

Q. By him of what he in turn asked for payment from you. So that in all cases whenever you did make a payment to a contractor following the schedule that you supplied us with some days ago, it had been ascertained either by your department or the treasury department that the contractor in turn had effected those payments for which he asked for reimbursement, or am I correct on that?—A. Or he had incurred claims for which he asked payment. They were all substantiated by proper vouchers.

Q. You required proof of payment by him or proof of debt?—A. Right.

Q. And the proper amount due in all cases was ascertained by your department or the treasury department?—A. Right.

Q. You said you were operating on a cost plus basis. Did you at any time mention what the plus percentage was?—A. The plus is \$225 a house as a supervisory fee, management fee. In other words, it is intended to take the place of a profit.

Q. In other words, on homes which represent approximately \$8,000 the profit allowed the contractor was \$225? Do I understand that to be right?—A. That is right as you put it, but this contractor had a contract to build not 8 houses but 8 at Sarnia, 100 at Windsor and 20 at Chatham, and his fee in all cases was \$225 per house.

Q. In so far as Sarnia is concerned, however, his profit for building these 8 houses was \$1,800 at the rate of \$225 per house? Do I understand that correctly?—A. That is right.

Q. On which I assume he added as a profit to himself the cost of rental of his equipment valued at \$55 for the purposes of this contract?—A. Yes.

Q. Was there any other profit to be made by him on direct labour, on direct materials or on direct overhead?—A. No, not to my knowledge.

Mr. FLEMING: I do not think you are quite right about the equipment. That is not the whole charge for equipment.

Mr. BEAUDRY: It is not? Where does that charge come in?

At this point the committee took a short recess.

On resuming:

The CHAIRMAN: I think we can get along now and finish part of the evidence.

By Mr. Beaudry:

Q. I will assume, so you will correct me if my assumption is wrong, from previous evidence that the final request for payment was made by the contractor at the date of the final progress report. Am I correct in that?—A. Yes.

Q. Which would be some time last November?—A. Yes.

Q. You are now withholding the sum of \$2,100?—A. Yes.

Q. You have been withholding that for approximately ten months?—A. Yes.

Q. That sum represents all at least if not more than what is the contractual profit of the contractor?—A. That is right.

The CHAIRMAN: Any further questions?

By Mr. Burton:

Q. Just one minute; Mr. Beaudry has placed on the record something which I do not think was fully answered. The sum of \$225 per unit is the contractor's profit and the sum of \$2,100 being more than that, I do not think the question was fully answered. Different statements filed by Mr. Murchison contain items which show that the contractor received more than \$225. Would you mind looking over those statements until you get the contract which shows the labour, material and there is another item in there which I forget.