

Mr. DYMOND: After they are made.

The CHAIRMAN: I wonder if at this stage I may refer to pages 43 and 44 of the Auditor General's report. He has listed eight points in connection with these agreements. Whether or not Mr. Dymond or Mr. Hereford would like to deal with any one of these points, I do not know. Some are more important than others. For example No. 8 says:

Instances were noted on projects carried out under contract where the wages shown on the claim were at the rates charged to the municipality by the contractor and not at the rates actually paid by him to his employees.

I presume he paid his employees less, and charged the municipality more. What do you have to say about this?

Mr. DYMOND: We could comment on that, senator. The system that we normally follow is that the Auditor General brings these points to our attention in connection with the test audits of provincial accounts, and we then bring the comments which he makes to us, as the federal department responsible for the program, to the attention of the province, and ask for their comments. Steps are then taken to recover moneys that are brought to our attention if they were improperly made.

I might ask Mr. Hereford to elaborate more fully on what we do when comments are brought to our attention by the Auditor General.

Mr. HEREFORD: That is substantially the procedure. The provinces on occasion have some very good explanation as to why this was done; and in some instances it is acceptable. What we really do is negotiate with the provinces on the individual reports of the Auditor General. Some items we are agreed are properly chargeable, where it is determined that money is due to the Crown, we effect the recovery.

The CHAIRMAN: From our point of view, I think we are more interested in how you are going to avoid the same thing happening if we are to have a 1966-67 winter works program, which I presume we will have, where there appear to be opportunities for the intentions of the federal Government being frustrated or made more difficult by procedures. Is there any step ahead of time that can be taken to make sure that when a project is approved it accomplishes what the federal Government intends it will accomplish, creating employment, particularly for those unemployed, and seeing that they get the pay cheque they are entitled to.

Mr. DYMOND: I might make a general comment, and then Mr. Hereford can comment. Yes; for example, particularly as a result of the test audits that I believe the Auditor General has been making since 1962-63, it certainly has come to our attention that there are some of these problem areas in this program that the Auditor General's report indicates.

We of course are handicapped to a considerable degree by virtue of the fact that the provinces are administering the program initially at the provincial level, so that we do not have a supervisory field staff out checking on the activities of the municipalities in this respect. We have to rely, by and large, on the provinces to do this. However, there are certain aspects of the program that are really difficult to administer, such as a number of the items that the Auditor General mentions in the report. I think, for example, we need a better and tighter definition of an "unemployed man" for the purposes of employment on the program.

Some of the conditions we laid down should really be a bit unrealistic, and I think it is a question of either dropping those conditions or substituting one or more capable of administration by the municipalities and the provinces.