

Questions

2. No instructions authorizing recruiting officers to offer tradesmen's rates of pay as an inducement to men to enlist have been issued by the Department of National Defence.

ANGLIN NORCROSS COMPANY—CONTRACTS

Mr. LaCROIX (Quebec-Montmorency):

1. Have any contracts, without tenders being called for, been given to the firm of Anglin Norcross Company, Limited, for national defence works in the city of Quebec or at Valcartier?

2. If so, (a) on what conditions are such contracts awarded; (b) what is the total amount of such contracts; (c) why did the government not ask for tenders from local contractors?

Mr. HOWE:

1. Yes. A general construction contract was awarded the Anglin Norcross Quebec Limited, 892 Sherbrooke Street West, Montreal, Quebec, for a small arms ammunition factory for the Quebec arsenal at St. Malo, Palace Hill and Valcartier, file 4-1-129, P.C. 3320, which included reconstruction of the St. Malo shops, the construction of additional buildings at St. Malo, Palace Hill and Valcartier, the installation of the machinery and equipment and the construction of all works and services required for the completion of the undertaking.

2. (a) The contract was awarded on the basis of cost plus a fixed fee. Included as items of cost are plant rental at the rate of 3 per cent per month, which is the usual rental provided in such contracts, and a service charge of \$6,000 a month to cover the cost of the work done in the contractor's Montreal office as follows: (a) Estimating quantities and preparing building material; (b) purchasing construction materials; (c) arranging and awarding sub-contracts; (d) expediting deliveries; (e) accounting, invoices, pay-rolls, monthly statements; (f) financial arrangements, invoices, tax reports, insurance, etc.; (g) employment services. The amount of the fixed fee is \$35,000, and covers salaries of the contractors, executives, office rent, a proportion of the Montreal office expenses and profit.

(b) The total estimated expenditure on the original project is \$2,500,000, which was required to double the productive capacity of the arsenal for .303 ammunition. Since this was awarded, and upon request from the United Kingdom for a still greater arsenal output, a further extension of this contract is planned, to the amount of \$2,700,000, making a total estimated expenditure on the Anglin Norcross Quebec Limited contract of \$5,200,000. The increase of the fixed fee payable

[Mr. Ralston.]

to the contractor is \$17,500, making a total of \$52,500 as the fixed fee for the original contract plus the extension.

The foregoing represents only one part of the total extension necessary to the Quebec arsenal, the total estimated expenditure being \$10,000,000, comprising \$5,200,000 (Anglin Norcross Quebec Limited) as heretofore stated, as the estimated cost of the construction work herein reported, and \$4,800,000 to cover the cost of machinery, engineering expenses and certain other construction work not covered by the Anglin Norcross Quebec Limited contract, and which will be awarded to local contractors.

(c) The work covered by Anglin Norcross Quebec Limited on the original contract (\$2,500,000) was so complicated and so urgently required that, after consultation with the officers in charge of the arsenal, it was considered impracticable to prepare plans and specifications and to call for tenders in the usual way. Not only were new buildings to be built, but extensive alterations and extensions to existing buildings were required, as well as a large amount of mechanical work of a special nature that could not be contracted for on a unit price or lump sum basis. To ensure the completion of all phases of the work at the proper time, the recommendation of the department's consulting engineers was taken, that all the construction work be entrusted to a single firm having adequate personnel experienced in this kind of work and immediately available.

For the additional work made necessary by the increase in the capacity of the arsenal, for which provision has been made in the amount of \$2,700,000, the arsenal authorities were insistent that the contractor already engaged in constructing the factory buildings and installing the equipment therein should also construct the extensions to such buildings and complete the installation of the additional machinery in the buildings being constructed by him and the extensions thereto. In their view, the employment of other contractors in these buildings at the same time would have resulted in confusion and delay and have unnecessarily interfered with the arsenal output.

For the balance of the expansion to the Quebec arsenal not covered by work already contracted for by the Anglin Norcross Quebec Limited, it is proposed that plans and specifications for the construction work be prepared by local architects, and the construction contracts awarded to contractors in the vicinity who are able to tender. The amount of such work will be substantial.