

SESSION 1947  
HOUSE OF COMMONS

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STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 21

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THURSDAY, JULY 10, 1947

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WITNESSES:

Mr. Gordon Murchison, Director, Mr. A. D. Wymbs, Acting Financial Superintendent, and Mr. W. G. Wurtle, Chief Treasury Officer, Soldier Settlement and Veterans' Land Act.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947

## MINUTES OF PROCEEDINGS

THURSDAY, July 10, 1947.

The Standing Committee on Public Accounts met at 3 o'clock p.m., the Chairman, Mr. L. P. Picard, presiding.

*Members present:* Messrs. Beaudry, Boucher, Bradette, Burton, Cleaver, Cote (*Verdun*), Denis, Fleming, Fraser, Gibson (*Comox-Alberni*), Gladstone, Golding, Grant, Jaenicke, Kirk, Macdonnell, McCubbin, Murphy, Picard, Pinard, Raymond (*Wright*), Rinfret, Stuart (*Charlotte*), Warren, Winkler.

*In attendance:* Mr. Gordon Murchison, Director, Mr. A. D. Wymbs, Acting Financial Superintendent, and Mr. W. G. Wurtle, Chief Treasury Officer, Soldier Settlement and Veterans' Land Act.

The Committee resumed its investigation into the operations of the Veterans' Land Act Administration in the Township of Sarnia.

Examination of Messrs. Murchison and Wymbs was continued.

On motion of Mr. Fleming:

*Ordered,*—That a statement of selling prices to veterans, Project No. 0/246-P, filed by Mr. Murchison on July 9, be printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

Mr. Fleming filed Sessional Paper No. 135E, dated Friday, March 21, 1947, which was ordered to be printed as *Appendix "B"* to this day's minutes of proceedings and evidence.

On motion of Mr. Fleming:

*Ordered,*—That a statement filed by Mr. Murchison on July 9 showing costs of four types of houses in various parts of the Dominion be printed as *Appendix "C"* to this day's minutes of proceedings and evidence.

Mr. Murchison filed copies of Orders in Council P.C. 1278, dated April 2, 1946, and P.C. 1811 dated May 16, 1947, which were ordered to be printed as *Appendices "D" and "E"* to this day's minutes of proceedings and evidence.

At 6 o'clock p.m., the Committee adjourned until 8 o'clock p.m. this day.

## EVENING SITTING

The Committee resumed at 8 o'clock p.m., the Chairman, Mr. L. P. Picard, presiding.

*Members present:* Messrs. Beaudry, Boucher, Burton, Cleaver, Cote (*Verdun*), Denis, Fleming, Fournier (*Maisonneuve-Rosemont*), Fraser, Gladstone, Grant, Jackman, Jaenicke, Murphy, Picard, Stuart (*Charlotte*), Warren, Winkler.

*In attendance:* Mr. Gordon Murchison, Director, Mr. A. D. Wymbs, Acting Financial Superintendent, and Mr. W. G. Wurtle, Chief Treasury Officer, Soldier Settlement and Veterans' Land Act.

Examination of Messrs. Murchison and Wymbs was continued.

Mr. Wurtle was called and questioned.

On motion of Mr. Fleming:

*Resolved*,—That the Committee meet at 3 o'clock on Friday, July 11, to continue examination of Mr. Murchison.

Mr. Fleming moved that two witnesses resident on the Roseland project at Windsor be summoned to appear before the Committee on Monday next.

Discussion followed.

On motion of Mr. Burton, at 11.05 o'clock the Committee adjourned until Friday, July 11, at 3 o'clock p.m.

A. L. BURGESS,  
*Clerk of the Committee.*

## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 10, 1947.

The Standing Committee on Public Accounts met this day at 3.00 p.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, I think Mr. Fleming has stated he has some more questions to ask.

Mr. FLEMING: Mr. Chairman, I suggest that since the next questions are in regard to the cost, perhaps we might have Mr. Murchison's financial assistant Mr. Wymbs, assist us.

### A. D. Wymbs, Acting Financial Superintendent, called:

*By Mr. Fleming:*

Q. What is your office, Mr. Wymbs?—A. Acting Financial Superintendent.

Q. Of?—A. The Veterans Land Act.

Q. Last night we were dealing with these documents in the brief, Nos. 7 and 8.

The CHAIRMAN: Gentlemen, will you be quiet, please? There is enough noise outside.

*By Mr. Fleming:*

Q. Mr. Wymbs, in dealing with this sheet dated July 1, 1947, and the figures on house costs for the 8 houses totalled \$62,235.10. Secondly, the total cost to the director was \$72,647.39. We have a note on that statement, "Shows construction cost only". What do you say as to the inclusion or exclusion of overhead in those figures?—A. I say, sir, that the overhead is in those figures.

Q. What kind of overhead?—A. There is a detailed statement on that in this file, sir, which explains it.

Q. Could we have that? You are referring now to this statement which is marked in the brief as No. 9 but is not dated headed, "Sarnia project, detailed costs including project overhead". "The following are the details of the project overhead cost as requested by the committee last Friday according to the Ryan Home Builders statement as audited by the Treasury cost audit." Those particulars then were taken from a statement submitted by Ryan Home Builders Limited?—A. Yes, which was audited by the treasury cost audit.

Q. What was the date of the statement by Ryan?—A. I have not that with me.

Q. You saw the statement when you prepared this particular statement before you now?—A. The statement was prepared by the chief treasury office and handed to me.

Q. You have no idea of the date?—A. No, but it is available.

Q. We would ask you if you would get that. Then, the statement proceeds: "Summary of indirect labour, material and expenses". Then, we have three headings. The first heading is, "Indirect labour" with a lot of subheadings totalling \$8,897.19. The second heading is "Indirect materials and expenses", with another dozen items totalling \$3,885.41. The third heading is "Payroll

charges" with an item totalling \$1,032.77. The total indirect labour and material expenses amount to \$13,905.37, less a discount earned of \$15.60. Do you know what that was? Was that pre-payment?—A. I cannot say, sir.

Q. Leaving a net total of \$13,889.77. Then, there is a note at the bottom, "This total of \$13,889.77, divided by 8 gives an average overhead cost per house of \$1,736.22 which agrees with the figure shown on sessional paper 135 (i). That sessional paper was filed at an earlier meeting, Mr. Wymbs. You are saying, in effect, in the statement, I take it, there is an average overhead cost of \$1,736 for each of these houses. Now, do you say that figure is or is not included in the cost of the houses as shown in the statement dated July 1, 1947.—A. I say it is included.

Q. Is included. Have you seen sessional paper 135 (i)?—A. No, sir.

Q. A copy of which is on file. This is another copy. Question No. 1 asks, "What is the total cost of each home constructed under the Veterans Land Act in (a) Sarnia Township, Lambton County?" Then, we have the figures given: 2 houses at \$7,759.35 each; 2 at \$7,928.57; 2 at \$7,081.95; 2 at \$8,200.54. Those do not quite jibe with the figures given. There are some minor differences?—A. That is true. Do you want me to explain it?

Q. I am not concerned now with that. The differences are small. I was not going into that at the moment. The notation is "Cost of house construction only", on this statement dated July 1, 1947. It bears the note, "This statement shows construction cost only". Then, question No. 6 on the sessional paper 135 (i) reads: "What was the cost per unit of the project overhead and how was the same made up?" Therefore, we have the answer, average per unit at Sarnia \$1,736.22, the figure you have just given from statement No. 9. Then, the details of the amount are shown. Now, bearing in mind that the statement of July 1, 1947, stresses in red type the note that it includes construction costs only, do you still say that the figures shown on statement No. 9 are included in the figures given on statement No. 7 given on July 1, 1947?—A. Yes, sir.

*By the Chairman:*

Q. If you have an answer to make, let us have it.—A. We used this term, "Construction cost only", to differentiate from a similar form which is for selling prices. That is why I use that general term loosely, if you will, just to differentiate between the sheet of this type which is used for selling prices. That term, "Construction only" is to differentiate from selling only.

*By Mr. Fleming:*

Q. You have checked into these?—A. Yes, I am satisfied as to that, sir.

Q. You have already told us statement No. 9 was prepared from a record of Ryan Home Builders Limited which went through the Treasury Department Audit?—A. Yes.

Q. You saw that statement?—A. I saw it briefly, I have not examined it in detail. This statement was prepared on information obtained—

Q. You say "this statement". To which one are you referring?—A. Statement No. 7, form C was obtained from information supplied by the District Treasury Officer in Toronto, and it is figures which he had obtained in turn from the statement supplied by Ryan Home Builders which was audited by the Cost Audit Division.

Q. Did he tell you in preparing this statement No. 7 that he was including the figures appearing on statement No. 9?—A. No, sir.

Q. He did not tell you that?—A. No, sir.

Q. So you are drawing an inference as to the inclusion of the figures on statement No. 7?—A. I made the statement on the strength of my knowledge of the general procedure, sir.

Q. What you are saying is, if the normal procedure had been followed the figures in statement 9 would be included in statement 7?—A. That is quite true.

*By the Chairman:*

Q. Do you know positively in this case if they are included or not? That is what we want to find out. In this statement, the figures from both are included in this one? I mean, the figures from that statement No. 9 are included in this or are they not, to your knowledge?—A. To my knowledge, it is.

Mr. FLEMING: That is not what you said a moment ago.

The CHAIRMAN: That is what he says now.

*By Mr. Fleming:*

Q. When the chairman says, "To your knowledge" he means do you know that to your actual, personal knowledge?—A. I actually examined the set of figures which would include these and would add up to that.

The CHAIRMAN: Even the Auditor General cannot go into the courtyard and make sure the people have delivered 2,000 feet of wood. He takes the statements of his sub-officials and bases a statement on that. That is what I was asking. In your capacity as auditor—what is it?

The WITNESS: Financial superintendent.

*By the Chairman:*

Q. In your capacity as financial superintendent can you state if those figures from statement No. 9 are included in this one?—A. The figures included in No. 7 are supplied to me by the district treasury officer in Toronto and he supplied me with the figures. They have been subjected to an audit by the Cost Audit Division. I accepted those figures in good faith and put them in this statement.

Q. And those figures you think are correct?—A. I have fulfilled my duty and accepted my senior official's word for it. They are in there.

*By Mr. Fleming:*

Q. Did you, yourself, prepare statement No. 7?—A. Yes, I better make it perfectly clear. This was prepared in Toronto.

Q. I think probably the simplest way to save time is to have you check that with the official in Toronto. Just check this one point. It is a simple point, now.

The CHAIRMAN: I want to find out the truth, whether it is included or not.

*By Mr. Fleming:*

Q. It will be a comparatively easy matter to get that?—A. I have a signed statement by the head office. I can produce this statement.

The CHAIRMAN: It would be important to have the facts.

Mr. FLEMING: Quite. We want that information, Mr. Chairman, but I am saying I had better not take further time questioning the witness now and he can get the information. We can have it later.

The CHAIRMAN: Yes.

Mr. FLEMING: Then, just to complete the information for the committee on the subject of prices, will you give the information you have in item No. 22 in regard to the sale price to the veteran? Again, Mr. Chairman, this is a statement with a number of figures on it and I would submit it ought to be printed in the record.

The CHAIRMAN: Yes, as an appendix.

(See appendix "A").

Mr. FLEMING: It gives the eight properties, the total selling price, the conditional grant for each of \$1,400, and the amount payable by the veteran. The initial deposit in each case is \$600 and it gives the figure of the balance payable in instalments. The total selling prices are as follows. These are the gross prices charged by the director.

The WITNESS: Yes.

The CHAIRMAN: To the veteran?

Mr. FLEMING: Yes, against which the \$1,400 is included to arrive at the price for the veteran. I will just put these figures on the record for the information of the members.

The first one is \$7,447, and the list goes on, \$6,893, \$7,759, \$6,893, \$7,904, \$7,456, \$7,724, \$7,724.

*By Mr. Fleming:*

Q. Now I want to ask you about some further items of cost. In making up the figures in statement 7 and in statement 22, which have just been made a matter of record, have you included anything for the additional drainage work that has to be done?—A. In statement 22, sir?

Q. In either statement 22 or statement 7?—A. No, sir; with respect to both statements the answer is no.

Q. And have you included anything in respect of the repair work which is to cost about \$6,000?—A. No, sir; and it applies to both statements.

Q. Have you included anything to cover the cost of road construction to the project?—A. The road construction costs or estimated costs within the project are included.

Q. Now do you happen to know anything about the construction of a road to the project?—A. No, sir.

Q. Do I correctly understand your answer to be that you are not including the cost of construction of the road to the project?—A. No.

Q. No, and what construction costs in respect of roadways are included?—A. To the best of my knowledge and belief only roads constructed within the boundaries of the project.

Q. Only roads constructed within the boundaries of the project?—A. There may be some few yards in addition, with which I am not familiar.

Q. Have you the figures of cost of construction of the roadways within the project area?—A. I have the estimated costs, yes, sir.

Q. Have you them here?—A. No, sir.

Q. Can you get them?—A. Yes, sir.

Q. Would you have access to the figures on the costs of road construction to the project?—A. I would, yes.

Q. Could you get those for us?—A. Yes.

Q. What about local improvements, are they included?—A. I am not a building man, just what do you mean by that?

Q. I will take some examples. First of all, are there any sidewalks?—A. No, there are no sidewalks as we know them, but there may be sidewalks from the driveway to the entrance of the house.

Q. Is the cost of those included?—A. Yes, that would be included in the cost of the house.

Q. You are saying that definitely?—A. Yes, sir.

Q. Are they completed?—A. I do not know, sir.

Q. If they are not, would you say something has been included by way of an estimate?—A. Yes.

Q. The contract price includes the cost of construction of the sidewalk into the house?—A. Yes, from the driveway, just on the property.

Q. In other words there is no public sidewalk constructed paralleling the roadway?—A. I have no knowledge of that but I think there are none.

Q. What about the construction costs of the water main?—A. They are included in this case.

Q. Now let us be quite clear on this matter of the water main. You have got certain facilities in the houses, and then you have got the facilities connecting the house outlets with the main in the street under the roadway?—A. That is true.

Q. Then of course, you have the main under the roadway?—A. Yes.

Q. Do you say those are all included?—A. The main in the roadway is included. The connection from the main to the house is included in the water costs and the inside plumbing is included in the house costs.

Q. And you say all these figures are included in statement 7 and 22?—A. Yes.

Q. Now in making up your statements, did you allow anything for departmental overhead in any of these cases?—A. Not in the statement.

Q. You did not charge for instance the salaries of any inspectors on the work?—A. No, sir.

Q. Nor any part of the cost of carrying on the district offices?—A. No.

Q. In other words there is no departmental overhead of any kind included in this. You are simply taking the costs on the site?—A. That is right.

Q. Probably you have no method of obtaining the costs of departmental overhead on these jobs?—A. The records are not set up to take the care of it at the moment, sir.

Q. In statement No. 9, Mr. Wymbs, on indirect labour, the first general heading we have is superintendence, including supervision from Windsor, \$675, a total of \$3,079.36. It is "superintendence and clerical", and what does that represent?—A. I would say it covers the superintendent, the foreman, and the office staff and so on.

Q. Of the contractor?—A. Yes.

Q. Of the contractor only?—A. Yes.

Q. That does not represent employees of the Veterans' Land Act?—A. No.

Q. Similarly any costs appearing in statement No. 9 you would say, are costs of Ryan Home Builders only?—A. That is true.

