

Committee on Defence Expenditure

Then over in the next column he states:

Before reciting the irregularities and their circumstances uncovered by the R.C.M.P.—with the assistance later of the provincial police and the army provost corps—it must be said that internal warnings had not been lacking in the Department of National Defence. The chief auditor of the department had performed his functions conscientiously. Time and again he had reported unsatisfactory conditions. This is clear from appendix "B" which summarizes his findings over a period of years.

He then goes on to point out that situation. He says:

The deputy minister in each case had directed the quartermaster general to investigate and report. Lack of adequate action at this point had, however, caused a progressive deterioration in the situation. Aside from reports being delayed for considerable periods of time, the record shows the next audit revealing conditions similar to those previously reported and, in some cases, worse. The process is then again repeated.

In the next column on page 713 he goes on to point out that—

A dam was built on Tucker creek at a cost estimated at some \$3,000 or \$4,000. Its utility is not clear to me, and it was, in any event, not authorized by army headquarters.

In certain cases, persons buying army material were asked not to make cheques in payment (in whole or in part) to the receiver general but to individual army personnel. The amounts thus paid did not reach the public treasury.

On page 714 he deals with the attempts to estimate losses. He says:

These, then, represent the ascertained cases of irregularity at Petawawa. How many more there may have been will never be known. It was apparent from the beginning of the investigation that the accounting records were in a chaotic condition and would be of little use in determining the nature and extent of irregularities. It is impractical, and perhaps impossible, regardless of the time which might be spent on examining records, to try and determine by this means the amount and value of the deficiencies.

In his next column on the same page he states:

The over-all shortage appeared to be some 18,000 bags.

He is dealing with cement. It has been pointed out that he picked this item out of some 5,000 items and carried on an investigation which took some six weeks, which disclosed a shortage of 18,000 bags, roughly eighteen cars, or a trainload of cement, that had disappeared from the Petawawa camp alone. He says:

It was impossible to ascertain exactly what had happened.

Then he goes on to state:

No reliable estimate of the total loss can be prepared.

In the next paragraph he deals with the breakdown of the accounting system. He said:

The fault did not lie in the accounting system, which was a good one had it been operated prop-

erly. It was a new system, based on American and British as well as Canadian experience, and embodied features which, theoretically, would have quickly checked irregularities as they appeared.

On page 715 he deals with the failure in security and says:

There was in addition a serious collapse in security. There was little to prevent or to detect the organized plundering of military stores on a systematic scale, though apparently comparatively little of it took place. If there is excuse for inefficient accounting, there is none for the failure of security which is, after all, a prime military consideration. I take a serious view of this breakdown. If it is easy to pilfer military stores, then, by the same token, it is easy to sabotage military equipment. My recommendations in this respect are fully outlined later.

There are many more pages in the report. When the report was tabled in the house by the Prime Minister (Mr. St. Laurent) he also tabled a report from the chief of the general staff, General Simonds, which in itself was proof that General Simonds had had access to this report before the members of this house and before it was tabled in the house. I am one of those who believe that was quite improper. There is a difference of opinion right now as to whether the members of the armed services should be ordered to keep quiet about this matter, as they have been. Apparently at this particular time the chief of the general staff issued an order to the members of the army that they must not discuss this report, or matters pertaining to it. I think that is rather unfair. If the members of the armed services are to be so dumb, are not to be allowed to speak on these matters, then I think the chief of the general staff is exceeding his authority by playing politics in the way he is now accused of doing.

In this respect a rather interesting editorial appeared in the *Gazette* of January 14 under the title: "This appears somewhat irregular". It deals with the manner in which the chief of the general staff issued his orders to those serving under his direction. It states:

When the Currie report was tabled in the House of Commons a most extraordinary thing happened. Also presented was a bitter attack upon the report, or parts of it, written by the chief of the general staff. If any attack was considered called for, it ought to have come from a member of the cabinet, preferably from the minister concerned with defence. It is no part of the duties of the chief of the general staff to enter into controversy with those he may conceive to be his critics.

This is a lengthy article, which goes on to point out how improper this matter is. It states:

If he feels that there are grounds to resent or refute any charges that have been made, it is his duty to present the matter to the member of the cabinet under whom he serves. And it becomes the duty of the member of the cabinet to bring his case to the attention of the house, if he considers it sound. But it is not for General Simonds, or