

were willing to pay, and it was on that tender that they obtained it. Then the financial difficulties would arise from the fact that they did not supply enough capital to start the work and to foresee the possible losses, as is usually done in private enterprise.

(Text)

Mr. HENDERSON: Are you addressing that question to me?

Mr. LEBLANC: Well, it might be to you.

The VICE-CHAIRMAN: Mr. Henderson?

Mr. HENDERSON: Well, my own general impression of the performance of the first group is that they did not seek to organize themselves very effectively. Mr. Scott can say what views the department had on the competence of their staff, but as you will see from what I say on page 55 they did not put any more than \$150,000 into the undertaking. Nevertheless they signed a lease to say that they would spend \$350,000 on furnishings alone. Then they apparently went to the bank and borrowed \$73,000. I suggest to you that they did not take this very seriously.

(Translation)

Mr. LEBLANC: It seems that the initial capital did not amount to the \$350,000 which they had pledged themselves?

(Text)

Mr. HENDERSON: No, it was not.

(Translation)

Mr. LEBLANC: In order that this group prove their good faith, should not the Department, before it signed the lease, have asked it to deposit an amount of \$350,000 in a bank, in order to show that it could meet at least its first commitments?

(Text)

Mr. HENDERSON: Yes, that was one of the first points that occurred to my officers and to me. I put that question to Mr. Baldwin.

(Translation)

Mr. LEBLANC: If I understood well the explanations given by Mr. Scott a while ago, it seems that the financial standing and the experience of the second group are much higher than those of the first group?

(Text)

Mr. HENDERSON: I am not too aware of the competence of the second group. I did ask the deputy minister what experience the second group might have had in the restaurant business. As I recollect it I do not think we have that information. Have we got it, Mr. Smith? I recall asking the question of Mr. Baldwin, who the contractors were and what their experience had been generally.

The VICE-CHAIRMAN: Mr. Baldwin is the deputy minister of transport. He is not present today.

Mr. LEBLANC: Did you ask the same question of the first group? If so, could we have the answer right now?

Mr. HENDERSON: Yes, I did ask that question. That was why Mr. Baldwin told me who the president was. But as auditor I naturally only look at these things after the event and not before.

Mr. LEBLANC: Why can we not have that? Will it be produced to the auditor?

Mr. HENDERSON: Mr. Smith has the names of these people on record.