

Supply—Public Works

directing his remarks to the general item. He asked a question of the minister as to the principle followed by the department with regard to bonds. That question appears to have been answered. If there are other general remarks which the hon. member wishes to make they are perfectly in order but, as the minister has pointed out, there are items under which particular questions might more properly be asked.

Mr. Diefenbaker: The technical question, as far as I am concerned, arises out of the editorial the minister read yesterday with such glee and happiness, and I can understand that. It was not synthetic happiness; it was real joy on being commended. I am just trying to find out the basis upon which the editorial was written, and whether or not if the one example that I mentioned, the Lunam Construction Company of Saskatchewan, had been brought to the attention of the editorial writer he would have been quite as fulsome as he was. What I am trying to ascertain in general is the extent to which the Department of Public Works protects the suppliers of materials that go into the construction of buildings and projects. In other words, if a supplier of cement, bricks or fixtures were to supply them to a private contractor, provision would be made for a certain amount to be held back, as you know, Mr. Speaker. It is not paid immediately in order to protect honest, decent suppliers who have supplied materials.

In the case of the Lunam Construction Company various companies furnished supplies, and the amount still owing for those supplies runs to about \$170,000. The Department of Public Works received the advantage of those materials that went into those buildings and projects, being part of the Department of Public Works. The minister has said that contracts were let by tender. I can understand the Lunam Construction Company getting the contracts, because if you tender so low that you are the lowest and then do not finish the work, no great harm has been done to your company.

The minister says that on the contracts which are let by tender 10 per cent is held back. My next question is: Are contractors required to produce receipts showing that the materials supplied have actually been paid for before, as the result of progress reports, progress payments are made? If not, the government of Canada and the Department of Public Works are in an advantageous position not enjoyed by the ordinary house builder or factory builder who, before he can make payments to the contractor, must hold back a reasonable amount.

My question is simply this. Is there no regular and accepted practice whereby no

contractor is required to produce receipted bills from his suppliers of materials such as lumber, cement, bricks and all the other things that go into a building? That, I should think, would be an ordinary precaution, and one that should be adhered to. Otherwise people dealing with contractors would do so at their own risk; and that should not be the case in connection with contracts of the government of Canada. It is not the case when one deals with a private person, and surely the government should not be in a better or higher position than the individual in that regard. I would ask the minister to explain the situation with regard to requiring receipted bills before payments are made in advance.

Mr. Fournier (Hull): I suppose, if I am to be quite polite, even in the discussion of the general item, I should follow up all these different points, although I think they refer to a specific project.

Every month, on special dates, a contractor makes progress reports as to the work done and the materials employed, and gives us a list of those who have sold him materials. That list is part of the progress report, and it is accompanied by an affidavit of the contractor. On that we send out our cheque, less a 10 per cent drawback. We have a 10 per cent security.

In this special instance I will tell the hon. member right now that we had eight contracts with this firm as the lowest bidder, on which it made its regular deposit, and progress was made with the works. He completed five jobs out of the eight. He stopped work in 1952. I understand that as the result of an automobile accident both his legs were broken. We never had received from anyone a claim against the contractor, up to that date.

Mr. Diefenbaker: No; you had paid the money out.

Mr. Fournier (Hull): People sent in their bills to the contractor who, in his affidavit, swore that they were paid. Up to that time there was no difficulty at all, and no claim from anyone. We had five out of eight buildings completed. The man suffered this accident and was laid up in hospital for months. At that time we had information that he could not continue, because he was the principal owner of the firm. He acted as contractor, superintendent of works, and everything else. We were left with three uncompleted buildings; and from then on we told him we would keep the deposit, keep the drawback and continue the work on those three jobs.