

St. Lawrence Seaway Authority Act

seaway work, it is perhaps desirable that I should make a statement on this subject, based upon information furnished by the seaway authority.

In the first place, it might be said that it is not unusual or abnormal that claims are put forward in the case of large contracts, whether they be with public authorities or business corporations. To date the seaway authority has received claims in respect of 28 contracts, the individual amounts ranging from a few thousand to several million dollars. Except for minor items which on investigation may be paid for as units of work to which the contract is applicable, the claims relate to extra payments not authorized under the contracts and represent the contractors' own appraisal of costs, and sometimes profits, to which they claim to be entitled as a result of special situations and difficulties which were encountered in the course of the work. The totals are not necessarily a criterion of liability.

As background information it may be observed that the St. Lawrence seaway authority is not permitted under its bylaws to grant a construction contract exceeding \$50,000 in value without the approval of treasury board being first obtained and no contract involving over \$15,000 may be awarded without calling for sealed tenders on approved tender forms. The form of contract is that generally in use by government departments. No claim involving expenditure not provided for under the contract may be paid, in whole or in part, without the approval of treasury board.

Contractors for lock construction and channel excavation, whose claims represent about 86 per cent of the total received, have based them on general as well as specific representations. On general grounds they contend that favourable consideration should be given because a creditable job was done, essentially in time, but that in order to do so unanticipated and increased costs were involved and severe losses incurred. The authority points out that to complete in time was a primary obligation under the contracts and that each individual claim has to be considered on its merits and recommendations made in accordance with the principles laid down by treasury board. The authority is of the view that, in some cases, additional costs would have been avoided had the work been effectively and efficiently executed throughout the period. The records show that as regards several large contracts the work became admittedly so seriously behind schedule that the contractors involved were

obliged to change the management of their contracts. Complications naturally result from such occurrences.

While the claims cover numerous items of work, and as such are to be treated as individual in character, many of them fall into one or more of the following general categories: Claims due to a rising wage level; claims based upon alleged undisclosed ground and water conditions; claims based upon alleged interferences with scheduling of work for various causes, including changes in plans and delays in providing plans by engineers of the authority; claims due to quantities being greater than estimated in tender documents; claims due to quantities being less than estimated in tender documents; claims due to additional cost of placing concrete in winter; claims relating to quantities in dispute; claims based upon the contention that procedures for the disposal of excavating materials differed in actuality from that assumed at the time of tendering.

Pressure of urgent work, particularly in the final stages of construction, prevented the authority's engineers from giving priority to claims, although a good deal of time was given to discussions with contractors concerning them. About a year ago, two experienced engineers, Mr. W. B. Crombie, and Mr. D. Forgan, were employed for the special purpose of investigating and reporting on claims. Mr. Crombie was formerly a project manager and latterly consultant, at the head office of hydro-electric power commission of Ontario. Mr. Forgan previously held the position of director of construction, also with Ontario hydro. Considerable progress has been made and their findings are being reviewed by the chief engineer and his senior assistants who, as construction work nears completion, are in a position to devote more time to this activity. As soon as possible the authority will make a comprehensive report on each contractor's submission dealing not only with claims considered to be entitled to favourable consideration, but also with those considered inadmissible. The Minister of Transport will then refer the report to treasury board.

In general, claims will receive consideration and fair appraisal if extra or abnormal costs have been caused by action or omission on the part of the authority, or have arisen from physical conditions that could not have been foreseen. Or, on the other hand, extra costs attributable to errors or delays by the contractor or due to physical conditions which should have been foreseen or to increases in wages, there being no escalator clause, cannot be considered as the authority's responsibility.

Up to January 27, 28 claims have been received, totalling \$36,329,000. Six of these