

houses at that much less than cost?—A. That was not the intention. The intention of the write-off was to give that house to the veeran at our opinion of its value.

Q. At a fair valuation.—A. At a fair valuation.

Q. The question immediately came to my mind when I visualized to myself that was your purpose in doing it. If the original figure was not a fair valuation then somewhere, somehow, somebody has not given fair value to the veterans or the people of this country. Your department has evidently paid in material and labour costs \$1,146,395 by your own estimation more than fair value.—A. That is right.

Q. That amount more than a fair price for those houses?—A. That is right.

Q. You mentioned a moment ago that your officials were charged with the responsibility of keeping track of some of the defects and repairs that had to be made as to what could reasonably be charged to the contractor and what should be borne by the department, but yet at the same time I cannot see that enters into this picture of a figure of very nearly one and a half million dollars. In my mind I feel that something needs to be done to find out whether the taxpayers of this country have to pay for something for which there is no value. I should like to ask Mr. Murchison a question as to whether your inspectors were instructed to do something which, in my opinion, they should have been doing right along; has your department taken any steps to recover from any of these people who may have part of this million and a half dollars for which the taxpayers of Canada and the veterans did not get any value?—A. We have retained very substantial amounts on the contract costs which have not yet been released.

Q. On any of the projects, have any more definite steps been taken than those which were taken on the Sarnia project?—A. Nothing more definite than declining to make any further progress payments to the contractor, sir.

Q. On the Sarnia project you have retained, you told us yesterday, the sum of \$2,000?—A. That is right.

Q. In the meantime you have already spent \$6,000 on that project since the contractor finished with it. I should like to know whether the other projects which are in question where money is being held back are in the same light or in a better condition?—A. They would be in approximately the same light. The amount held back varies as between projects.

Mr. CLEAVER: I think perhaps I might help you a little on that score. While I have been listening to the examination I have extended five of the provinces, that is the capital adjustment. In British Columbia the amount per house is only \$364 as compared with \$906 per house in the London area. I would say this London-Sarnia area is by far the worst.

Mr. BURTON: That is possibly true yet, at the same time, we have not gotten from Mr. Murchison any definite steps which have been taken except that a small amount has been held back from the contractor.

Mr. CLEAVER: You will also be interested in noticing that your whole province, Manitoba, has the best record.

Mr. BURTON: My province is Saskatchewan.

Mr. CLEAVER: Well, I had better not say anything about that.

Mr. FLEMING: Let us have the answer.

Mr. CLEAVER: In Saskatchewan it is \$860 and in Manitoba it is only \$80.

The CHAIRMAN: That is a political as well as a geographical error.

By Mr. Burton:

Q. Mr. Murchison, have you anything further to say to this committee as to what the committee with which you are associated in making capital