Q. I think those are all the questions I have of Mr. Wymbs but there are some I would like to put to Mr. Murchison now, Mr. Chairman.

*By the Chairman:*

Q. Do you mean that the main, the water mains are included in the cost on statement 22?—A. Charged to each house.

Q. Do you say the water mains are included in the cost of each house on statements 7 and 22?—A. Part of them are included, yes.

Q. Not only the water connection in the house, but you mean the water piping in the street is charged to each house?—A. That is right, sir, part of it.

*By Mr. Gladstone:*

Q. A proportion?—A. Yes, not all of it.

Q. Was there any agreement with the municipality in connection with the water mains?—A. I am not in a position to answer that, I am sorry, sir.

Mr. FLEMING: You no doubt have access to those figures you have been speaking of on water mains, water connections and so on, the sidewalks, roadways, and everything that comes under the general description of local improvements? Could you get those figures.

The WITNESS: In detail?

Mr. FLEMING: Yes.

The WITNESS: Yes.

Mr. FRASER: In that you would also want the figures on the project and the city water mains, there would be a connection there.

The WITNESS: Yes.

*By Mr. Fleming:*

Q. Will you include the project area and city connection? Are you on the Sarnia city connection there?—A. I believe we are, sir.

Q. The Sarnia township connection, I believe? Well you will give us, Mr. Wymbs, those figures in detail in each case?—A. Yes, we will endeavour to obtain them, sir.

**Gordon B. Murchison, Director of the Soldiers' Settlement Board and Veterans' Land Act, called:**

*By Mr. Fleming:*

Q. Mr. Murchison, you indicated a day or two ago that there had been no contract to the Ryan firm, that is Ryan Home Builders Ltd., after December 1946. That was your statement on July 1946?—A. Yes, to the best of my knowledge.

Q. Does that apply to the other Ryan companies that were referred to in the supplementary contracts as well?—A. Yes, I would say so.

Q. Were any contracts awarded to Ryan Home Builders Ltd. during 1946?—A. My recollection is only one contract was given to Ryan Home Builders which included the construction of 100 units at Windsor, a number at Kingston, I forget whether it was 10 or 20, and 8 at Chatham, on a cost plus fee basis.

Q. You could check that and see if they had any other contracts with your department, could you?—A. Yes.

Q. When you awarded these contracts, what led up to awarding the contract? Did you ask for any tenders or did you negotiate with any other contractors?—A. If I could give you a brief outline of the situation that occurred there I think it would be the best way I could answer, Mr. Chairman. In the early spring months of 1945 we endeavoured to obtain firm bid contracts for this work in various places throughout Canada with very limited success. Any firm bids, or most firm bids we received were for prices which we considered to be too high by a considerable margin, and in other cases we received no bids at all. Consequently it was decided then to proceed on the basis of cost plus fee contracts, under the best arrangement we could make with the contractors who were willing to undertake the job. That applied in the case of Ryan Home Builders Ltd. This contract was negotiated by our chief engineer, Mr. McGee, personally.

Q. I do not think you followed my question. I think you gave that information at the meeting of July 4th, but I am asking if, when you got down to the stage of proceeding by cost plus fixed fee, did you attempt to negotiate with any other contractors or was the firm of Ryan Home Builders Ltd. the only firm with which you negotiated or talked of a contract?—A. I would say it was the only firm with whom negotiations were made for that particular contract.

Mr. JAENICKE: Mr. Fleming, he gave that evidence already, according to my recollection. He said they were the lowest or they were not accepted, and that is why they were dealt with.

Mr. FLEMING: That is not what he is saying at all.

Mr. JAENICKE: That is what he said when he was asked about it first. I remember the evidence. Unfortunately we have not got it with us, and that is the trouble. He certainly gave the evidence before.

Mr. FLEMING: May I ask my friend, Mr. Chairman, if he means that was the situation that applied after they decided to proceed on the basis of cost plus fixed fee?

Mr. JAENICKE: They asked for tenders, received tenders which they considered too high, and the Ryan people were the lowest and they dealt with them; that is my understanding, I may be wrong. He was asked that question before.

Mr. FLEMING: Do you want to look that over? (handing file.)

Mr. JAENICKE: Oh, gosh!

Mr. FLEMING: Whatever was said in that respect is on the record, what the witness said.

Mr. JAENICKE: I do not know whether or not questions should be repeated. The answer might be just a little different.

Mr. FLEMING: What the witness has said now, and I am dealing with the point at which they decided to proceed on a cost plus fixed fee basis, and the witness has said from the time they started to proceed on that basis they negotiated with only one firm known as Ryan Home Builders, Limited.

The WITNESS: There were no tenders from others.

Mr. JAENICKE: There were no tenders from others?

Mr. FLEMING: No, he did not say that.

Mr. JAENICKE: That is my recollection. I don't know.

The CHAIRMAN: Have you any comment to make on that?

The WITNESS: My only comment is this, that I do not recall having made the statement Mr. Jaenicke mentioned.

*By The Chairman:*

Q. When you asked for tenders did you get many tenders on that Sarnia project?—A. We did not call for tenders on the Sarnia project.

Q. You did not call for tenders on the Sarnia project?—A. No.

*By Mr. Fleming:*

Q. Just get that, Mr. Murchison; you said yesterday in reply to a question by Mr. Beaudry that you saw these houses yourself?—A. Yes.

Q. When was that?—A. I think it was in March this year. I cannot recall the precise date.

Q. You think it was in March, not until March?—A. No.

Q. Was that before any of the repair work had been undertaken?—A. No. There had been some repairs undertaken by the Ryan people, but obviously they were not proceeding very quickly or very satisfactorily in my judgment when I saw the houses.

Q. Was it as a result of your visit that you gave instructions to have the work of repair undertaken at the charge of your department?—A. Yes.

Q. Have you considered revaluation of those properties?—A. No.

Q. You have not done anything on that at all?—A. We have dealt with them under the provisions of order in council 1278 which authorizes the Deputy Minister of Veterans Affairs and myself to review the cost of the houses and to reduce that cost to a price that in our judgment represents a fair value. That has been done in connection with the Sarnia houses and it was reflected in the statements that have been laid before you in these documents; that is to say, on document No. 7—

Q. That is the statement on form C, dated July 1, 1947?—A. Yes. The total cost is shown there as being \$72,647.39, for local improvements, house construction and so on; whereas the sale prices which have been quoted to the veterans with respect to these same properties—I think it is No. 22, I

haven't got it as to the total selling price—the final selling price is the difference between these total selling prices as shown on statement No. 22 and the total cost on document No. 7 and represents the amount that will be written off the cost of that project under that order in council.

The CHAIRMAN: Could we have that?

Mr. FLEMING: I was going to take that house by house, Mr. Chairman. I think we will need that anyway. They are not in the same order, anyway.

The WITNESS: We can identify them by lot numbers.

*By Mr. Fleming:*

Q. Yes. No. 1, the total cost to the director according to the statement is \$9,240.76?—A. And the selling price, \$7,447.

Q. Just pausing there for a moment, maybe we had better complete the total first; No. 2, total cost to the director, \$8,403.14.—A. Selling price, \$6,893.

Q. No. 3, cost to the director, \$9,522.22.—A. Selling price, \$7,759.

Q. No. 4, cost to the director, \$8,403.14.—A. Selling price, \$6,893.

Q. No. 5, cost to the director, \$9,667.22.—A. Selling price, \$7,904.

Q. No. 6, cost to the director, \$9,249.76.—A. Selling price, \$7,456.

Q. No. 7, cost to the director, \$9,080.55.—A. Selling price, \$7,724.

Q. No. 8, the last one, cost to the director, \$9,080.60, again.—A. Selling price, \$7,724.

Q. While we are waiting for some mass statistics to deal with this—

Mr. BEAUDRY: Might I ask you to be kind enough to repeat some of those figures?

Mr. FLEMING: Oh, did I go too fast? I will run over the figures again.

Mr. BEAUDRY: Would you be good enough to let me have Nos. 1, 2 and 8?

Mr. FLEMING: They are \$7,447, \$6,893 and \$7,724.

Mr. BEAUDRY: Would you also give me Nos. 5 and 6?

Mr. FLEMING: Which price?

Mr. BEAUDRY: The selling price.

The WITNESS: They are \$7,904 and \$7,456.

Mr. BEAUDRY: May I interrupt again, or you may leave that until later, if you prefer, Mr. Fleming; the question I would like to ask is, on what is the abnormal difference in price between No. 5 and No. 6 based, I am referring to the relationship between the cost and the sale price?

Mr. FLEMING: I was going to ask him to deal with the two projects, and if there is anything abnormal about one item we will reach it.

The WITNESS: The difference is in the difference between the designs of the houses.

Mr. BEAUDRY: That is not my question.

Mr. FLEMING: No, I appreciate that, Mr. Beaudry. The answer to your question is that in the case of one house there is an allowance for a refrigerator while in the other one there is not.

Mr. BEAUDRY: I appreciate that, but No. 7 showed a cost of \$9,080.55.

Mr. FLEMING: That is the price of construction.

Mr. BEAUDRY: No. 6 shows a cost of construction of \$9,249.76, while the sale price is \$7,456, yet statement No. 7 shows a cost price of \$9,080; is that right?

Mr. FLEMING: Yes, statement No. 7 does, yes.

Mr. BEAUDRY: And it shows a sale price of \$7,500—

The WITNESS: \$7,724.

Mr. BEAUDRY: In other words a house which cost \$9,200 sells for \$7,400 while the one which costs \$9,600 sells for \$7,700.

The CHAIRMAN: Now, what Mr. Beaudry wants to know is why one of these which cost you more has been priced to the veteran at less than the other one which cost less to you?

The WITNESS: Speaking from my best recollection the sale prices were established on the basis of cubic foot content of the house itself.

*By Mr. Beaudry:*

Q. On which, did you say?—A. On cubic content.

Q. Would not the construction cost also depend on the cubic content, reasonably so?—A. Yes, it should.

*By Mr. Fleming:*

Q. Would you tell the committee, Mr. Murchison, generally on what basis you proceeded to review to arrive at these revisions of price?—A. We established a cube rate, which in our judgment represented a fair charge under conditions as they existed when these houses were built and by using that as a guide we arrived at the amount which in our judgment should be written off the cost of the houses in order to arrive at a fair selling price to the veteran.

Q. Do I understand then that you arrived at some general basis of revision which you applied uniformly over the whole eight houses?—A. Yes.

Q. Then you did not look at each of the houses and assess in the terms of the conditions of that particular house the reduction that ought to be made in the selling price?—A. I would not say that.

Q. Put it this way, you did not do it on an individual basis, you did it on a broad basis applied to all these houses?—A. The cube rate would vary as between designs of these houses because some of these houses are more expensive to build than others. The cube rate, I think we can produce it, that was used in connection with this project would vary probably from 40 cents to as high as 44 or 45 cents a cubic foot.

Q. Depending on the type of construction, do you mean?—A. That is right.

Mr. BEAUDRY: I am sorry to interrupt you, but I have one question if you don't mind.

Mr. FLEMING: Go ahead.

*By Mr. Beaudry:*

Q. Are these sale prices you quoted a moment ago the revised sale price or the original sale price?—A. The original sale price. There is only one set sale price established.

Q. I understood you to say a few moments ago that a scale had been set by yourself and the deputy minister under the order in council?—A. No, that is not what I said.

*By Mr. Fleming:*

Q. Then you did not answer my question because I was asking you what reductions, if any, made by you, or what approach you had made to a revaluation of the properties as a result of these troubles. What you are indicating to the committee, I take it, is these reductions in figures were made before these troubles ever arose; is that right?—A. Yes.

Q. What would be approximately the date on which these figures were established as the price of sale to veterans?—A. Probably during September. I would have to get you the certificate signed by myself and the deputy minister; some time in September or October of 1946.

Q. That was in September or October of 1946; coming back now to the question I asked you, are we to take it then that since these troubles arose after these men went into occupation in the fall of 1946 that there have been no steps taken looking toward any revaluation of the property to the veterans?—

A. No.

Q. Is any in contemplation?—A. No.

Q. And is the department proposing to continue to ask the same price for the properties that the veterans were asked to pay in September of 1946?—A. Yes. There is a concrete illustration in these documents—if I may locate it, sir.

Q. And I take it your answer applies to all the eight properties, and your answer is, yes?—A. Yes.

The CHAIRMAN: If the witness wants to qualify his answers you should give him a chance.

Mr. FLEMING: He wants to give an illustration.

The CHAIRMAN: All right, let him.

The WITNESS: Lot 9 N, that was originally allocated to a veteran by the name of Hudspitch on the 20th of August, 1946, who vacated the premises. That property has now been purchased by James N. Simpson, on June 25, 1947, at the same price as that at which it was allocated to the first purchaser.

Mr. BEAUDRY: May I interrupt? Following that answer are we to understand that in view of these peculiar circumstances that the department's intention is not to revise the price because it is the intention of the department not to ask any of these veterans to fulfil their obligations until their houses are in such physical condition as to be worth in the eyes of the purchaser the amount by which you have reduced the value?

The WITNESS: We regard those prices—

Mr. BEAUDRY: In other words, to make my question simpler—

Mr. FLEMING: He had already started to answer.

The WITNESS: We regard the prices which have been set as fair and reasonable under the terms of the Act, and we undertake to take care of the cost of correcting any defects there were in the houses without reducing the sale price of those houses.

*By Mr. Beaudry:*

Q. In other words, you do not wish to change the price but you do wish to correct the houses?—A. That is right.

*By Mr. Fleming:*

Q. I want to be quite clear that the answer you gave me a moment ago applies to all these houses, and that from the time the prices, to which you have referred in statement No. 22, were determined in August or September, 1946, the department has not considered and is not now considering any revaluation of the properties whatever?—A. That is the situation.

Q. You suggested in your evidence on July 4th that there was in this case as well as others pressure on the part of veterans to whom the houses were allocated to get into occupation, and that had resulted in premature occupancy. Do you recall your evidence on that?—A. Yes.

Q. Do you say that was the case with these projects now after the evidence you have heard?—A. On this particular project it is not the case.

Q. It is not the case on this project?—A. No.

Q. Therefore the answer you gave on July 4th in that respect is not to be applied to this project at all?—A. There is one house on the project that is vacant. That speaks for itself.

Q. Just give me an answer to that question. The evidence you gave on July 4th about premature occupancy being taken by veterans does not apply to any of these eight houses in the Sarnia project?—A. No, I would not say so.

Q. As a matter of fact, looking at statement No. 2, and bearing in mind that statement shows that on August 1, 1946, your Toronto district office advised that the houses were completed sufficient for occupancy, and that the admission to occupancy as set forth in—

Mr. WARREN: Sufficient for occupancy—did you ever live in a lumber camp? I have.

Mr. MURPHY: Did you have any bedbugs or lice?

Mr. WARREN: We had plenty of them.

*By Mr. Fleming:*

Q. Just continuing my question—and that the first house to be occupied, No. 5, was not occupied until August 25, 1946, and that the last to be taken into occupancy was not occupied until January 13, 1947, I think you will agree it is quite clear there was no undue haste in taking occupancy of these properties, and they were fully completed before anybody got into any of them.—A. There was a good deal of agitation going on locally that nobody should move into them.

