

By Mr. Cavers:

Q. From whom was the mounted dump truck ordered?—A. There were five dump trucks from Vic-Ingram Motors Limited. They were made at Yellowknife but the shipment would take place from Windsor. The other item, the shovel, was from Automotive Products Limited of Montreal.

By the Chairman:

Q. And the spare parts also?—A. The spare parts also were from the same source. In each case the item referred to was held in the factory after being identified by a member of the department as being the item required. Now, in the case of this equipment, if it could not have been accepted in this way, the cost of the purchase would have become a first charge against the main estimates of the following year. This would have seriously disrupted the plans for the following year because it would have used up funds which were required for other items which have been included in the main estimates. If they had not been charged against the main estimates but we had waited for the supplementary estimates, which are usually not approved until June, this would have been too late to get the items from here to Aklavik for the construction season.

As I have mentioned, the remaining supplies accepted at the factory and valued at \$42,473 were almost entirely destined for Frobisher Bay or other points in the eastern Arctic. As I have mentioned, in the case of all this equipment, it was accepted by department officials in person before the 31st March, 1955. It was considered that the goods had in effect been supplied prior to March 31 but payment was withheld, simply as a precautionary measure, until evidence was received that deliveries had been made to the common carrier.

In addition to the \$102,000 covering items accepted at the factories, we also drew cheques to cover an additional \$13,273 worth of supplies which were not accepted at factories but which we in the department had reason to believe had been delivered, because of promised delivery dates. We had reason to believe they had been delivered to common carriers before March 31. The authority for paying for supplies on the basis of evidence of such delivery was given in a letter from the office of the Comptroller of the Treasury dated March 14, 1952. The reason for making payment on the basis of the evidence of delivery to a common carrier is that the suppliers expect to be paid for the goods within a reasonable period. We have no personnel nor supply depots at Waterways or at Montreal and it would be time-consuming and costly to uncrate all items to check them at these points. The only point where a proper physical check can be made is at the ultimate destination. At Waterways and at Montreal the goods are taken over on our behalf from common carriers making delivery, by the common carriers who will take them on to their final destinations.

If we waited until the supplies reached their ultimate destinations, the suppliers would not be paid for periods ranging from four to eight months. We would likely be subject to interest charges and would lose discounts. We have followed the present practice of paying on the basis of evidence of delivery to a common carrier for a number of years, and have never had any difficulty in making adjustments with suppliers. No funds have ever been lost because of the system.