of tenders—

Mr. Shaw: What is the system?

Mr. Bertrand (Laurier): The system of tendering is very well known. Whenever there is some work to be done or some service to be furnished, we announce that we are asking people who are interested to send in tenders. Our first protection is that, generally, it can be taken for granted that people know they should not tender a ridiculously low price, as they might lose money. A person cannot tender a ridiculously low price in order to secure the contract and then request a bonus, because the law forbids the payment of bonuses to anyone who has not had a contract for at least one full year.

Now the hon. gentleman wants to know what yardstick we use. The department receives tenders from every part of Canada, so we examine tenders from other people in the vicinity who are facing about the same conditions. We decide whether the tender is too high or too low. Unless it is ridiculously low, we do not refuse it. During the years I have been—

The Deputy Chairman: I hope the minister will not spend too much time dealing with tenders. I think the hon. member's question has been answered.

Mr. Shaw: I must confess that I could not hear the Chairman's remarks. I repeat what I said earlier, that bonuses are payable to men who receive contracts after tenders have been called. I do not entirely agree with the minister that the fact that a man might have to carry the mail for a period of one year before he could apply for a bonus would prevent him from tendering a ridiculously low figure. He might realize that he could supplement his income from the Post Office Department by carrying cream, groceries and

other commodities, as many of these mail carriers do. I do not object to that. He might believe that at the end of a year he could apply for and receive supplementary payments, since supplementary payments are made on contracts in force for one year. I cannot see why the consideration of contracts is not relevant to the discussion of this bill.

The Deputy Chairman: Order. This bill provides for the continuance of bonus payments that have been made. It has nothing to do with tenders. It provides that the bonus payments that have been made will be embodied in the remuneration received by the contractor. If a contract were renewed, it would be renewed on that basis up to the 31st of March.

Mr. Bradshaw: May I ask the minister the total amount of money paid out under the authorization of this act?

Mr. Bertrand (Laurier): As of September 30, 1948, there were 11,933 contracts in force. Supplemental payments were made on 54 per cent of those contracts, that is on 6,485 contracts.

Mr. Hackett: What did that amount to in dollars?

Mr. Bertrand (Laurier): The total payments per annum under the original contracts amounted to—that is the 6,485 contracts—\$4,993,000. As of September 30, 1948, the total supplementary payments on those 6,485 contracts amounted to \$1,537,000. This meant the total payments amounted to \$6,530,000, representing an increase in cost by reason of the supplementary payments of 30.78 per cent. I believe that amount explains the increase in costs.

During the same period of time we had to renew contracts by tender in the case of contractors who had died or resigned. Those contracts renewed by tender amounted to 1,143. The total payments under the old contracts that were renewed by tender amounted to \$765,000. The total payments under the new contracts after the tenders had been received amounted to \$1,052,000. The increased payments on the 1,143 contracts amounted to \$287,254. The percentage increase for these contracts amounted to 37.5 per cent. You can see there was an increase of about 7 per cent on the contracts renewed by tender over the contracts under which supplementary payments were made.

Mr. Hackett: The increase under the supplementary payments plan is about \$550 per contract, is it not?

Mr. Bertrand (Laurier): It is 30.7 per cent on all those contracts. Each of those contracts is at a different price, and the general increase is 30.78 per cent.