Q. Just answer the question.

Mr. WARREN: Do not be so particular. Let the man say a word and give a little explanation. Why not?

Mr. FLEMING: Probably we can overlook this irrelevant interjection and the witness could answer my question.

The CHAIRMAN: Will you answer the question? Then Mr. Beaudry has one.

The WITNESS: What was the question, please?

Mr. FLEMING: I said—

Mr. WARREN: That is the trouble. Your questions are too long.

The CHAIRMAN: Order, please.

*By Mr. Fleming:*

Q. In the light of the information contained on statements 2 and 6 it is quite clear, I suggest to you, Mr. Murchison, that there can be no question here about the properties being taken in occupancy until they were fully ready and according to the department passed for occupancy?

Mr. WARREN: What do you mean "fully ready"? Heavens, we often lived with just a roof over our head up in the north country.

Mr. FLEMING: Perhaps this is a good place for my friend to go away and get on with his business.

Mr. WARREN: That is where I live.

The CHAIRMAN: We want to get ahead with the work of the committee. Kindly give the witness a chance to answer.

Mr. WARREN: That is where I live.

The WITNESS: No, I would answer that by saying that there is nothing here which would suggest pressure by veterans to get into occupation of these houses.

Mr. BEAUDRY: I did not quite catch the date.

Mr. FLEMING: Which date?

Mr. BEAUDRY: The date of the statement of occupancy or availability for occupancy.

Mr. FLEMING: That is in statement No. 2. August 1, 1946, Toronto district office advised that houses completed sufficient for occupancy.

Mr. BEAUDRY: I take it that is the group?

Mr. FLEMING: Yes, that is the eight.

*By Mr. Fleming:*

Q. Then you have indicated, Mr. Murchison, that there is some prospect of litigation with Ryan Home Builders Limited over this contract?—A. I made that statement.

Q. What is the position exactly? What steps have been taken, if any, by your department in the way of making a claim or setting up a claim against Ryan Home Builders Limited.—A. None as yet.

Q. You indicated yesterday that from the time you wrote one letter Ryan Home Builders Limited—I have forgotten the date of it now—

The CHAIRMAN: The 17th of February or of March.

Mr. FLEMING: I thought it was February—that you have had no letter in reply, and so far as you were aware no letter has been written to them?

The WITNESS: No.

*By Mr. Fleming:*

Q. Am I right in that?—A. I believe I said we would have to search our construction files in Toronto or London office to determine whether such a letter had been received from Ryan Home Builders, or any further correspondence passed between our office and Ryan Home Builders on that subject.

Q. In any event, I take it from your previous answer that there has been no letter written to Ryan Home Builders Limited making any claims upon them.—A. Not yet.

Q. Not yet?—A. No.

Q. Is any in contemplation?—A. Not until we have an opportunity to examine very carefully the details of all the remedial work that was done on the houses, and to decide in our judgment those which represent structural defects which should be chargeable to the contractor and those which represent normal construction defects which should be allowed in the cost of the construction.

Q. When do you expect to receive that statement?—A. Oh, I would say within a month.

Q. Do I take it then when you have received that statement as to the outlay on the property, \$6,000, that it is your intention to have it broken down between what is repair proper, and what is to be ascribed to remedying structural defects, and that you will then decide whether any claim should be made against Ryan Home Builders Limited in respect of the latter amount.—A. I shall probably have to consult the Department of Justice.

Q. In any event, that matter is one that no decision has been taken on yet?—A. No.

Q. You say you are not in a position to take a decision on it at the moment?—A. No.

Q. I should like to ask you if, in view of what you have heard and now know about this Sarnia project, you are prepared to say on the basis of the prices established in August or September, 1946, as set forth in statement No. 22, that the veterans on the basis of those prices are going to get their money's worth.—A. On the terms of those sale prices?

Q. Yes.—A. I say "yes".

Q. Why were the reductions made that you say were made in August or September, 1946, to arrive at the selling prices shown in statement No. 22?—A. Well, because we considered there were a lot of costs disclosed in this construction which did not represent value, a good deal of this project's overhead, the cost of labour, delays in getting materials, costs of winter construction, and so on, that would not represent normal value. Those were the factors that were taken into account.

Q. Did you take into account the condition of the houses based on any inspection or report at that time?—A. No, we based our calculations on the

assumption that the houses had been certified by the construction division in Toronto as being ready for occupancy, and we assumed that they were fit for occupancy.

Q. I take it from your last answer that things like beams and joists that had been sawed through were not taken—

Mr. WARREN: Just half-way.

*By Mr. Fleming:*

Q.—into account in arriving at those reductions?—A. Not in that sense, no.

Q. When you were up there did you notice the way the beams and joists had been sawed into?—A. I do not recall specifically on the Sarnia project. I know I spent a good deal of time discussing the general situation there with people outside of the houses. I was accompanied by a construction expert, and for that reason I did not pay a great deal of attention to the minor details.

Q. Who was the construction expert?—A. Colonel Parrish.

Q. You are familiar with his report, are you not, to the Minister of Veterans Affairs?—A. Yes.

Q. You have seen that?—A. Yes.

Q. You recall that he spoke about the joists?—A. Yes, he spoke about them there and at other places.

Q. In other words, this matter of sawing through joists or beams to make way for pipes was not confined to the Sarnia project?—A. No, there were instances of it in other places. These beams were not sawn through. They were cut out. They were trimmed to make room for a hot air duct.

Q. You know enough about construction to know that very seriously weakens the strength of your structure?—A. Yes. I should say so.

Mr. CLEAVER: If you do not mind I think it would be wise to break down your question to joists and beams separately because it is quite normal construction to cut a joist and put a header in.

*By Mr. Fleming:*

Q. Now that the point has been raised perhaps you will recall that there were three persons appointed by the Minister of Veterans Affairs to make a review of conditions in these V.L.A. projects across Canada, and that you made a sample inspection of a number of selected properties across Canada?—A. Yes.

Q. And the three persons on that team were the deputy minister, Mr. Wood, yourself, the director of Soldier Settlement and Veterans' Land Act, and Colonel Parrish, to whom you have referred as an expert on construction?—A. Yes.

Q. And you recall a sentence in Mr. Woods' report reading thus, based on this cross section review of projects right across Canada.

We encountered illustrations of careless or inexperienced workmanship such as joists having been cut in two to make room for heating ducts.

Do you remember that?—A. I am looking for my copy of the report by Mr. Woods. If Mr. Fleming has his report before him—

Q. I have the original report which was tabled as a return in the House. I do not know whether your paging is the same as mine. There are a couple of sentences I was going to read from this document. I will ask the witness for his comment on them. The first sentence that I will read is—

Mr. CLEAVER: Which report is this, Colonel Parrish?

Mr. FLEMING: The one I just read is from the deputy minister's report. I may say to my friend that the three members of the team each wrote separate

reports, and the report was tabled as sessional paper No. 135-E. Then, in the report of Colonel Parrish I think you will recall there was a similar statement on this matter of cutting. I am referring now to a statement on page 18 of his report, and bearing in mind that this is based on a cross-section of the whole of Canada.

Sites where workmanship is of inferior class, defects of a more serious nature were noted such as, careless framing and uncontrolled cutting of structural members to allow passage for pipes, this has caused deflection in the floors; careless framing for chimneys where the wooden joists and beams have been allowed to touch the chimney, this constitutes a fire hazard; rough, and in some instances thin plaster which is cracking and falling off the walls and ceilings already; roughly finished and badly cracked basement floors. These and other major defects which were noted can not only be blamed to bad workmanship, but show a lack of competent supervision and careful inspection on the projects where they occur.

The CHAIRMAN: What report is this?

Mr. FLEMING: The second quotation is from the report of Colonel Parrish.

The CHAIRMAN: The one you have just read is from Colonel Parrish's report?

Mr. FLEMING: Yes, the first one I read is from the report of the deputy minister and the last one is from the report of Colonel Parrish. Both of them are in the combined report which is sessional paper 135-E.

Mr. CLEAVER: I am wondering if it would not be wise, in order that our records be complete, that this sessional return be incorporated in our records.

The CHAIRMAN: As an appendix.

The WITNESS: Mr. Chairman, if I might make an observation at this juncture, the material being referred to by Mr. Fleming contains extracts from the reports of Mr. Woods and Colonel Parrish. I have the minister's authority to file with this committee the full texts of all three reports made by myself, Mr. Woods and Colonel Parrish.

Mr. FLEMING: The sessional paper is there, Mr. Chairman.

The CHAIRMAN: If it is not complete and there is a complete report, we can add it.

Mr. FLEMING: This is a sessional paper.

The CHAIRMAN: Does it contain in full the three reports?

Mr. FLEMING: It is supposed to, Mr. Chairman.

Mr. CLEAVER: Is it understood, before we leave that point, that the complete report will be attached if the sessional return is in any way incomplete? It will be supplemented by the material added by the witness now. (See appendix "B")

Mr. FLEMING: I may say on that, Mr. Chairman, the sessional paper was filed in compliance with a motion passed in the House for tabling of the full report.

The CHAIRMAN: The reports of the three?

Mr. CLEAVER: It should be a full report.

*By Mr. Fleming:*

Q. It is a full report, I think. I wanted to ask one or two general questions, Mr. Murchison. You have had experience with the construction of these V.L.A. projects all across Canada?—A. Yes.

Q. Is it not your experience that construction costs tend to be higher in Ontario than in the other provinces?—A. In certain parts of Ontario that is true.

Q. I am speaking of a comparison of costs in Ontario with cost of construction prevailing in other provinces. Of course, there are areas in which there are minor variations?—A. Wide variations.

Q. I am speaking of the generality of your experience. Have you not had the experience of finding construction costs of houses in Ontario higher than in the other provinces?

Mr. WARREN: We have had that.

Mr. JAENICKE: He filed a list of them.

Mr. FLEMING: We will come to the other points. I am asking the witness a general question.

Mr. CLEAVER: I would think it would be practical if we were to have the actual cost right across Canada and not leave it to anyone's opinion.

Mr. JAENICKE: He has filed that already.

Mr. CLEAVER: Since it is on the record now, why ask about it?

Mr. WARREN: It is on the record. Why ask him to give it again?

Mr. FLEMING: It is not all on the record. I am asking the witness a question, Mr. Chairman. I think he will be able to answer it easily.

Mr. JAENICKE: He gave that evidence on cross-examination by Mr. Probe the first time he was here.

Mr. FLEMING: Then, it will not do any harm to have him answer the question.

Mr. WARREN: After all, it is on the record. Why ask the question again? Just read the record.

Mr. FLEMING: This particular question was not asked in this particular form.

Mr. WARREN: You have the information if you care to read the record.

The CHAIRMAN: Our job it to get the real costs. If it is a supplementary question to try to discover whether the costs were given correctly or not, it is a proper question, Mr. Fleming. Let us have the question, first.

Mr. WARREN: You heard the question.

The WITNESS: The question, as I understand it, is whether I, in my experience, found the cost of construction in Ontario higher than in the other parts of Canada.

*By Mr. Fleming:*

Q. The construction of general houses higher than in other parts of Canada?—A. I can only answer that in this way, Mr. Chairman, that the costs of construction in certain parts of Canada are higher than they are in other parts of Canada and there are parts of Canada where costs of construction are equally as high as they are in any part of Ontario.

Mr. BOUCHER: Let him explain that because I do not think it is consistent.

Mr. WARREN: You have your answer, what more do you want?

Mr. FLEMING: Probably my friend will permit me to answer that. You have your records of construction down by provinces, have you not?

The WITNESS: Yes.

*By Mr. Fleming:*

Q. I think it is much simpler then to give me an answer based on the province of Ontario rather than single out particular parts. I am asking for your general experience, as to whether or not it has indicated to you that the cost of constructing houses in Ontario is higher than the cost in other parts of Canada, other provinces?—A. No, I cannot concede that.

Q. Then, will you turn to statement No.—

Mr. BEAUDRY: I am sorry, Mr. Fleming, to interrupt, but I should like to ask Mr. Chairman if this point should be left to the opinion of the witness in a case where we have definite figures quoted by the witness, within his province and within his experience with this project, showing the actual cost in Ontario has been higher. I do not know whether it is fair to the witness to ask him to go by any other standard to give his answer.

Mr. FLEMING: The witness at the last meeting was asked to prepare a statement of this kind. My question was a very simple one and it could have been answered as simply as that leading up to the statement which is here and which we are going into now.

Mr. BEAUDRY: Has he not answered it already?

Mr. WARREN: What do you want it again for.

Mr. JAENICKE: He was asked to prepare a statement of the relative costs of those four houses in the other parts of Canada.

*By Mr. Fleming:*

Q. You have before you now, Mr. Murchison, statement No. 24 in your brief indicating the experience you have had, I take it, with the four houses constructed according to the four plans to which these eight houses at Sarnia were built?—A. Yes.

Q. Mr. Chairman, these are quite lengthy statements to go on the record. If the committee wishes, there are four of them, one for each plan giving a break down; British Columbia, Alberta, Saskatchewan, none in Manitoba, of this particular plan; Ontario, Quebec and the Maritimes.—A. It only refers to Sarnia in the Ontario one.

Q. You have not made up the whole of Ontario?—A. No.

Q. Then, your statement will not give the answer to my question.—A. I think the question was asked by Mr. Probe, if I could give a statement of the cost of the same designs of houses built in other parts of Canada for comparison with the cost of building at Sarnia.

Q. You have interpreted that as excluding the rest of Ontario?—A. He mentioned you would like to get what it cost in Saskatchewan, British Columbia and other provinces to build the same design of house as we built at Sarnia.

Mr. BOUCHER: And at the same time, I asked about the cost in Ottawa, for instance.

*By the Chairman:*

Q. These four houses were built elsewhere in Ontario?—A. Yes.

Q. We ought to have prices for Ontario as well as this.

Mr. FLEMING: I would ask that that information be supplied by the witness based on these four plans.

The WITNESS: I should like to know if you want an average price for these designs of houses for everyone that was built in the province of Ontario or whether you want to localize it to Toronto, Guelph or Ottawa or Sault Ste. Marie?

*By the Chairman:*

Q. How have you proceeded in the other provinces? Is that an average for the province?—A. No, we took this particular designed house and determined what that house cost to build in Kamloops in British Columbia.

Q. Did you build it in other places in British Columbia, that same house?—A. Yes.

Q. You did not take that cost?—A. We did not give you an average. We were not asked for an average.

Q. In that case, we might be getting the lowest or the highest price. I think we should have the average for each province for that design. Would that meet your wishes?

Mr. FLEMING: Yes, I thought that was what we were getting, not basing it on a selection of projects in each of the other provinces. Could that information be prepared?

The WITNESS: Yes, very readily.

Mr. FLEMING: I would suggest that in Ontario it would be useful for us to have the costs of other projects as well as the provincial average.

The CHAIRMAN: Ask for exactly what you want in this statement so he will bring it.

Mr. FLEMING: If the information is all ready, then the simplest thing to do is to have the witness bring the cost construction basis of these four plans on all the projects where these four plans were used.

Mr. BURTON: Mr. Chairman, in view of the fact that—

The WITNESS: Pardon me, Mr. Chairman, but just before I lose the thought of the last request made by Mr. Fleming, we are to produce a break down of the cost of building these designs of houses in every case where they occurred throughout Canada. Now, that is quite a job. It will mean sorting these four designs out of some 2,650 houses.

Mr. PINARD: What would be the purpose of that, may I ask?

Mr. FLEMING: It gets down to the question which has been raised by some members of the committee as to whether or not what happened at Sarnia is typical. To establish whether it is typical it is necessary to get similar information on houses built according to these four plans.

Mr. PINARD: Would it not be possible, Mr. Murchison, to give a figure, even if it is not exact, as the average price?

The WITNESS: That would be a good deal more simple than a statement on the detail of every house of that design in every province.

Mr. FLEMING: But you would have to have the details in arriving at the average.

The WITNESS: I think the way our records are maintained, it would be simpler to get that average.

*By The Chairman:*

Q. How did you proceed to select a project in a province? Did it just occur to you there were houses of that kind in Kamloops and give us the figures or did you select the lowest or how did you arrive at that table?—A. We regarded construction conditions at Kamloops in British Columbia as being the closest, relatively, to conditions in Ontario. I might mention there that in the Fraser Valley we built many houses without any basements. These houses that we selected at Kamloops are all houses with full basements. The construction is comparable to that in Sarnia. We selected Edmonton where our costs, generally, I think, have been lower than the average throughout Canada. In Saskatchewan we used Regina because Mr. Probe specifically asked for the cost of those designs built at Regina, his home city. We submitted Sarnia; we submitted North Ascot near Sherbrooke, Quebec, where costs are quite high. We submitted Truro in the maritimes which is a fair average of maritime construction. We endeavoured to do so to give the committee a fair cost of construction of this design of homes in the various parts of Canada. If you want to go ahead and get the average cost of constructing these four designs throughout Canada every time they occurred we can get it, but I will say it will mean examining the details in connection with 2,660 units of construction.

Mr. FLEMING: I want to be reasonable about this. I thought Mr. Murchison indicated the information was reasonably available but apparently he did not intend that to apply to all this information. I think the committee should have some information on which they can decide whether any selection is a fair and typical selection or not. We should get the provincial average, and I would suggest in addition, the highest and the lowest in each province.

Mr. WARREN: That is already on the record.

Mr. FLEMING: It is not already on the record, and Mr. Warren is not giving facts.

Mr. WARREN: Well I heard it.

Mr. FLEMING: Well Mr. Warren has heard something none of the rest of us have heard. However, if it will lighten the burden, I will be content that we be given the provincial average in connection with the four plans, the high or the most expensive for the province, and the lowest cost in the province.

Mr. BOUCHER: I think you will find if you get the most expensive and the lowest price he might as well give us each project, because he will have to look them up. Would it not satisfy us if he gave the average of each type of house on each project?

Mr. FLEMING: Is there much difficulty getting the high and the low? You have to get that to get the average.

The WITNESS: We can get it.

Mr. FLEMING: I will ask you for that.

The CHAIRMAN: If we cannot receive it within the next two weeks it will not be of much use.

Mr. FLEMING: I would then ask this question in order to get it on the record. I ask that we be given the provincial average, the high for the province and the low for the province, and, in the case of Ontario, the provincial average. I think in Ontario we ought to be given some further projects as examples. I would like to have Windsor, London, and Mr. Boucher has mentioned Ottawa. I think that would be a fair cross-section.

Mr. COTE: Are you still referring to the same type of house as in Sarnia?

Mr. FLEMING: Yes, built according to the four plans.

*By the Chairman:*

Q. The statement has been shown, as between the witness and Mr. Fleming, and I would like to know what the price is at Kamloops for these types of houses. We will have that on the record but, in the meantime, I would like to know the price quoted there for these types of building?—A. The house cost for the Humphrey No. 1A was \$7,674.59 and adding on the cost of land and services, the total cost was \$8,431.35.

Q. That is in Kamloops?—A. Yes.

Q. And the next place?—A. The next one is at Edmonton, \$7,143.

Q. The same plan?—A. Yes. Regina, \$7,397; Sarnia, \$9,080.55; North Ascot, near Sherbrooke, Quebec, \$8,759.49; at Truro, in the maritimes, \$6,618.80. Those figures include the cost of land and service.

Q. The next plan is what?—A. The next plan is the Humphrey No. 4A, with land and service included, \$7,924.69.

Q. That is at Kamloops?—A. At Kamloops. At Edmonton, \$6,494.84; Regina, \$6,811.38; Winnipeg, Charleswood, \$6,750; and Sarnia, \$8,403.14; Lennoxville, Quebec, \$7,469.59; Truro, \$6,278.95.

The third one, the Moody Moore design No. 3, cost of land and service is included.

Mr. FLEMING: This is a different one in B.C.?

The WITNESS: This is at Vernon, B.C., within about 50 miles of Kamloops. We did not build this design of house at Kamloops but the cost at Vernon was \$8,574.05; Edmonton, \$6,654.15; Sarnia, \$9,522.22; North Ascot, Quebec, \$8,926.39.

The Van Norman design, 3B, all inclusive. Kamloops, \$8,837.14; Edmonton, \$6,714.45; Sarnia, \$9,249.76; North Ascot, \$8,986; Truro, \$7,168.75.

Mr. WARREN: Mr. Chairman, I think this is a fair question. What would these houses cost the average veteran? That is what I would like to know.

Mr. FLEMING: The average veteran?

The CHAIRMAN: The veteran would build under the government plan himself instead of buying a house built by V.L.A. Administration. Are you in a position to answer that question?

The WITNESS: Part of the answer has already been placed on the record here with regard to the houses at Sarnia. The sale prices have been established.

The CHAIRMAN: I do not know if you exactly understand Mr. Warren's question.

Mr. WARREN: My question is this. Mr. Murchison has given the cost to the government for building the houses, but what did the house cost the veteran, the average veteran who has had five years overseas?

The CHAIRMAN: That has been given for Sarnia.

Mr. WARREN: He had better give it again.

The CHAIRMAN: For Sarnia it was placed on the record half an hour ago.

Mr. WARREN: It is a matter of probably a couple of thousand dollars reduction.

The WITNESS: We just have the sale prices on this design.

The CHAIRMAN: He does not have it but it will be supplied.

Mr. FLEMING: Would it not be simpler to give the conditional grant?

The CHAIRMAN: But these houses may have been lowered in price or the price may have been refixed.

The WITNESS: Yes, these are our cost prices.

*By Mr. Fleming:*

Q. That was the purpose of getting that statement of comparison costs to the director of the Veterans' Land Act. Mr. Murchison you had experience on other projects of having to do repair work after the completion of the contract?—A. Yes.

Q. And you had some money appropriated by the Governor in Council for this very repair work across Canada, did you not?—A. Yes.

Q. Can you give the amount of the funds appropriated?—A. I do not think it is broken down in the order in council as to how much is available for repairs. The first order in council, I believe it was P.C. 1728, dated April 2, 1946, provided funds of \$1,000,000, and that a committee comprised of Mr. W. S. Woods, the deputy minister, and Mr. Gordon B. Murchison, director of the Veterans' Land Act be authorized to approve adjustments in cost on a basis in their judgment which represents reasonable sale value under the provisions of the Veterans' Land Act, such adjustment not to exceed a total of \$1,000,000.

Q. Do I understand that is the fund out of which provision was made for the reduction such as you have indicated on sheet 22?—A. Yes.

Q. Well, I was dealing rather with the appropriation for repairs.

Mr. FRASER: There was another sum voted, an amount of something like \$500,000.

Mr. FLEMING: You better give us the whole story.

Mr. WARREN: You mean for Mr. Murphy's draughts under doors?

The WITNESS: There was a second order in council this spring.

Mr. CLEAVER: P.C. No.—

The WITNESS: I have not got it with me. It provided an additional fund of \$850,000 to complete adjustments on costs and also cover the cost of repair. Now I may tell the committee in submitting that order in council to the minister, it was estimated that the sum of \$350,000 would be required for repairs, and the balance of the fund it was estimated, would be required to complete adjustments in the construction costs, the original construction costs.

*By Mr. Fleming:*

Q. Was there anything further done following that?—A. That is the way the situation stands at the moment. We are proceeding with the further adjustments as they come in, submitted to us by the treasury and the cost audit division. In the meantime we are proceeding to carry out the repairs necessary. When those costs are determined they will be absorbed under that order in council.

Q. Have you any figures on repairs to date, cost of repairs to date, and on the total expenditure on adjustments to date?—A. All I have are the estimates with wide variations in them. In the province of British Columbia the average estimated cost of remedial work is only a total of \$204.

Q. I was speaking of the total for the dominion. Have you any figures yet?—A. No, not yet. We have no official figures.

Q. Can you give any indication to the committee about these repairs as to what they have amounted to to date or what the estimates are that you have? You have indicated you had \$300,000 voted?—A. \$350,000.

Q. For repairs, in the proper sense of the word. Now have you any information as to whether that is going to be adequate for the purpose or not?—A. No.

Q. You have not any information?—A. I have no information as to whether it is adequate or whether it will be more than is required.

Q. Can you give any estimate to the committee as to what the necessary repairs will run to?—A. Without seeing the final figures from our district office I cannot. I have no reason to believe the costs are going to greatly exceed the cost put forward as the basis of the order in council.

Q. Which was?—A. \$350,000.

The CHAIRMAN: Mr. Burton was on his feet but may I just put something on the record. I have asked the clerk to figure out an average on the figures which were read a moment ago concerning the devaluation between the actual cost to the director and the cost to the veterans. The devaluation amounts to 18.8 per cent in Sarnia, in the eight houses we have been discussing here. The total cost to the director is established at \$73,647 and the total charge asked from the veterans was \$59,800 which means a devaluation of 18.8 per cent.

Mr. BOUCHER: I think that answer was subject to another consideration.

The CHAIRMAN: What do you mean?

Mr. BOUCHER: First of all, the Sarnia project repairs are not all done yet.

The CHAIRMAN: No. What we have done is to take the relationship between what the houses actually cost according to report No. 22, and compare it with the revised cost as shown in table No. 7 and that indicates a reduction of 18.8 per cent on the basis of the figures that were given to us.

Mr. BOUCHER: Oh, on the construction costs only.

The CHAIRMAN: Yes, in other words the difference between the prices at which they were revalued and their cost is 18.8 per cent.

Mr. FLEMING: That would not have anything to do with the repairs.

The CHAIRMAN: No.

Mr. FLEMING: Might I ask, Mr. Chairman, that we might be given some information as to the proportion or percentage of reduction in valuations? Could the witness get that for us when he is getting the other information?

The CHAIRMAN: Yes.

Mr. BEAUDRY: Mr. Chairman, I did not get Mr. Fleming's last question; his last question was addressed to the witness while he was turning his back to this end of the room.

Mr. FLEMING: I have forgotten what it was; oh, yes, I asked him if he was in a position to assist the committee with information as to what the cost of these repairs, in the proper sense, might amount to.

The CHAIRMAN: Mr. Burton has the floor.

Mr. CLEAVER: Just clearing up Mr. Fleming's question, I would like to ask if the witness would file with the committee order in council No. 1278, and also the other order in council with regard to the \$850,000.

The CHAIRMAN: Yes, that can be put in as an appendix.

(See appendix "A")

Mr. FLEMING: Were there any others? Are those two the only ones?

The WITNESS: Just these two.

The CHAIRMAN: Now, Mr. Burton, you have the floor at last.

Mr. BURTON: Mr. Chairman, in view of the fact that those of us who serve on the steering committee of this committee may have a little more difficult time on our hands in framing or wording our next report than we had with the preceding interim reports, I felt throughout the meeting yesterday and again to-day that certain points would need clarification in my mind in anticipation of what we may have to consider in the meetings of the steering committee. May I say, Mr. Chairman, that is I had been given time to ask my questions last night, I would not have had so many of them. During the course of the night I thought of a number I would not have thought of last evening; but I would think, Mr. Chairman, that my night's sleep was much better than that of my friend Mr. Fleming, because I have not thought of so many questions as he has thought of since we adjourned last night—

Mr. FLEMING: I did not have a very good night, I can assure you.

Mr. BURTON: —as I see that his 20 minutes which he has anticipated has stretched into an hour and a half. However, in all fairness to Mr. Fleming may I say that he has asked some of the questions that I would otherwise have had to ask.

*By Mr. Burton:*

Q. Now, if I may have Mr. Murchison's attention for a few minutes I would like to ask him if he ever, directly or indirectly, had anything to do with building construction known as Wartime Housing.—A. No, no.

Q. When did you or your department commence the construction of the first buildings under the V.L.A., work similar to what we were discussing at Sarnia?—A. There was a small pilot project built at New Westminster, commencing I believe in January 1945, merely to test out the cost of construction, but the main program was not launched until some months later, June, July and August of 1945.

Q. Then this project at Sarnia is one of the first that was undertaken?—A. Yes.

Q. Did your department endeavour to obtain advice from competent people in the various provincial services or otherwise as to the most suitable

type of construction for any given locality, and especially as to safeguards necessary in meeting conditions peculiar to the various parts of the country?—

A. Yes, sir. We consulted the leading architectural firms in the various provinces, and invited them to submit plans and specifications of houses which in their judgment could be built at approximately \$5,000. These firms are all members of the Architectural Institute of Canada.

Q. But part of my question dealt with people in connection with various provincial services of the departments of the provincial government?—A. Not in connection with houses.

Q. In that way you did not approach the provincial departments that might be interested or in all probability would have some very informative data on hand.—A. Probably so. We did consult the national housing administration for the checking of the plans and specifications of the houses, and we approached all these various architects to get their approval of these plans and specifications.

Q. Now, if I remember correctly, yesterday you said in answer to a question that you had obtained the advice of some person—I forget his name—connected with the Ontario provincial drainage board or something of that nature; he was supposed to be an expert in drainage matters, and although he is connected with the provincial government he is not working for them.—A. He is, I think, associated with the Ontario Agricultural College at Guelph.

Q. You had no difficulty obtaining views from him at that time, did you?—A. We have just recently secured his services. We had no difficulty in obtaining him.

Q. What struck me as so funny yesterday was why you did not approach some people like those prior to the time that you started construction rather than after you had got into difficulties.—A. I can only explain it this way, sir; that in appointing a chief engineer of the department a great deal of reliance was placed on his reputation as a senior engineer and on the qualifications of the engineers who were appointed in each of the provinces to supervise construction in each province. I felt administratively that we had taken reasonable precautions to employ staff with the necessary technical knowledge and practical knowledge to carry out this program; and reliance, of course, was also placed on the reputation of large contracting firms whom we employed to do the work.

Q. I can understand that, Mr. Murchison; but I want you to understand that I believe that in starting out with a project of the kind you people had in hand you should have had competent engineers in charge; but in what I still feel the question is, with that competent engineer and his staff under him, that in various provinces there are in the provincial services men who were familiar with local conditions; and in my opinion all that your engineer and his superintendents would have had to do would have been to ask the proper people and in that way you could have saved yourself a lot of trouble and possibly the country a lot of expense. But I do not want to carry this on any further; you say that you did not do it and that your department did not do it?—A. No.

Q. Now when you did obtain the advice of this person who was referred to in regard to drainage work at Sarnia—yes, I understand his name is Warren (I understand he is no relation of the member of the committee by the same name)—it was suggested here yesterday that the high level of the water in the lake and the river would interfere with obtaining suitable drainage?—A. No.

Q. You recall that at times the level of the water in the lake and the river was considered to be the cause of the difficulty, and your people that you had in consultation had difficulty in installing this drainage system.

Mr. BOUCHER: I think you are going a little far in saying that the level of the water contributed to the difficulty.

Mr. BURTON: The inference is there. What I was getting at is this. You have the river over here, and you have a rise of water in the lake and in

the river, and it is going to rise in this sandy land quite a bit. I cannot for the life of me see that installing a drain under those conditions is going to take the water down to the river.

The WITNESS: That is not the report of the engineer.

Mr. BURTON: That is not the report of the engineer, that is one point I would like to get definitely clear; that they have given you assurance now that there is not going to be any difficulty in draining that water off either to the lake or to the river.

Mr. FLEMING: There is a difference of 19 feet there, is there not?

The WITNESS: That is right.

Mr. BURTON: I am a farmer, Mr. Murchison, and we like to speak our own language. We farmers have an expression we often use when one of us pulls a "boner" "there is no use in locking the door of the stable after the horse has been stolen." I think that your department should have in these various counties—now, in Sarnia you have your water table there which is causing you trouble. In other parts of the country there are certain conditions which will either make construction more costly or will have results not as satisfactory unless you take steps to meet those conditions; and so I suggest again, Mr. Murchison, that in future your department endeavour to make use of these services which I am satisfied will be only too willing to co-operate with you.

Mr. MURPHY: Mr. Burton, may I point out that the engineer's report to which he referred dealt with surface drainage only, not basement drainage. That is what the report dealt with, and I think it goes on to say that the general drainage of the project will of course simplify basement drainage by lowering the water table.

*By Mr. Burton:*

Q. I do not want to get confused in my line of thought. I have a number of things floating around that I want to try and get a reasonable answer to and at the same time if possible help your department. It was with that object in mind that I made the suggestion I did a moment ago. You may act on it or not as you see fit, for whatever it may be worth. Yesterday in answer to a question by Mr. Fleming you stated that you had received reports from your officials that work on this Sarnia project was not in accordance with the terms of the contract and it later developed that these reports are complaints, by your inspectors or whatever you call them, given in the month of December 1946, when the houses should have been ready for final inspection in fact; and then you told Mr. Fleming a few moments ago that you had proper officers inspecting these houses during the early stages of construction.—A. Yes, we did.

Q. I should like you to explain to me why your inspector, whom you no doubt had on the job, did not advise you from time to time as to the unsatisfactory workmanship and lack of suitable materials which were going into these houses. Can you explain that?—A. I am sorry I cannot. I must admit that has not been done. That was bad supervision on his part. I readily concede that.

Q. You are now quite satisfied that there was a need for your department to receive such reports?—A. Yes.

Q. Because surely you would not have gone to the extent of holding back the money from the contractor which would otherwise be due to him, and above all you certainly would not have gone to work and spent another \$6,000 on the houses in this project if you were not now satisfied that the inspector who was on the job should have furnished you with better reports, more accurate reports than he apparently did.—A. Yes.

Q. May I ask you what steps have been taken to rectify anything of that nature? Mind you, I am not much of an advocate of having inspectors inspecting inspectors, but I do believe that we need to have people on whom we can depend.

and we also need in our various departments certain safeguards to see that accidents, if I may call them that, do not happen. Can you explain to me what steps your department has taken to rectify that?—A. The services have been discontinued of inspectors whom we found to be unsatisfactory in the performance of their work.

Q. That would be your first step?—A. That would be the first step. We have also accepted the resignations of two of the district engineers, and we have also accepted the resignation of the chief engineer at Ottawa.

Q. As to those who are going to act in their places, have you endeavoured to work out a system by which you will get better results from their work?—A. Yes, sir.

Q. We can have that assurance from you?—A. I can give you that assurance very definitely.

*By Mr. Fraser:*

Q. What qualifications do you require of these inspectors and engineers you have?—A. The chief of the construction division was an engineer of some standing. He had been in the employ of large construction firms for several years, and for some years prior to his employment with our branch he was employed by the dominion government in the Department of Transport. This gentleman was well known to the construction industry throughout Canada. On the selection board which dealt with his application for employment the technical adviser to myself was the president of the Canadian Construction Association, so we felt that we were getting the services of an engineer with the qualifications required to supervise quite a large program.

Q. Before you leave him was he a construction engineer on housing projects or on railway projects?—A. This particular engineer has supervised the construction of a large number of airport buildings right across the country from the maritimes to the northwest territories, including dwelling houses and offices and things of that sort on airports.

*By Mr. Burton:*

Q. I was going to ask you a question along those lines but in a little different way. I am satisfied that your department certainly would endeavour in the first place to get in charge of these various projects people who would have standing in their profession. I admit that sometimes even then you get a bum one who may let you down, but I am thinking of the man on the actual job, the man who is there every day. Possibly his salary is only sufficient to give him a decent living and just get by if he is careful. Those are the men who are in contact daily with what is going on.—A. They are the key men.

Q. The man who sits in the swivel chair by reason of the opportunity he has had over the years may specify and direct, and he is the man who is drawing down a big salary. He may have everything according to Hoyle, as we say, but the man who is right on the job and who is only getting a living wage, if he is getting that, is the man who can see whether the contractor is giving your department 100 cents on the dollar for your expenditure.—A. Quite true.

Q. I want to ask in the first place if any of these inspectors you had on the job knew anything about building. Were they architects? Had they had practical experience in building or were they just picked up from any walk of life?—A. They were architects, former building superintendents, foremen carpenters, men of that class, the best we could get for the wages we could pay. We were competing with a great many other construction agencies in securing a staff. We had the unhappy experience on several occasions where we would get a good man at the salary we could pay him who would promptly resign on the invitation of some other agency and accept a higher salary than we could pay.

*By Mr. Murphy:*

Q. Did you have any architects on the Sarnia project?—A. I believe the inspector was an architect?

Q. He was an architect?—A. Yes.

*By Mr. Fleming:*

Q. Do you know his name?—A. I think there is an item here I could put on the record on that.

*By Mr. Burton:*

Q. While they are looking for that possibly we might be able to proceed. May I ask if you have received any complaints from your officials with regard to unsatisfactory workmanship or lack of suitable materials being used in connection with any of your other projects?—A. Oh yes.

Q. From your inspectors?—A. Yes.

Q. Covering how many projects?—A. I can only give you a general reply to that, but I can say that out of all the projects we built in Canada there would not be one that was completely free of any objections by our inspector as to the type of construction on this or that minor detail. That is what he was there for.

Q. And as a result of those reports was there action to have the contractors turn in a better job?—A. So far as we could.

Q. Would you say that this Sarnia project was the worst you had?

Mr. COTE: He has already stated that.

The WITNESS: I would say it was probably one of the worst.

*By Mr. Murphy:*

Q. I think he has the answer to that question. Have you the name of the architect on the Sarnia project?—A. The name of the inspector there was Methven.

Q. Was he a registered architect?—A. He had been employed with firms in Scotland as an assistant architect and draftsman, had been in business for himself in Chatham as an architect from 1912 to 1945.

Q. How long was he with you in Sarnia?—A. Taken on on the 19th of July, 1945, and left on the 11th of September, 1946.

Q. He was there during the total construction?—A. Yes.

*By Mr. Burton:*

Q. You will recall a few days ago you placed on the record of this committee the number and average cost of the houses constructed for your department in the various provinces. That is touching on some of the questions that were asked you this afternoon. I have no desire to cover that angle, but there are other angles to that question that I should like to clear up. Am I right in saying that all of these houses in all the different provinces, from one coast to the other, were constructed by contractors for your department?—A. Yes.

Q. You have no construction crews working solely in your department under proper management?—A. Only on the carrying out of such repair work as may be necessary.

Q. Only on repair work, for instance, as developed in Sarnia where you felt the contractor was not going to attend to it?—A. That is right.

Q. Outside of that in the actual construction of the houses you have no work crews who are working solely under your direction?—A. No.

Q. You will recall that yesterday you placed before this committee four different types of plans. You were also discussing those this afternoon. I

noticed in going over the list of those plans and the houses that as to one of them—I forget the number because I am not interested in that respect—you gave no figure for the amount that plan had cost under construction in Saskatchewan. The other day you told us that your department under V.L.A. had constructed eighty or more houses in the province of Saskatchewan. You will recall that my colleague, Mr. Probe, expressed considerable satisfaction here to-day with the houses that had been built in Regina. You will also recall that the average cost of those eighty housing units in Saskatchewan, as I understood it at the time—and I wish you would correct me if I am wrong—was \$5,100 per unit. Did I understand that correctly?—A. Did I give you the cost or the sale price?

Q. It was not the sale price. In fact, I do not think that even the landscaping entered into it. I understood you to say that it was for the construction, and that it was \$5,100 per unit. As I size that up—and I will be quite interested in getting the figures that Mr. Fleming has asked for to-day—it would appear to me that in Saskatchewan it cost you \$2,000 and up less money than what it cost you to build houses in the other provinces. Coming from Saskatchewan where we are accustomed to paying exorbitant prices for many things I was astounded to hear that your department could construct houses in Saskatchewan for \$2,000 less than what they were costing you to construct them in other provinces inasmuch as we have to haul lumber a great distance, and cement has to be hauled a great distance. In fact, at Regina where you had a project you could not dig your sand out of the basement like we were told you could do at Sarnia, and make use of it. It has to be shipped in by railroad a considerable distance. Consequently I was astounded to hear that you were able to get such a reasonable figure.

My colleague, Mr. Probe, and I are inclined to be more or less critical of some things that are going on, but he got up and told you that as far as he could ascertain these houses met with the approval of the people, the satisfaction of the people who were in them. I should like to ask you if you do not think that in view of the fact that the Saskatchewan housing corporation operating under the provincial government has provided considerably over 500 living units for veterans and their families during the past few years that has not taken the pressure off as far as the demand made on you for housing, and that as a result your department had ample time to have these things done in a proper businesslike manner.—A. I do not think the activities of the Saskatchewan housing authorities to which you refer had very much relation to the small program we undertook in Saskatchewan. I believe we built 30 houses in Regina, if my memory is right, 20 or 30.

Q. It is a total of 80 or a little better than 80?—A. Yes, that represents only a very small construction of the potential veterans demands for houses in the city of Regina. I know from my association with the inter-departmental housing committee that the problem in Regina of housing was handled more satisfactorily all around than in any other city in Canada. The local authorities there, particularly the city authorities, co-operated fully in supplying emergency housing. They did not set their sights too high. There were families there prepared to move into small units which cost very little. Generally, they made a first class job. I just say the number of veterans we established in Regina was such a very small percentage of the total.

Q. Yes, but we must bear in mind, too, that the population as a whole of Saskatchewan is not to be compared with that of some other provinces in which you have had activities. When you have co-operation from the various bodies, the municipal and provincial, I believe you can get a whole lot further, can you not? You had a provincial department of reconstruction there which took the pressure of over 500 veterans and their families which would run into a

number of people since they were all married. Then, the various cities were prepared to work not only with the provincial department but also with your department with the result you did not have the pressure, although you had just as many veterans and possibly more in percentage of population as you had in other provinces, you did not have the extreme pressure there of trying to move in before you had proper coverage over the cellar?—A. I think we had plenty of scolding about not allowing them in soon enough.

Q. In connection with this whole project at Sarnia and with your other projects which you have all throughout the country you expect to have a final return, as I understand, within a month or so?—A. That is right.

Q. How many projects have you in operation in the dominion which are not yet completed, approximately?—A. I would say there was only a small percentage of them fully completed. A great many of them are very close to completion.

Q. May I ask one final question? How many units would that represent?—A. Roughly 2,600.

Q. That would be completed or nearing completion?—A. That is right. 2,660, I think is the figure.

Mr. BOUCHER: He did not give us any estimate of how many projects they had undertaken.

*By Mr. Burton:*

Q. Would you answer that?—A. We have undertaken the tidying up of every project.

Q. But how many throughout the country have you had?—A. 118, is the number. It varies from very small to quite large.

Q. Just a final question, Mr. Chairman, and I wish to thank you for your courtesy as well as the other members of the committee. I will be quite prepared to sit back and listen to their questions. One final question I should like to ask Mr. Murchison: in any other project have you found it necessary to hold money back from the contractor which would otherwise be due to him?—A. Yes.

Q. Are there some of them still unsettled?—A. A large number of them.

Q. Quite a number of them?

*By Mr. Murphy:*

Q. Mr. Murchison, just one question; you gave the committee the total cost of construction of these eight houses as \$72,647.39. Now then, just to get to the unit cost you add the repairs \$6,073. Is that right?—A. We do not add anything to that. We just disburse that for these repairs and absorb it in the cost reduction fund.

Q. \$6,073 should really be charged to that project except that you charge it to a departmental fund?—A. That is right.

Q. The other addition to that total is \$2,050 for drains?—A. That is right.

Q. Any other additions to that?—A. Not to my knowledge.

Q. That totals, Mr. Murchison, \$80,770.—A. Does it? Have you added it up?

Q. Yes.—A. All right, I accept that.

Q. So for the 8 units that makes \$80,770 and the actual cost per unit then is \$10,100 each.—A. If that is the total you have, sir, I have not added it up.

Q. Would you mind adding it then? Those are the figures you gave.—A. I do not think you have the right figure there. I think it is \$6,100.

Q. What is the unit cost, then, for Sarnia, the average?—A. \$10,106.

Q. \$10,106 average; that does not include any departmental overhead?—A. Not a cent.

Mr. CLEAVER: There has been a lot of discussion going on which we could not hear. May I ask that Mr. Murphy's statement be put in the record so we will know what his questions were based upon.

The CHAIRMAN: The figures submitted by Mr. Murphy which were the basis for that question should go in.

*By Mr. Beaudry:*

Q. I asked you yesterday if you could supply me with the cubic footage of the housing involved and, perhaps, of all your houses?—A. The Humphrys No. 1 A, 13,800; Humphrys No. 4 A, 13,600; Moody Moore No. 3, 16,100; Van Norman 3 B, 15,900. I should say, Mr. Chairman, whilst we have many other designs of houses, they are all in the same category of bungalow or story and a half houses and these cubic content figures I have given you would be representative of them all because there is not any great difference in the size of them.

Q. In other words your answer is that to calculate the cubic footage of the various houses throughout your projects, we would arrive at a fairly reasonable figure by averaging these four different plans. Do I understand your answer is to that effect? Have you got among the projects much larger houses and much smaller houses in cubic footage?—A. I should not like to give you an answer on that, Mr. Beaudry, that might be misleading. When you are dealing with construction costs of a bungalow and particularly one of the types of bungalow we built, you must use a substantially different cube rate than you would for a house.

Q. I am not asking about the rate, I am asking about the cubic footage.—A. I tried to say that those figures we have given are fairly representative of all the houses we have built.

Q. In other words, in answer to my question, you would say yes?—A. Yes.

Q. I am not trying to quibble, but you gave me 16,100 feet or rather, for the construction of 3B you gave me 15,900 feet and in going over the plans, I do not claim to be a mathematician, I arrive at a figure of 16,800. Would you care to look over the plan?

Mr. CLEAVER: I wonder if Mr. Beaudry would mind asking the witness on what basis he worked the cube, whether he took in the full basement?

