

- (d) The scarcity of skilled labour and the inefficiency of available labour;
- (e) The difficulty in obtaining and retaining the services of adequate, qualified inspection staff due to the more attractive remuneration offered by private industry or other agencies;
- (f) Lack of adequate supervision or management on the part of prime contractors.

2. That the final completion of all details of the various contracts has delayed the submission of final cost figures duly audited by the Cost and Audit Division of the Treasury Department. In the meantime, the homes under construction on these small holdings were allocated to veterans as rapidly as they were habitable in order to ease the pressing needs of qualified veterans for housing accommodation. In allocating these holdings to veterans tentative sale prices were quoted on the basis of the best available cost figures at the time.

3. That action has been taken to survey, estimate the cost, and proceed with the correction of construction defects or deficiencies and to negotiate settlements with contractors for construction defects or deficiencies which are properly their responsibility.

4. The Director estimates that in addition to the sum of \$1,000,000 provided by P.C. 1278 an additional sum of \$850,000 is required to complete adjustments in accordance with the intent of P.C. 1278 and to provide for the cost to the Director of correcting construction defects or deficiencies.

5. Section 21 of The Veterans' Land Act provides as follows:

21. If the Director deems that any land or other property acquired by him cannot or ought not to be sold subject, whether as to sale price or otherwise, to the provisions of section nine, he shall report to the Minister the circumstances, with a statement of the cost of such property and shall recommend another sale price or other terms of sale, whereafter any sale of such property shall be made for such sale price, or upon such terms, to any person as the Governor in Council may approve.

The Committee, therefore, on the recommendation of the Minister of Veterans Affairs, advise;

1. That the overall cost of the construction program referred to herein be reduced by the sum of \$850,000, in addition to the sum of \$1,000,000 previously authorized;

2. That a Committee comprising the Deputy Minister of Veterans Affairs and The Director, The Veterans' Land Act, be authorized to approve adjustments in costs to a basis which in their judgment represents reasonable sale value under the provisions of The Veterans' Land Act, such adjustments not to exceed the total of an additional \$850,000 as aforesaid and

3. That the Director, The Veterans' Land Act be authorized to arrange sales to veterans of any small holdings referred to herein, the cost or the adjusted cost of which is in excess of \$6,000 on a basis of a minimum down payment of \$600 but providing that in such cases the conditional grant shall not exceed the limits provided in Section 9 of The Veterans' Land Act.

(Sgd.) A. D. P. HEENEY,
Clerk of the Privy Council.