

the cost of a project for the development of three range and direction finders. With the approval of the Treasury Board, the Crown was to contribute up to \$3,945,000 and the company \$585,000.

The agreement provided that proceeds from the sale of these models, excluding spares, manuals, etc., would be shared as follows:

First sale	—	Company	100%
Second sale	—	Crown	50%
		Company	50%
Third sale	—	Crown	100%

In late 1967 the Canadian Commercial Corporation, on behalf of the Crown, entered into an agreement with the company to sell the three units the company was manufacturing. No provision was made in the agreement with the company for division of the payments as provided in the agreement between the Department and the company. Accordingly in October 1967 the Corporation collected and remitted to the company \$194,000 and \$172,000 representing instalments of 75% of the selling prices of the first two units. In view of the agreement to share equally in the proceeds of the second sale, the company should not have been paid \$86,000 (50% of \$172,000) which was due the Crown and which should have been turned over to the Department to be held on deposit pending delivery of the equipment.

Your Committee recommends that the Department of Industry, Trade and Commerce in future exercise more care in checking and drafting agreements made on their behalf by such corporations as the Canadian Commercial Corporation.

### NATIONAL CAPITAL COMMISSION

#### *National Capital Commission contracts*

Your Committee examined instances of contracts entered into by the National Capital Commission for works in the National Capital Area, where additional payments were made which brought no benefit to the Crown. In most of these cases the additional payments were beyond the control of the National Capital Commission. However, there were two instances where your Committee is of the opinion that with proper caution and foresight some of the taxpayer's money could have been saved.

Shortly after the installation of circuit breakers in electrical pits below the surface of the passenger walk ways at the new Ottawa railway station, they were damaged as the result of faulty drainage in the pits. The circuit breakers were relocated above ground at a cost to the Commission of \$50,000.

Again, a contract was awarded for the construction of a depot building at a cost of \$35,900. This project had to be later abandoned because the soil at the proposed site, which had not been previously tested, proved unstable, in fact it was over a garbage dump. The contractor was reimbursed for his out-of-pocket expenses of \$12,800, mainly for underground services and the architect paid \$1,800.

In both cases your Committee feels that with proper engineering study and the precaution of taking ground tests and borings, these additional expenses could have been avoided.