

All of these contracts are the result of competitive bids. The competitive bid is based upon the minimum amount of work which we think should be done, together with a firm unit price for any extra work. For instance, you may think there are 10,000 yards of grading to do, but it turns out that there are 14,000 or 15,000 yards. And he has a unit price for grading which makes provision for the extra quantity. The same thing is true with top soil, and it is true with all items under these landscaping contracts. I think that is all I have to say on that, Mr. Chairman.

*By Mr. Fulton:*

Q. Would that be your explanation why there is a very high proportion of change orders?—A. Yes, Mr. Fulton. In the case of grading and landscaping, the very nature of the contract is that you keep the quantities to the minimum because if you award a contract on what you might say were maximum quantities, it would be very difficult to get a contractor to forego the profit that he would have made, had there been that much work to do. So generally you take what you think is the minimum amount of work. In practically every case the work will go beyond any quantity that was anticipated when the contracts went out. I think it is prudent to keep the quantities low, with a unit price to carry them up to the exact quantity, rather than to do the reverse, let us say, where you have awarded a contract at X dollars to be decreased at unit prices.

Q. Would it not be normal if you were asked to excavate, to give a unit price, let us say, for 5,000 yards, and that your unit price would be rather more in that case than if you were asked to give a price on 20,000 yards?—A. Yes. Those prices are reasonably standard and they cover our running in 20 to 30 per cent of sites where we are in an area of competition. I might say that it is one of our most difficult jobs to ensure that those quantities are indeed right because, if there is grading to be done, it is being done today; and if you are there tomorrow or the next day, it is all done, and you do not know what was moved. Therefore it is an extremely difficult type of work to administer.

Q. I was not thinking so much of the actual dirt which was spread, but in the principle. Do I understand you to say that the principle which was followed in the awarding of a contract as to an additional amount specified was that you found it better to under-estimate the total amount that may be required and get a unit price on that, rather than to apply a larger figure and get a unit price on that? I think that if you were going to move a larger amount, the contractor would have quoted a lower price per unit?—A. Let me put it this way: On grading and landscaping contracts we, like everybody else, expect that the unit price will be applicable. I would think that our estimate is a fair estimate of what it would be, but we expect generally that the unit price will be operative in addition to the best price. I think I expressed myself badly previously.

Q. Do you try to negotiate a lower unit price as the amount of units increase?—A. No. Generally speaking we have had the greatest difficulty getting competitive bids on it. We have had one or two bids, but one or two bids is not very satisfactory. There is a tremendous amount of that work going on throughout the country, with not too many people to do it. With a great many of those contracts we get what we think are ridiculous prices, and there has to be negotiation even down from a firm bid price before we will accept it.

The CHAIRMAN: Mr. Mansur has completed his evidence. He will not be back. At the next meeting we will hear Mr. Johnston again on Thursday. Thank you very much, Mr. Mansur.

The committee adjourned.