

However, notwithstanding this disposition of the matter, the contractors continued to press for further payments.

The following is a summary of the statements which led to an order of the House to hear representations from the contractors. The problems related to Great Slave Lake Railway contractors were first raised in the transport committee in June, 1967, when Mr. Schreyer asked Mr. MacMillan for comments related to the difficulties faced by seven contractors. The chairman of the committee referred to an earlier reply by Mr. MacMillan to the effect that if there was not litigation regarding these contracts, there soon would be and he would just as soon not comment. Mr. Schreyer stated: "Yes, but that leads me to this: You would expect that there would be litigation, but if these firms have gone into receivership or bankruptcy, how in the world could they initiate a civil suit?" When told that there could be a civil suit in such a case, Mr. Schreyer noted that he would like to see what lawyer they would get to act for them on that basis.

On March 5, 1968, and again on March 18, 1968, Mr. Schreyer questioned the then minister of transport about what action he had taken to date on an investigation into the construction of Great Slave Lake Railway and the bankruptcy of some construction firms engaged on the line. On March 25, 1968, Mr. Schreyer referred to allegations by contractors that Canadian National Railways enforced terms of the contract unfairly and onerously, and he summarized the circumstances of the contractors as follows:

The majority of the 13 or 14 construction firms involved in the project lost heavily, half of them being forced into bankruptcy. If that had happened to only one or two, one might say, well, it was a case of poor management or poor bidding. But when half the firms—seven of those involved—go into bankruptcy, it is safe to assume that there is something rotten in Denmark and that the contract conditions must have been onerously enforced. Or perhaps the Canadian National Railways' specifications were sloppy in the extreme and grossly inaccurate. Many elements could enter into the matter.

Then Mr. Schreyer referred to a prior inquiry made into the pipeline contracts as precedent for the need for an inquiry, and noted the results of the pipeline inquiry. The inquiry found that Mannix Company Limited had submitted claims amounting to \$16,000 which were settled for \$6,600. Mattagami Construction had submitted claims amounting to \$27,900 which were settled for \$17,900. Mannix Construction Co., had submitted claims amounting to \$972,000 which were settled for \$420,000. Canadian Comstock had submitted claims for \$96,696 which were settled for \$65,243. Dutton Williams Brothers had submitted claims amounting to \$2,776,731 which were settled for \$692,490.

In October, 1968, Mr. Schreyer noted that the minister had continually been requested to look into the matter of improper tendering with respect to Great Slave Lake Railway. He noted that allegations had been made that serious errors in the enforcement of the terms of the contract were made by Canadian National Railways, as a result of which some contracting firms engaged in building the Great Slave Lake Railway went into bankruptcy. Mr. Schreyer stated:

Several months have elapsed since then—

Great Slave Lake Railway

The minister had received some briefs from contractors.

—and in the meantime some firms have been forced into receivership and bankruptcy. Some were forced into bankruptcy before the matter was brought to the minister's attention by members of this House. Since that time I understand one or two other firms engaged in the construction have also been forced into receivership.

Mr. Schreyer noted that the contractors had exhausted all legal avenues. He further stated:

—unless we obtain from the Minister of Transport some indication of action, the contractors to whom I have referred will all be forced into personal and corporate bankruptcy.

I am sure the hon. member is pleased to hear this; and may I tell him I am well aware of what I am quoting. The hon. member for Timiskaming (Mr. Peters), referring to another branch line, stated that local employees had been used in the construction of the line and noted that it would obviate some of the problems that plagued contractors in the Great Slave Lake area in regard to local employment problems. Then, according to the information I have, Mr. Schreyer later said:

Some construction firms, Hatch Construction, Pete Rohl Construction, Ginter Construction, Krywa Brothers Construction, Lucas Construction and others, have been put into bankruptcy because of clause 16 of the form of contract. The acting minister will want to look at this material—

That is, briefs sent to the minister.

—in detail to see what course of action can now be followed in order to redress the grievances of these people. There is no use talking about their right of access to the courts. In some cases justice, unfortunately, still is not obtainable without money with which to hire legal counsel, etc.

On February 5, 1969, Mr. Schreyer's question No. 206 was answered. The question asked:

1. Has the Minister of Transport made a decision relative to the claims submitted to him by those contractors that were engaged in the construction of the Great Slave Lake Railway for the CNR and, if so, what is the decision?

2. If such claims have been accepted as valid, is Treasury Board approval being sought for payment, either in whole or in part, of these claims?

The question was answered by the then minister of transport, the hon. member for Trinity (Mr. Hellyer), as follows:

1. A review has been made of the circumstances relating to the claims of various contractors against the CNR in respect to the construction of the Great Slave Lake Railway.

Notwithstanding that one may have considerable sympathy for the circumstances in which the contractors find themselves as a result of these contracts, it appears that the claims, to the extent that they remain outstanding, are matters which must be settled between the companies directly involved and the management of the CNR.

The CNR has informed the Minister of Transport that some of the claims have been dealt with and additional payments have been made in some cases.

• (1740)

Part 2 of that question the then minister of transport answered by saying, "Not applicable." During the hearings in May, 1969, on the Canadian National Railways' annual report, numerous statements were made, some of which I would like to quote as follows: