

Based on its examination of the circumstances involved in this case, the Committee is of the opinion that the Department failed to take prompt administrative action in protecting the Crown's interest. It trusts that the example of this case will result in more expeditious action in the future.

4. *Pension awards effective at early age*

In view of the potential savings of public money involved, the Committee gave consideration to this problem in 1963 when it asked the Department of National Defence to consider the advisability of introducing deferred pensions for servicemen similar to those available to civilian employees.

The Minister of National Defence advised the Committee in 1965 that "no decision has been taken on possible amendments to the Canadian Forces Superannuation Act pending the completion of studies undertaken following the decision to integrate the Forces which will have a bearing on those decisions". The Deputy Minister advised the Committee on June 9, 1966 that while the studies are almost complete, it will take considerable time to examine them and to come to conclusions, after which decisions will be taken on what changes, if any, would be desirable in the pension arrangements.

The Committee requests the Auditor General to continue to keep the Members of the House informed on the progress being made in the introduction of deferred pension benefits for servicemen retiring at the comparatively early ages now in effect.

5. *Discretionary awards of Service pensions*

The Committee continues to be concerned regarding the considerations and criteria employed by the Department in establishing reason for release of servicemen and for the making of discretionary awards of Service pensions.

The Deputy Minister advised the Committee on June 9, 1966 that a study had been instituted as to the need for the Pension Board to review the cases and determine reasons for retirement. He said that the study had been stopped when it became evident that the Department might have to review the whole of its pension arrangements following integration. However, he indicated that it is planned to review the matter further.

The Committee remains of the opinion that it is desirable that entitlement to all pensions be specific and requests the Auditor General to continue to keep the Members of the House informed of the progress being made by the Department toward revising the present system.

6. *Expenditure for which little or no value received*

At its meetings on June 9th and June 14th, the Committee considered eleven specific cases of expenditure where little or no value was received by the Crown for the funds expended which together amounted to a figure in excess of \$17 million. The Committee discussed the eleven cases individually with witnesses from the Department of National Defence, the Department of Defence Production and from Defence Construction (1951) Limited.

It is not the wish of the Committee to single out any specific case, although in the matter of the Bomb Toss Computer it does recognize how equipment of this type can become obsolete even before it is ever put into use. The Committee does, however, wish to record that some of these cases demonstrate weakness in financial management. In some, the non-productive costs were the result of improper specifications having been received from other military authorities. Such costs also resulted from changes in policy and in other cases