

understanding that there would be no further settlement after this final estimated cost upon which the five per cent profit would be taken.

Mr. CHAIRMAN: I must confess that I do not understand this. I would like an example of how this comes about from start to finish. Are there other members in the Committee interested in this?

Mr. LEFEBVRE: I would like to know, Mr. Chairman, would the contractor be aware, when he receives a contract, that certain components would be supplied by the crown, as stated here in item 59, or would he be under the impression, when he received a contract, that he would be supplying all the components.

Mr. HENDERSON: No. I think he knew that the components were coming from the department. Is that right, Mr. Douglas?

Mr. DOUGLAS: Yes, that is correct.

Mr. LEFEBVRE: He knew all the time. Therefore, he should not be eligible for five per cent profit on something in which he has no investment of any kind.

Mr. HENDERSON: It is my recollection of the circumstances, from my study of the case—

Mr. WINCH: That is the point I was trying to raise.

Mr. BIGG: I think I missed something here. In the last paragraph it states "we have drawn this to the attention of the department and they have taken steps to recover it". This has been superseded, has it?

Mr. HENDERSON: The Minister has decided that no further recovery action is possible, after exploring the matter. I was quoting from a letter that—

Mr. BIGG: Did he give any reason why he did not think—

Mr. HENDERSON: Only the reason that I put on the record, M. Bigg. There have been very strong objections, of course, from the shipbuilders. This matter has been going on for a long time and these contracts—

Mr. BIGG: If we collect from an old age pension \$10.00 overpayment on an old age pension cheque, surely we can collect from Armstrong—

Mr. HENDERSON: I do not know whether the Committee would consider having a witness from the Department but I have an alternate suggestion to offer, Mr. Chairman, and that would be that, with your permission, we will re-discuss this with the department and ask if they will give us a memorandum to read at the next meeting answering the very points you have brought out.

Mr. LEFEBVRE: Is it strictly in shipbuilding that this occurs or is it in all departments of the government?

Mr. HENDERSON: No, this is just in connection with these 13 contracts. They were awarded back in 1950 and 1951, so it has been a long time.

Mr. LEFEBVRE: It is not the general course in government contracts, other than shipbuilding, that this is done, where the government supplies part of the material.

Mr. HENDERSON: No.