The WITNESS: These cube rates were worked out by fully qualified architects so I accepted them as being correct.

*By Mr. Beaudry:*

Q. I will take your figure as I assume it will be a satisfactory one. In the earlier part of your testimony you gave us a list of the houses built in your various projects throughout the country. I will not read it but it started off as British Columbia, 576 houses at, I assume an average cost of \$5,479. Then, do you recall, without referring to the testimony, if the figure I am quoting is the cost figure or whether that was the sale price to the veteran? You gave a schedule and I will recall it to you. I have it down here but, unfortunately, I have not the heading. British Columbia, 576 houses at an average of \$5,479. Then, you gave Alberta and so on?—A. I would have to see the statement I have made. I do not recall whether I identified those as the sale prices or the cost prices. I am sorry my memory is not sufficiently sharp for that.

Q. Would Mr. Fleming who asked the question be able to help us?

Mr. FLEMING: I can help you to this extent that the information was given at the meeting of July 4th, it was not yesterday or to-day. All I had time to take note of when I was on my feet was those were completed. Whether it was the completed cost of construction or the cost to the veterans, I do not know.

Mr. CLEAVER: Mr. Gladstone has a note on it and his heading is that these figures are exclusive of land and exclusive of land development.

*By Mr. Beaudry:*

Q. Then, they are building costs. It is important that I get a fairly categorical answer on it. We will work on that assumption and I think the assumption is correct, that this is what you call your complete cost exclusive of land and exclusive of other pieces of development which have been put on. Would you tell me if the houses in Sarnia, the eight houses under discussion now, are included in this break down and if they are, whether they would be included under the heading of London, 223 houses, \$6,047 or Toronto, 321 with an average of \$6,359?—A. They would be included in London.

Q. Those were included?—A. They were included in London.

Q. And from memory, we would also assume this does not include the land, landscaping and other charges which have been put down to service, this would be the actual construction cost.

The CHAIRMAN: Mr. Beaudry, I have here the evidence of July 4th, and the witness said, on the figures which you have just quoted, that those are average costs by provinces distributed across the dominion and that it did not include land or land development, so it is only really the cost of construction.

Mr. BEAUDRY: Later on, at the same meeting—I am sorry it is necessary to ask because we have not got the printed evidence and I am trying to refresh my memory—but there was a quotation given that I was led to believe, until earlier today, represented the sale of their eight houses to the veterans under discussion in Ontario beginning with \$6,047; \$5,493; \$6,359; \$5,493;—

Mr. MURPHY: What was the first figure.

Mr. BEAUDRY: \$6,047.

Mr. MURPHY: Was that the sale price to the veteran?

*By Mr. Beaudry:*

Q. I think so. I have not got the table and I have not got the record. Perhaps I can clarify my question by asking you if these prices were the prices charged to the veteran after his grant had been made by the Department of Veterans Affairs?—A. That would be after.

Q. In other words that would be the capital left for him to amortize over a period of twenty-five years?—A. That is right.

Q. Yes, that is the price to the veteran, that would be amortized by the veteran over twenty-five years?

Mr. FLEMING: But his \$600 down payment comes off that?

Mr. BEAUDRY: Is that to be added to that?

Mr. FLEMING: No, the \$600 down payment comes off and the balance then remaining is amortized.

Mr. BEAUDRY: In other words the house on which we have a price quoted of \$6,047, would be sold at a price of \$6,047 plus \$600?

Mr. FLEMING: No.

The WITNESS: No, no, \$6,047 is the original amount. A down payment of \$600 leaves a balance of \$5,447 to amortize.

Mr. CLEAVER: And what would be the monthly amortization payment?

Mr. BEAUDRY: We will come to that.

*By Mr. Beaudry:*

Q. Now would you please tell me this. I believe you said, and I am not sure whether you quoted it for all of these houses at the same price, but it was

quoted in the case of Mr. Cleave's home, that the monthly cost of amortization was \$27.12 or \$27.13. Would you refresh my memory on that please?—A. I can get that for you very quickly but I have not got it worked out in the monthly payments for each of these houses.

Q. So far as I recall it was quoted for one house, but would this be the standard figure, or would the price vary from each house? If so, would you tell us how you arrive at the amortization? Is it merely the yearly interest and the capital divided by twelve?—A. These things are all worked out by the standard printed amortization tables. As a very close guide to the monthly payment if you will multiply the amount to be amortized by six and divide the result by twelve and you will get the monthly payment because the interest is at  $3\frac{1}{2}$  per cent. I will give you an illustration of it in a moment sir.

Mr. CLEAVER: Do you not carry that six out to two or three decimal points.

The WITNESS: It is 6.012 I think, but I just used the six. It does not make very much difference. The monthly payments on \$5,447 would be very close to \$25.57 a month.

Mr. BEAUDRY: For the purpose of simple reasoning, or simple questioning, you would divide your capital by twelve times twenty-five to arrive at your capital. Your procedure of multiplying by six point something might work out for your purposes, but it does not tell us the fashion of arriving at the figure.

The WITNESS: As I say, Mr. Chairman, we have amortization tables at all rates of interest, and for different periods, which provide the formula under which you establish the monthly rate required for a given amount of money over a given period of time if the rate of interest is so and so.

The CHAIRMAN: May I say this, in connection with what Mr. Beaudry was asking. The monthly payment terms in Sarnia are already given as \$27.11; \$24.34; \$28.66; \$29.39; \$27.15; \$28.48; \$28.40. Those were the payments for the Sarnia project.

*By Mr. Beaudry:*

Q. In other words would you say throughout the country, and in Sarnia, the veterans purchased houses valued by the department at anywhere between \$6,000 and \$8,000 for a cash consideration of \$600, plus a monthly rental fee for twenty-five years of anywhere between \$24 and \$28?—A. Yes, anywhere from \$17 to \$28.

Q. Well in the case of Sarnia it was \$24 to \$28.

Now yesterday regarding the progress reports Mr. Murchison, I believe you gave the date of your last progress report as sometime in December. I am referring to the progress report in which there was a list of complaints.

Mr. FLEMING: That was a final report.

Mr. BEAUDRY: But would you call it a final report. The last report was in August and the final report was in December. You had a list of complaints there, presumably made by your inspector, or through the inspector or whoever was the authority in the field. It was a list of defects or complaints which appeared to him should be reported in December.

Mr. FLEMING: We do not know the date, the witness was to find out.

Mr. BEAUDRY: Are we to assume it was in December?

Mr. FLEMING: It was one of the things the witness was to find out.

The CHAIRMAN: It was attached to a letter dated the 18th of December.

*By Mr. Beaudry:*

Q. Had these reports come to your knowledge at the date in December?—A. They came to the notice of our Toronto superintendent and our district construction superintendent but they did not come to my personal knowledge.

Q. It would have come to the knowledge of your departmental officer in December. Presumably reports were made to you on the strength of similar reports up to this time, and my question is, would these reports be filed at the source by some official?—A. Yes.

Q. Was it normal procedure to have an official carry on from the beginning of these progress reports until the conclusion?—A. I did not catch that.

Q. I ask was it normal procedure for some officer to follow on and approve from the time of the first reports until the end?—A. That was the procedure.

Q. In other words the same individual was responsible for the final reports and complaints?

Mr. JAENICKE: No, he was fired by that time.

The WITNESS: The inspector on the Sarnia project resigned. I believe I said he resigned in September when the contract work was deemed to be completed. The final inspection report was made by Mr. Cumming and Mr. Harvie, different people all together.

Mr. MURPHY: Was that the architect you referred to?

The WITNESS: No, the architect I referred to was the inspector on the job from July of 1945 until September, 1946, I think.

Mr. BEAUDRY: In other words the man who led you or led your department to make the payments to the contractors in June, or more specifically in March, then in May, on the 17th of June, on the 12th of August, on the 6th of September, was not the man who was there when the final report had to be made?

The WITNESS: No, he had resigned.

Mr. JAENICKE: Was he asked to resign?

The WITNESS: I could not say as to that, Mr. Jaenicke.

*By Mr. Beaudry:*

Q. Would it be a fair question to put to you as head of your department to ask if the obvious discrepancy—I say obvious because I assume there was a discrepancy between the final report and the progress report showing these things incomplete and badly done, is it a fair question to ask if the particular individual filing the progress reports would have been at fault, or is at fault, for that discrepancy?—A. Not necessarily, sir. The inspector who was in charge of the works reported things as he could see them. I think it is recognized by construction people that there are minor defects which will come to light three or four or five months after a house is completed that cannot be seen and which really do not exist at the time of the last inspection.

Q. I will refer to one aspect that has been brought up. I have no experience in construction but this may be one of the cases you are referring to now. I will speak of the floor in the living rooms, and perhaps elsewhere, which apparently had large nailheads protruding, and which had to be sanded, once, twice, or three times. Would that be the type of defect apparent at the time of the progress report in June or July or, in any event, at the time of the last progress report?—A. Yes, I should say they should have been apparent then.

Q. Well, therefore, would not that imply that since this defect existed in, let us say September to settle on a date, at the time of a report to you in December by another official of your department they would have existed just as glaringly?—A. I think that is reasonable.

Mr. BOUCHER: May I ask a question here?

Mr. BEAUDRY: May I complete my questioning?

Mr. WARREN: Follow up the nail question?

*By Mr. Beaudry:*

Q. Well is it fair to assume we can place the blame for that report, or the negligence in not reporting of these defects on, the individual who was personally in charge as inspector?—A. Yes, I think that would be a fair stand to take.

Mr. FLEMING: That is Mr. Methven.

Mr. BOUCHER: Is it not a fact you have no information as to when these progress reports were filed, or what date, they were filed and what the contents of them were?

The WITNESS: I think we have those here.

Mr. BEAUDRY: I am not sure this could be interpreted that way because in another answer you said that no payment could be made through the financial set-up of the department without progress reports having been made.

Mr. WARREN: May I ask a question?

Mr. BEAUDRY: If you will bear with me a few moments, I will be very brief.

Mr. WARREN: I just want to ask a question about the nails in the floor.

*By Mr. Beaudry:*

Q. You mentioned a moment ago that your plans do not vary a great deal in giving capacity and therefore that the four houses under discussion at Sarnia represent a fair average of the housing plans undertaken throughout your project; would you tell me, was the Sarnia project among your total scheme of projects, your project of eight houses, in itself one of your smaller projects or a normal or a large one?—A. One of the smaller ones.

Q. One of the smaller ones; would you say that these eight houses built on these four plans from among twenty odd plans, represent the larger or more expensive, or the smaller and less expensive types or were they a fair average?

Mr. MURPHY: If I might interrupt?

The CHAIRMAN: Just a moment, please; do not distract the witness until he gives the answer.

The WITNESS: Yes, I would say they were a fair average.

Mr. MURPHY: I was just going to say that there is a report showing the number of times each plan was used.

Mr. WARREN: I want to ask about the nails in the floors.

*By Mr. Beaudry:*

Q. You would say that it is a fair average?—A. A fair average.

Q. In other words, these four houses were selected, when these four plans were selected for a project of eight houses there was no thought of making this project one of your better ones—I am talking about materials and cost of the houses—or one of your cheaper ones; it was, in your opinion, a fully, normal, average cross-section of any of your projects?—A. Yes.

*By Mr. Jaenicke:*

Q. Did you say that the plans were all prepared for houses to cost \$5,000?—A. That was the original intention.

Q. I mean, when they were drawn up by the architects?—A. Yes.

*By Mr. Beaudry:*

Q. And your answer to me, Mr. Murchison, is?—A. I forget the question, I was interrupted.

Q. My question was did these eight houses in your opinion represent a fair cross-section of any one of your other projects in the country?—A. Yes, I would say it would.

Q. You mentioned also, in answer to Mr. Fleming earlier, that by order in council an amount of some \$350,000 has been appropriated, I think you said for repairs?—A. Yes, but it is not so stated in the order in council. The order in council provides an additional sum of \$850,000 to complete the work of cost adjustment and to pay for the cost of repairs, but it is not broken down in the order in council under separate headings.

Q. What would you call your cost price and your cost adjustment, would that be for a cost over the original estimates?—A. Not necessarily; it would be the cost which in judgment of a responsible committee administering the order in council did not represent value; winter conditions, delays in deliveries of the materials resulting in increased cost, excessive watchmen's charges brought about by prolonged delays in construction, also transporting labour to and from the job, cost of heating the houses during the winter when still under construction; these are things which do not reflect value in a house and they are all important items of cost.

Q. Yes; but at the time of the signing of the contract I understood you earlier to state that it was standard practice to sign contracts on a cost plus basis?—A. Yes.

Q. And at no set price?—A. The only set price was the management fee which varied from \$180 to \$225.

Q. In these cases it is a relatively negligible payment for my purposes. I am trying to arrive at what stage would indicate the amount of money that constituted excess cost.—A. They must proceed on a basis of valuation. As I pointed out to the committee earlier today, we established a formula based on cubic foot values.

Q. Would that amount be represented by the amount of money indicated when you deduct the present value from the original cost to the director?—A. That is right.

Q. Did you also say that from that amount of money—that figure of \$350,000 sticks in my "crop"—is that the figure you stated as being approximate amount needed for repairs?—A. That is the amount I estimated it would cost the department to take care of the repairs on these various properties.

Q. That is from the list you have recently submitted of 2,555 houses?—A. That is right.

Q. In other words, an average of—I haven't figured it out exactly—it would be an average of somewhere around \$120 per house?—A. It works out at about that.

Mr. WARREN: Might I ask my question now, Mr. Chairman?

Mr. BEAUDRY: I have three more questions, Mr. Warren; then you may go straight after your nails.

*By Mr. Beaudry:*

Q. This is another question which may or may not be in order and which I would like to refer to the chairman, the committee and perhaps to the witness. From what has been said before is it your impression as director of the board that at times, because of resignations and perhaps dismissals—that does not reflect on your attitude—your department in its construction project has been badly served by subordinates?—A. There has been evidence of that, sir.

Q. Would you call it frequent evidence, or unusual?—A. I would say frequent, in the province of Ontario.

Q. Frequent in the province of Ontario?—A. Yes.

The CHAIRMAN: It is now two minutes to six o'clock. I suggest that we adjourn until the noise across the river stops.

Mr. BEAUDRY: If I may make a pledge for myself similar to what others have made before, I will try to confine myself to five minutes.

The CHAIRMAN: We will meet again at eight o'clock to-night.

The committee adjourned at 6 p.m. to meet again at 8 p.m.

### EVENING SESSION

The committee resumed at 8.00 p.m.

The CHAIRMAN: Gentlemen, we have a quorum so I think it is quite in order to proceed. Mr. Beaudry had the floor when we adjourned.

*By Mr. Beaudry:*

Q. Mr. Murchison, I do not know whether it came within your sphere at the time, but could you tell me if you had any experience with construction previously, let us say, to 1939?—A. Personally?

Q. Not necessarily—well, answer yes or no as to personally first.—A. No.

Q. Did you have any knowledge of conditions in the building trade throughout the country as of that time? I am not necessarily speaking of specific, technical knowledge but were you interested in some fashion in construction figures, values and such at that time, previous to 1939?—A. Not of this type of construction.

