

Supply—Public Works

outright contracts, or does the department on some occasions pay a fixed fee, or cost plus? Does the department make contracts on a cost-plus basis? I remember that the Auditor General told the public accounts committee that on some occasions a person will have a contract with the government on which further work to be done is carried out on a cost-plus basis.

Mr. Fournier (Hull): If my hon. friend wishes to have that information I would advise him to read section 36 of the Public Works Act. If he will read it carefully he will see how these contracts are given. It is all written down in black and white.

Mr. Browne (St. John's West): If the minister knows what is in section 36, would he be good enough to tell me now?

Mr. Fournier (Hull): There is one section which authorizes me, when it is in the public interest, to give contracts in amounts up to \$15,000 without asking for tenders. Over and above the amount, in urgent cases, where damage would occur to the public interest if I were to fail to take action, I can make contracts without tenders. Outside of that we must ask for tenders.

Mr. Browne (St. John's West): When you come to make payments on those contracts, do you not have affidavits covering materials used? Those would have been paid for before you pay for the contract.

Mr. Fournier (Hull): I have been arguing that for two hours.

Mr. Hosking: I am anxious to see this item pass, but I think it would be wrong to allow the impression to continue which has been created on the minister this afternoon without endeavouring to set out both sides of the picture. I think we should analyse just how this situation arose. Anyone familiar with the conditions surrounding a contract of this kind knows that the local firms who are supplying goods to the general contractor are not anxious to have payments made at the end of the month for fear they might lose some future business. In other words they deliberately get themselves into the position where the general contractor owes them large sums of money. They partly finance his contract so they will continue to get his business. That is a position into which they get of their own volition.

Having explained how the situation arose and why they are in that position, I would not want the minister to gum up the procedure with red tape by putting into effect any of the suggestions that have been made by the opposition lawyers. If you are going to require the inspector to have receipts for

all bills that are paid, you will also need to have an engineer, an auditor and a chartered accountant. Then if the department happened to pay one of these bills and through fraud were asked to pay it a second time you would immediately be held responsible for having made that mistake.

I hope that you will not start to further gum up with red tape these contracts that have been discussed today by following the procedure that has been suggested by the opposition.

Mr. Diefenbaker: Did the minister at any time secure from the Lunam Construction Company a statement of assets and liabilities? Did he ever ask for such a statement before or after February, 1952.

Mr. Fournier (Hull): To which contracts would that question apply?

Mr. Diefenbaker: Just the ones under public works.

Mr. Fournier (Hull): Those that were completed and paid for. We have those buildings. Should I get a statement on those? In the case of those that are not completed, I have the money to complete them.

Mr. Diefenbaker: That does not answer anything. I do not know why the minister has not done something regarding this matter. He has the mounted police available.

Mr. Fournier (Hull): I object to that, and I want my hon. friend to withdraw his statement. I have been talking here this afternoon for nearly two hours telling what I have been doing. I do not think it is fair that the hon. member should say I have not been doing anything. I would not say that to the hon. gentleman, although I do not believe he is doing very much.

Mr. Diefenbaker: To say that the minister has not been doing anything is possibly an understatement, because what I had in mind was this. This man disappeared in Regina.

Mr. Fournier (Hull): How do you know he is in Regina?

Mr. Diefenbaker: Everybody knew, including the staff reporter of the Regina *Leader-Post* who interviewed this man on several occasions.

Mr. Fournier (Maisonneuve-Rosemont): How did he know him?

Mr. Diefenbaker: I am not going to answer that. Presumably his identity was made known to him. On the statement that was secured I cannot understand why the Department of Public Works, having actually benefited to the extent of approximately \$170,000