

**Mr. Schreyer:** Then the terms of the contract must have spelled something out with regard to the onus for communicating the results to someone and presumably the testing company did not live up to its terms of the contract.

• 1030

**Mr. Henderson:** Well, as it says here, the testing company themselves paid up \$1,942 to help reimburse the Crown, so they admitted some responsibility to that extent. The Crown was considered to have the major share of responsibility because one of its agents had in fact set up this testing lab at the pit. But the 3300 tons of sand got through, apparently the contractor was not aware of it and quite naturally he said, "Well, then they presumably are going to take the responsibility for the testing, so let them pay the bill."

**Mr. Forbes:** Is Defence Construction (1951) Limited a Crown corporation?

**Mr. Henderson:** It is a Crown corporation that does this type of work for the forces.

**Mr. Schreyer:** If the material testing company was set up at pit site to test the quality of the material, presumably the company had to put an O.K. on all of the quantities being shipped out and there must have been some ticket or slip arrangement. If not, how did this material get away from the pit?

**Mr. Hayes:** Mr. Chairman, perhaps I could give some information on that to Mr. Schreyer.

I am just quoting here an extract from one of the letters which says that "the procedure for the contractor" was "to check with Defence Construction, Limited prior to shipment" and Defence Construction" relied upon "the material testing firm "to inform them of any failure to meet the specification".

**Mr. Schreyer:** All right. Did the material testing company notify Defence Construction (1951) Limited that certain quantities were below standard?

**Mr. Hayes:** No.

**Mr. Schreyer:** They did not.

**Mr. Hayes:** No, not according to this, because this letter goes on to say:

After a prolonged and thorough investigation including the back checking of the test results, it is now apparent material which did not meet the specification was approved for shipment.

**Mr. Schreyer:** Who approved it?

**Mr. Hayes:** Well, this must have been the material testing company.

**Mr. Winch:** After having declared that it was not suitable.

**Mr. Schreyer:** No, no. They said it was suitable.

**Mr. Hayes:** They said it was suitable.

**The Vice-Chairman:** I think we will have to move on.

**Mr. McLean (Charlotte):** I just want to correct something.

**The Vice-Chairman:** Mr. Morison has been waiting for 20 minutes.

**Mr. McLean (Charlotte):** I want to correct something because I was told it was a government department. I asked if it was a commercial laboratory and I was told it was not. Now it was a commercial laboratory.

**Mr. G. R. Long (Assistant Auditor General):** Dr. McLean, Defence Construction (1951) Limited is a government Crown corporation.

**Mr. McLean (Charlotte):** I know but this was a commercial laboratory that was responsible for it.

**Mr. Long:** But they were working for Defence Construction (1951) Limited and, according to the note...

**Mr. McLean (Charlotte):** I was told it was a government affair. It was not, it was a commercial laboratory.

**Mr. Henderson:** The government took the premier responsibility for it but they went outside to hire the expertise of the testing company.

**Mr. McLean (Charlotte):** Yes, but the testing company made good the \$1,942 so they must have been responsible.

**Mr. Henderson:** They admitted responsibility...

**Mr. McLean (Charlotte):** It was not the government department that was responsible, it was the testing lab.

**The Vice-Chairman:** Mr. Morison?

**Mr. Morrison:** Your criticism is that the government was stuck with \$3,885 and you feel the testing company should have paid the