Q. In any type of construction?—A. In the administration of the Soldier Settlement Act we disbursed a great deal of money by way of loans for permanent improvements on farms but that, of course, would be on a much more moderate type of construction than is the case under the Veterans' Land Act small holdings.

Q. It would not embody so much house building as other types of construction?—A. Small houses, improvements to existing buildings, the construction of barns and so on.

Q. Does that experience extend over some years previous to 1939?—A. I should say it extended from 1919 when I joined the staff of Soldier Settlement up until 1939.

Q. That, therefore, placed you in perhaps what I might call a favourable position to have some knowledge about building, the building position, cost and such, over a period of 20 years?—A. It would be of some practical appreciation in construction problems.

Q. I have to come back to a topic which is not pleasant to you, to me and probably not to the committee. The last question I asked you before we recessed at six o'clock was to try to ascertain from you, whether in your opinion, you perhaps had been badly served by subordinates through your department, particularly regarding the project at Sarnia?—A. Yes, I feel we were poorly serviced.

Q. You were poorly serviced—I am excluding the contractor temporarily—by some men in the employ of the department?—A. Yes.

Q. Would those men have been employed on a temporary basis, more or less?—A. Yes.

Q. Their employ was necessitated by the unusual project contemplated by your department?—A. That is right.

Q. Did you have any difficulty at the time, I assume that this project along with other projects was actually contemplated about the beginning of the year 1945; am I right?—A. Yes.

Q. Did you have any difficulty in getting men for what was temporary occupation at that time?—A. Yes, we had considerable difficulty.

Q. Not only did you have difficulty in getting men, but did you experience difficulty in getting the calibre of men you would require for the kind of money you could afford?—A. Definitely.

Q. Was that typical of general conditions throughout the country or was it perhaps more typical in the building trades? That may not be a fair

question to ask because I may be told that is a matter of opinion. Was there a resurgence of activity in the building trade at the start and in the middle of 1945 or did you find that in your experience?—A. There very definitely was a resurgence of building activity of all kinds.

Q. You mentioned earlier it has been your experience and that of your department that in some instances perhaps frequent, you did not qualify that, you found it difficult to retain qualified men you had in your employ on account of competition you had from independent builders?—A. Yes.

Q. Was that on an extensive scale in your experience, so far as your department is concerned?—A. Yes, I would say it was fairly extensive.

Q. Outside of personal qualification did you have any other specifications as to the employment of men on, I assume, a temporary basis?—A. We followed the practice, so far as we could, of confining our temporary appointments to veterans of either World War I or World War II.

Q. Did you actually secure any veterans?—A. I could not answer that question without a search of the personnel records.

Q. Did you go through sessional paper 135 (i), which we dealt with earlier during this testimony? I am referring particularly to question 8 and its answer. Question 8 is,

Who were the government inspectors in each of the above areas and what were the terms of employment of each inspector?

This paper has already been produced as evidence. Dealing further with the qualifications because of a notation there, in the light of your answer; you have five inspectors in the Sarnia project and apparently only one was a war veteran, Mr. Thibaudeau. There is another one, Mr. Southwick, who is referred to as since leaving the service. I assume that is your service and not the armed forces?—A. Yes.

Q. Do I understand from your answer that preference was definitely given in connection with this work in your department to veterans?—A. Yes, if we could find veterans whom we felt had the qualifications.

Q. Did you ever have complaints from contractors or from other sources to the effect your method of selection either could, generally speaking, or did, definitely exclude some contractors who could have built for you at reasonable prices either equal or cheaper prices than those for which you have built, or on the terms upon which you have built?—A. I do not recall specific instances, sir, but I do recall representation having been made that these houses in this or that locality could be reproduced at a cheaper cost.

Q. That is not the question.—A. That is the best I can do for you.

Q. My question is, at the time of allotting contracts or subsequently or at any time, were representations made to you by serious contractors, I mean contractors you would consider as builders or other sound sources which might have led you to believe that you might have excluded some contractors unjustly?—A. No, I do not recall anything of that nature, the way you put it.

Q. The way I put it—you almost seem to qualify it. I will try to simplify my question. Has it come to your knowledge that anyone has complained to the effect that your method of allotting contracts or the terms of allotment to those contractors was detrimental to people who were in a position to try to acquire these contracts themselves?—A. I would have to answer no to that.

Q. As the director of the Veterans' Land Act you were, I assume, the final authority in a great many cases under the deputy minister and the minister?—A. Right.

Q. And in matters of administration, I assume that the major part of the work was left in your hands?—A. Quite.

Q. And a great many decisions had to be taken under your own responsibility?—A. Yes.

Q. Did you ever have to make a decision, as to whether it was imperative in the light of your knowledge of conditions and requests for housing, where items of quality had to be sacrificed for celerity or speed?—A. Yes.

Q. Would that quality apply to material or did it apply to both material and the type of workmanship that in some cases you employed?—A. It would apply to materials, because labour is an unknown factor until it has been put to use.

Q. So you are telling me that in some cases, in order to provide housing as soon as possible, and since it was needed badly, you deliberately sacrificed quality in order to obtain speed?—A. I deliberately approved the purchase of the best materials available on the grounds of speed.

Q. With the knowledge that it was not necessarily the best material obtainable, if you had had all the time in the world to wait for the material?—A. That is right.

Q. Can you clarify that statement by saying to the committee, and I know you cannot give a very definite answer, but can you tell the committee the value of the element of time in regard to those decisions you had to take? In other words how much time saving was implied by your decisions as against another possible decision to wait for what would be first class, satisfactory, top-notch material?—A. First of all, sir, there was no guarantee available at that time that any first class materials would become available, in view of the over-all demand for supplies which existed. We were faced with the time element in relation to the demobilization of the forces and the problems that would very definitely arise on the return of the veterans from overseas who wished to set up their home establishments.

Q. In other words, influencing you in your decisions beyond your knowledge and capabilities was the fact that the end of the war at a particular date, prompted you to build houses as soon as possible in order to give lodgings to those men coming back?—A. That was the purpose.

Q. Without giving regard to quality which you would normally consider, and I am excluding the price element?—A. Yes.

Q. Do you read the newspapers?

Mr. FLEMING: Is that a relevant question?

Mr. BEAUDRY: You are a practising attorney Mr. Fleming?

Mr. FLEMING: Yes.

Mr. BEAUDRY: Well I am not, and you will find the relevancy if I may ask another question.

*By Mr. Beaudry:*

Q. Did you read the newspapers between the period of January, 1945, and September, 1945?—A. Yes.

Q. Did the newspapers express, at that time, to your knowledge, or did you read at that time, newspaper reports from various sources including this parliament, that it was felt generally, throughout the country, that housing had to be provided at the earliest opportunity? This is not perhaps, a newspaper commentary but it is a corollary. Housing, and perhaps not the very best quality, but that which was better than just a harbour for people coming back from overseas, had to be provided at once?—A. I cannot give you the names of the newspapers or the precise dates, but I would agree that material of that nature appeared in the newspapers.

Q. I am not asking you to give me the names of the newspapers. My question is this. You are a human being like the rest of us and you have been dealing with returned men now for over twenty years, almost thirty years. I would take it that it would be natural that you would be influenced, whether you chose to be or not, by the general pressure of the public throughout Canada,

by pressure from parliament, and that which may have been brought about by these agencies dealing with returned men or men about to return, and that through that fact it would have been fairly normal for you, as it would have been for perhaps any member of this committee, perhaps to take measures which in the normal course of events over a period of twenty years of peace time and other normal conditions would not have been undertaken. That was the purport of my question, that is the way you answered.—A. That is right.

Q. Thank you. Now, apart from that and including that are you satisfied as director of the Veterans' Land Act that all necessary precautions were taken to ensure that in the light of what was previously said all measures were taken and all precautions were taken to ensure that all veterans got as speedily as possible the best possible lodging available at the earliest date possible and at the price to this country which was not unduly great considering the circumstances. It is always possible—

Mr. FLEMING: Mr. Chairman, you have made a ruling—

The CHAIRMAN: May I have your point of order, first, please?

Mr. FLEMING: Mr. Beaudry was asking a question. I would prefer to let him complete his question first.

The CHAIRMAN: No. Go ahead.

Mr. FLEMING: I wanted to take objection on a point of order to that question because it is just putting a lot of evidence in the mouth of the witness. That is not questioning, that is just putting the whole story into his mouth and asking him to say, yes.

The CHAIRMAN: On this point I might say—

Mr. BEAUDRY: Excuse me, that is not what I was doing. I was coming to a question.

The CHAIRMAN:—that the chairman has been lenient in that he has allowed members from all sides to put a lot of comments in the mouths of witnesses and ask them to agree. And I think I may say further that all members of the committee have more or less done that. They have made general statements and then asked the witness to say, yes or no. That has been a fairly general practice and I do not think I should make an exception with respect to one member.

Mr. BOUCHER: I think you have to recognize that there is a limit to it somewhere.

The CHAIRMAN: But it is very difficult to draw the line.

Mr. BOUCHER: I think this is going too far.

The CHAIRMAN: We have listened to questioning which has been very legal and very nicely done but along the same lines and under similar conditions. Mr. Fleming did that and I did not interrupt him. He even answered for the witness. He would make a statement and then he would ask the witness to say yes to it. I am just following the same practice in allowing Mr. Beaudry to put his question in similar form, and I think I should at least let him go ahead until we know exactly what he is leading up to. I think that we should let him continue.

Mr. FLEMING: Mr. Chairman, I think you will agree that in all cases where I was concerned I was simply reading from a document, the witnesses own documents, and asking him to confirm what I read.

The CHAIRMAN: Yes, and at times you would remind him while not quoting the evidence, did you not say this or did you not say that, without quoting directly from the evidence; until finally he would say, I did this or that.

Mr. BOUCHER: I think, Mr. Chairman, you realize it is a matter of degree; this is a little greater degree than the other cases.

Mr. BEAUDRY: If I may satisfy both Mr. Fleming and Mr. Boucher; if I appear to do it badly it is simply because I have not got the fine legal training that some of my hon. friends on this committee have. My question purported to be this—

Mr. FLEMING: Ask a question, don't make statements.

Mr. BEAUDRY: I am asking a question and not making a statement; and when you will hear it I think you will agree that it is a fair question, one that does not attempt to bring any influence to bear upon the witness. I am trying to find out if, because of his own experience as director of the Veterans' Land Act he is satisfied that every necessary precaution has been taken to ensure the full discharge of his duty to the country and to the veteran whom he is trying to help. I do not think there is anything leading in that.

The WITNESS: I do, sir.

Mr. MURPHY: He says there is nothing leading in that.

Mr. JAENICKE: Is this a court of law? If you are a prosecuting attorney or a defence counsel you could not ask any leading questions on examination, but I suppose on cross-examination you could ask anything you liked. This is a committee, it is not a court of law. I think we are doing all right.

Mr. BURTON: It is a committee of enquiry.

The CHAIRMAN: I do not think we should impute motives to anyone. Let's carry on.

Mr. BEAUDRY: I have a very few questions to ask Mr. Murchison. I am sorry if I appear to be a little long. I am expressing my own opinion about this to the effect that very few of us have a completely clear picture of the purport of every one of the figures which have been submitted to us and I would recapitulate as briefly as possible some in order to ask you one question which perhaps will be my last question. At some stage of the evidence it was stated, I believe, it was also stated on the sessional paper, a copy of which Mr. Murphy was kind enough to lend to me, that the cost of the eight houses built at Sarnia and under discussion totalled \$61,661.68. Pardon me, I am referring to sessional paper No. 1351. This is the answer to a question reading as follows—

Mr. BOUCHER: What is the number of the question?

Mr. BEAUDRY: That is what I am trying to ascertain. I am sorry, I am referring to the wrong answer. The question is: What was the total cost of each home in Sarnia township, and the answer was: \$7,759 multiplied by two; \$7,928 multiplied by two; \$7,081 multiplied by two and \$8,200 multiplied by two. I am sorry, I am wrong, I thought the figuring was down here. I think they come to almost the same figure, about \$52,000. This is evidence in answer to a question put to him by either Mr. Murphy or Mr. Fleming. We arrived at the total cost—I assume that total cost included every single item that has been discussed before this committee—a total cost of \$10,106. I am trying to establish in my mind—

Mr. MURPHY: That is per unit?

Mr. BEAUDRY: Yes. I am trying to establish in my mind how we arrived at an earlier cost of some \$7,374 per unit.

*By Mr. Beaudry:*

Q. What costs have been added to this \$7,300 to bring it up to \$10,100 in round figures, to make up that full construction cost?—A. There would be added the cost of the main roads, water and drainage.

Q. Pardon me, if you will go slowly. We have already the assessed cost of the land by your figures at \$187?—A. Yes.

Q. Then, the next item is roads, which was—A. \$281.

Q. And \$163 for water mains?—A. Yes, \$285 for grading.

Q. Yes.—A. \$142.85 for water connections.

Q. Yes.—A. \$79.75 for driveways.

Q. Yes.—A. \$145 for landscaping.

Q. Yes.—A. To those totals should be added the cost of repairs which I think was placed on the record at \$6,160 for the eight houses.

Q. Was that \$778 each?—A. \$770.

Q. Yes.—A. I believe the contract cost for the installation of the project drainage was \$2,050.

Q. But divided by 43; if I recall your evidence correctly that is to be divided by 43.—A. That is right.

Q. We had better leave that for a minute. That is a part of the evidence I am quite willing not to include now because there are not 43 houses. I am in full accord with that. We will leave that for the minute. Will you pass on to the next item? You are down to repairs, \$770.—A. That is all. The only remaining item is the cost of drainage.

Q. We have reached, between land, road, water main, grading, water connections, driveways, landscaping and the additional repairs, the sum of \$1,686.—A. No.

Q. Perhaps I added it wrongly.—A. \$10,000—

Q. I am sorry, it is \$1,282.—A. \$1,284.53.

Q. We have reached \$2,052 added in all cases to the other costs?—A. Yes.

Q. In the case of the two homes at \$7,759 we go to \$9,811. We are still \$300 odd below, taking it roughly. We are exactly \$285 out on our total cost assessed at \$16,106. How do we arrive at that \$285?—A. I think your difficulty there is that you are developing your totals on individual cases while the figures developed this afternoon were based on a total of \$62,335.10 for the house costs plus \$1,487 for land, \$2,248 for roads, \$1,311.44 for water, \$2,280 for grading, \$1,142.85 for water, \$638 for driveways, \$1,160 for landscaping. Adding that total up it comes to \$72,643.39 for the eight houses. To that was added \$6,160 for repairs and \$2,050 for drainage, and the grand total was divided by eight to get the average for the eight houses.

Q. This may be very boring and repetitious to a great many, but if I take your original construction cost of \$62,000—

Mr. BOUCHER: Even calculating as you have figured it it brings the total to almost \$10,000. In the answer to question 4, one-sixth of the total would make \$7,307 per house, and then you add \$2,052. That is \$9,352 per house even on your figures.

Mr. BEAUDRY: We have arrived at a total for land, roads, grading, water mains, driveways, landscaping of \$1,282 multiplied by eight, plus repairs of \$770 multiplied by eight or a total for both of \$16,416 added to \$62,000 for construction which gives us \$78,000 odd. We reached this afternoon a full total of \$80,000 odd. In other words, your \$2,000 odd for drainage is now being divided eight ways but at the same time it may be divided by 43 to arrive at the actual figure.

