

did that, you would not be bringing instances like this to us. It is because nothing has been done to cover these glaring errors, or these mistakes, that they come before a committee, so it is our duty, I think, to try to set up some type of a working formula that will eliminate this.

The Vice-Chairman: Would you care to comment on this, Mr. Henderson?

Mr. Henderson: I think Mr. Southam's suggestion might well commend itself to the Committee. My thought would be that you are going to encounter quite a considerable number of cases like this, particularly in the non-productive category. As you will see on page 2 of your index sheet, when we hit paragraph 147, you have 26 cases there of non-productive payments, some with different causes, some alike.

• 1025

I think after these have been run through and you have dealt also with the 1967 report you will have some views about what contribution you feel the Committee could make toward assisting the departments, and it would be right there that you might take some of these examples and express yourselves on them.

It may be that you will come to the conclusion, as was discussed before, that in too many instances the tendency seems to be to give in to the contractor making the claim. I think in many respects the pressure exerted from the outside on the government is heavy. I think the problem faced by the departments in going over these claims is very formidable. I think it was the Deputy Minister of Public Works or perhaps the Deputy Minister of Transport who said how much he would welcome any views from the Committee which might strengthen his hand, and I think an expression from this Committee based on the experience of having just noted the ones that we are going to encounter through this session of the meeting of the Committee might be helpful. That is the way I feel, Mr. Chairman.

The Vice-Chairman: Thank you, Mr. Henderson. There are three more members who wish to express their opinions on this particular item so I ask them to be brief, so we can go through a few more of these paragraphs today.

I have Mr. Winch, Mr. Schreyer, Mr. Morrison and Mr. Walker. Mr. Winch, you asked a

question previously; perhaps we have an answer now.

Mr. Winch: As to why the breakdown of...

The Vice-Chairman: Yes.

Mr. Long: Mr. Winch, apparently we are not aware of any explanation having been given; communication broke down and the message did not get to the contractor. We have no explanation.

Mr. Winch: May I ask a supplementary? After the government inspection team at the pit declared it unsuitable, how did it get away in the hands of contractor? Have you any information on that?

Mr. Long: No.

The Vice-Chairman: Mr. Schreyer?

Mr. Schreyer: Mr. Chairman, like Mr. Stafford I do not consider this particular case to be all that significant but I do find it a little confusing. We are told on the one hand that under the terms of the contract the contractor was responsible for the materials meeting certain specifications. On the other hand we are told a few sentences later that Defence Construction set up a testing laboratory to help the construction firm.

We do not know whether this put Defence Construction under any legal obligation; I gather it did not. Then in the last line of paragraph 92 reference is made to a material testing company—a private company. Now, who was doing the actual testing at the pit site; Defence Construction or a private company? If it was a private company I take it this company was at fault in not communicating the results of the test to the contractor over on the Island. If there was any liability, it seems to me it should have been assumed entirely by the company and not by Defence Construction (1951) Limited.

Mr. Henderson: Mr. Chairman, I think we can clear up both of Mr. Schreyer's questions. I will ask Mr. Hayes to comment.

Mr. H. E. Hayes (Audit Director): Mr. Schreyer, it was a material testing company that was employed by Defence Construction (1951) Limited to do the work.

Mr. Schreyer: There was also a contract between those two bodies, no doubt.

Mr. Hayes: Yes.