The WITNESS: That is right.

*By Mr. Beaudry:*

Q. This sounds almost like quibbling because we are not going to change the total a great deal but without going into the full figures we arrive at a figure of somewhere around \$7,800 average for the cost of construction for the eight houses in Sarnia excluding land, excluding everything else. I am placing myself in the position of a man who has a plot of land and has had landscaping or does not choose to have it landscaped. He has a plot of land on a street where the water mains are already installed. I am trying to arrive at this answer from you, and I hope Mr. Fleming will not find this leading.

A man in that similar position would spend \$7,800 to erect his home, to erect a comparable home, if you want to put it that way, according to those figures. Am I assuming properly? To put it differently under other conditions if you went to a different type of land located elsewhere and differently developed you could have erected that same house under the same conditions with the same contractor for roughly \$7,800, or could you?—A. If we did not pay the capital cost of putting in roads and the water mains the cost to us would have been substantially less for the project.

Q. In other words, in that price of roughly \$7,800 for the construction of the house there are some costs which are not actually costs of house construction. Is that your answer?—A. No. I have gone over this over and over again.

Q. Let us understand one another.

Mr. FLEMING: Look at the statement here. You will find it much easier. The whole thing is on the chart. Come on up here.

*By Mr. Beaudry:*

Q. I think I will ask Mr. Murchison's help. My cost of construction, or the one I had in mind is the original one of \$62,000 divided by eight.—A. There it is there.

Q. And it includes—A. None of this.

Q. It includes none of that?

Mr. FLEMING: For the record do not say "none of this", because you are pointing to something.

Mr. BEAUDRY: Perhaps this might be kept off the record. It is all in the record already. I am only asking for an explanation.

The WITNESS: The figure of \$62,235 for the cost of erecting eight houses does not include the cost of land, roads, water and drainage.

*By Mr. Beaudry:*

Q. You did mention to me a moment ago that erecting these same houses on a different plot of land already developed, already supplied with sewers and with water, would have brought this price down. I do not think you understood my question correctly. Would it have?—A. No.

Mr. MURPHY: What price?

Mr. BEAUDRY: The price of \$62,235.10.

*By Mr. Beaudry:*

Q. In other words, this is the actual labour, if you want to put it that way, and—A. And materials, that is right.

Q. Is it \$62,532?—A. \$62,235.10.

Q. I suppose \$7,800 really is close enough. I made a statement, Mr. Murchison, yesterday I think, to the effect that the cost of these houses has been roughly—and I made the statement in the light of other figures you submitted to us—has been roughly \$2,000 higher than had been the average throughout the rest of the country. Also in keeping with your figures I find that the total of 2,555 houses you built throughout the country on various projects divided into the cost gives us as against this 777 and a fraction a figure of \$5,962?—A. Could I make an explanation here, Mr. Chairman?

The CHAIRMAN: If you wish.

The WITNESS: I do not recall what appears in the transcript of the evidence covering this statement, but if the words "adjusted costs" do not appear in the transcript it should have.

*By Mr. Beaudry:*

Q. In connection with which cost?—A. With the average costs by provinces for the construction of 2,381 houses.

Q. The adjusted costs. Does the word "adjusted" mean following necessary repairs or following other revision?—A. Following revision of costs and writing off some of the costs. Now, I would like to make that very clear to the committee that the average costs before there was any write-off were as follows: 576 units in British Columbia; average cost \$5,999.62.

Q. That was the original cost?—A. Yes.

Q. I am sorry if I am interrupting you perhaps rudely, but I do not think we have to repeat the whole list of costs. If you will tell us—

Mr. WARREN: I would like to hear them.

*By Mr. Beaudry:*

Q. It would appear it is roughly in this particular case in British Columbia—it is \$500 higher than the revised cost?—A. Approximately so.

Q. Is that the rule throughout the nine provinces on an equivalent basis?—A. No.

Q. If you give us figures would you give us the motives for those revisions?—A. Because it was the judgment of the committee dealing with it that that was the amount by which those costs should be reduced to bring the selling price down to a fair figure to the veteran.

Q. Now, when you say that the cost should be reduced, in what fashion can these costs be reduced except at the contractor's expense?—A. That was the purpose of order in council 1278 which I put on the record this afternoon and therefore that \$1,000,000 was provided for that purpose.

Q. You are not reducing the actual cost; you are transplanting.—A. That is right.

Q. —the source of payment?—A. That is right.

Q. You are not reducing the cost.

Mr. BOUCHER: He is recounting the fair price.

Mr. BEAUDRY: Are you a witness?

Mr. BOUCHER: Is not that correct?

Mr. BEAUDRY: That is not what I want to know.

*By Mr. Beaudry:*

Q. I assume that when you gave us the costs in British Columbia of \$5,479—you call it now a revised cost—I assumed throughout that that was the cost. Now you say it is not the cost; it is a cost determined apparently by taking from some fund so many dollars which would contribute towards paying for the actual cost but without showing the cost.—A. I do not think that is the situation.

Q. I will put my question differently. How much does the contractor get paid for building the houses which you now assess have cost \$5,407? Did he get \$5,479 or \$5,979?—A. \$5,999.62.

Q. That is the cost?—A. That is the cost.

Q. In the light of that—

The CHAIRMAN: In the evidence at page E-6 of July 4 the witness answered: "These are the average house costs by provinces and by districts." We were assuming that those were the costs. Now you want to give us a list of costs. That was the revised cost.

Mr. FLEMING: The adjusted price.

The WITNESS: If I did not use the words "adjusted cost" I should have, because I was quoting from a schedule here showing those costs after they had been adjusted.

*By Mr. Beaudry:*

Q. Let us forget the veterans and the occupants, and let us think of the amount of money which is involved by the taxpayer to pay for these houses. I assume you have got those figures? I do not want the revised figures. What did these houses cost in actual payments from somebody's treasury?—A. The total cost?

Q. No. Give me these revised figures or these figures before they were revised in the same order that you gave us the revised figures. What about British Columbia's 576 houses?—A. British Columbia: 576 units; cost, \$5,999.62. Alberta: 280 units; cost, \$5,378.01. Saskatchewan: 80 units; cost, \$5,961.61. Winnipeg: 240 units; cost, \$6,508.07. London: 128 units—

The CHAIRMAN: On the record here it says 223 as the number of houses built.

The WITNESS: That is an error in the transcription, because I have the figures in front of me. 128 units: cost, \$7,319.54.

*By Mr. Beaudry:*

Q. If the figures are of that type I certainly cannot keep on with my questioning and I certainly cannot arrive at a decision in my mind. I do not know how the committee can unless we get some revised figures and postpone the present meeting until some other date.

Mr. BURTON: Mr. Chairman, on a point of order, I think Mr. Beaudry causes a considerable amount of that trouble himself, because here is a case where the witness has an opportunity of correcting any errors that might unavoidably have crept into the record, and we want to know these figures, and he stops him half way through.

Mr. BEAUDRY: I will correct that. I did not mean to stop this. I mean to say this. We are getting a completely new set of figures to make up our mind on. Definitely, I want to get those figures; I do not want to curtail their production; but what I am trying to point out first for Mr. Burton and for every other member of the committee is that we are dealing now, or will be when the production of these figures is completed, with a problem altogether different from what it was until the production of those figures was begun.

Mr. BOUCHER: We will not know which set of figures to rely on.

Mr. BEAUDRY: I am not trying to prevent any figures being shown; I asked for these figures myself.

The CHAIRMAN: Let us get on with Toronto. Toronto, 664 units, \$7,316.07; Ottawa, 148 units, \$7,345.27; Montreal, 130 units, \$8,688.38; Saint John, for the Maritime provinces, 135 units, \$6,687.84.

Mr. BEAUDRY: I am in duty bound to point out to the witness there are a lot of discrepancies between the figures he gives now and the ones we were given previously which are on the record. In London, the figure I took down was 223 homes and now the figure is 128. For Toronto, I have 721 and now the figure is 664. For Montreal the original figure was 147 and now it is 130. For the maritimes, the original figure was 140 and now it is 135. It is absolutely impossible, with due deference to every member of this committee, to try to bring some reasoning to bear on the problem. I find myself in difficulty with two entirely different sets of figures.

Mr. FLEMING: This statement Mr. Murchison is now reading from must have been prepared at a different time from the statement he gave us yesterday which includes some other figures involving these adjustments but, apparently, it was not prepared at the same time as the statement he gave us yesterday because, as Mr. Beaudry says, there is a difference in the number of units.

The WITNESS: What are the total units?

Mr. BEAUDRY: The total units according to one report with which I was dealing were 2,555 homes made up of 576 for British Columbia; 280 for Alberta; 80 for Saskatchewan; 240 for Manitoba; London, 223; Toronto, 721; Montreal, 148; Ottawa, 147; and the maritimes, 140.

The CHAIRMAN: That is all in the evidence of July the 4th.

Mr. FLEMING: That must have been taken from a later statement than the one Mr. Murchison is reading from now.

*By Mr. Jaenicke:*

Q. Mr. Murchison, were there some units which were not adjusted? Were they all adjusted?—A. No, there were a number of projects where there was no adjustment in costs.

Q. Maybe these later figures just show the ones that were adjusted?—A. The purpose of this statement was to disclose the average house cost in the various provinces.

The CHAIRMAN: That was given, but as to the previous figures they should have been qualified by the word "revised".

The WITNESS: I would have to ask my chief treasury officer who is here if this statement which is in my book now is a revision from the statement I quoted on July 4th. This is a statement which was pasted on the outside cover of this book.

Mr. WURTLE: Gentlemen, if I may speak on this thing, when we got the transcription the other day I noticed the word "adjusted" was out. I drew it to the director's attention and suggested that that word "adjusted" should be put back. We then revised this list leaving out those houses which had not been before the committee. That is the reason for the discrepancy in the number of houses.

Mr. BOUCHER: What do you mean by "houses that had not been before the committee"?

Mr. WURTLE: Before the committee composed of the deputy minister and the director. Certain of these projects have not progressed to the stage where the prices could be adjusted.

Mr. BOUCHER: According to that then, no set of figures we have is correct? You have not given us a complete set of figures on all houses on all projects according to payments made or incurred debt?

Mr. WURTLE: Mr. Boucher, the reason for that is—

Mr. BOUCHER: Is that right?

Mr. WURTLE: That is not right.

Mr. BOUCHER: Do you mean to say that the statement the witness gave us to-night includes every house on every project across Canada?

Mr. WURTLE: No.

Mr. CLEAVER: How would it be if we listened to the witness and let him answer?

Mr. WURTLE: This statement is prepared in this way because it went on to give the adjusted costs. Now, it was unfair to put adjusted costs in here for those ones which had not been before the committee.

Mr. CLEAVER: I think that explains it quite fully.

Mr. JAENICKE: It is just as I thought it was.

Mr. WURTLE: Those are the actual costs less the cost of land and land development.

Mr. CLEAVER: You obviously cannot show adjusted costs until the adjustments have been made.

Mr. BOUCHER: We did not ask for adjusted costs, we asked for actual costs.

Mr. WARREN: I asked for the actual cost to the veterans.

The CHAIRMAN: Well, let us carry on.

Mr. BEAUDRY: I do not know whether I can carry on from here. I am sorry and I apologize. If I wanted to try to find out how many hours of labour at 60 cents per hour have gone into putting in a floor, what figure would I work with?

The CHAIRMAN: Do you care to carry on with your examination?

Mr. BEAUDRY: So far as I am concerned, definitely not. I will have to ask permission, I do not know whether it is in order but I hope the committee will be kind enough to do it, I will have to ask for a few moments to go over these figures again.

The CHAIRMAN: Well somebody else may ask questions in the meantime and we will give you the floor later. Mr. Cleaver was supposed to be next.

Mr. CLEAVER: Mr. Jaenicke said that he had about five minutes questioning that he would like to get on with.

The CHAIRMAN: Very well.

*By Mr. Jaenicke:*

Q. Mr. Murchison, I wish to ask about an answer you endeavoured to give but you were stopped. You said there was a certain amount of agitation around Sarnia that nobody should move into these houses. I think you ought to tell us about that.

Mr. WARREN: A very good idea.

The WITNESS: Well it is common knowledge among our construction people and our administrative officers at London and Toronto, that Mr. Cleaver has been very active in agitating against the signing of any agreements, and bringing pressure to bear in order to have a reduction made in the price of the house.

Mr. FLEMING: Mr. Chairman, in all fairness, I hope you realize this is hearsay evidence and you have ruled out hearsay evidence.

Mr. JAENICKE: I do not think we exactly ruled it out and I was just asking what the agitation was.

*By Mr. Jaenicke:*

Q. Now you also mentioned a report of Colonel Parrish, is that right?—A. Yes.

Q. In the report a number of defects in the different units in all Canada were included?—A. Yes.

Q. When was that report made?—A. In March.

Q. In March of this year. Have all those defects now been rectified?—

A. Not all, but they are moving rapidly to completion.

Q. Now have you had any refusals and if so how many, from other parts of Canada, similar to this refusal in Sarnia respecting the signing of the contracts?—A. We have had a somewhat parallel experience on a small project on Vancouver Island known as the Braefoot project. We have had a similar situation at Windsor, Ontario.

Q. Just those two places?—A. We had some objection for a time on Charleswood at Winnipeg, but I understand that situation has cleared up.

Q. And are the inspections now being made by the committee mentioned by the other gentleman, for the purpose of adjusting the prices to the veterans, made at the request of the veteran or at the initiative of your department?—

A. They are made on our instructions.

Q. Pardon?—A. They are made on our instructions.

Q. Without request from the veteran?—A. No.

The CHAIRMAN: May I say Mr. Jaenicke, the papers here show that the inspection on which Colonel Parrish reported was made from January 7, 1947 to March 12, 1947.

Mr. FLEMING: You mean that is the period they covered in their tour across Canada.

Mr. JAENICKE: You will note, Mr. Chairman, that I have not overstepped my time.

Mr. CLEAVER: Mr. Chairman, is it your wish that I should carry on now?

The CHAIRMAN: I have no wish. Mr. Boucher asked for the floor but you had asked earlier, and if you want to leave it to him now it is all right.

Mr. CLEAVER: Well I am quite ready to go on.

*By Mr. Cleaver:*

Q. I would like to trouble Mr. Murchison, for some general information leading up to the commencement of this project of building houses or small holdings for veterans. Would you please give the committee a general historical background leading up to the decision to commence work?—A. I might say in my capacity as director of the Act, almost from the time of its enactment by parliament, it became my duty and responsibility to try and foresee some of the problems that would confront us in the administration of this Act immediately upon the cessation of hostilities. It was a standard practice during the war that all branches of the service had what is known as Auxiliary Services, and Chaplain Services, through which a great deal of counselling was done by way of explaining the various measures being developed by Canada for the rehabilitation of the veterans. In the month of January, 1944, I was asked by my minister of that time, the Honourable T. A. Crerar, Minister of Mines and Resources, to proceed overseas with a view to making it clear to the counselling services in the forces in England just what the Veterans' Land Act program was all about, because it appeared from reports coming back to us that there was some misconception in the minds of certain counselling services. That trip was made. It was part of my official duty during the war to take an active part in the administration of Dependents' Allowance Regulations by way of an investigational service, and through that activity it was very abundantly clear to me that there were many men in the forces, who, prior to their enlistment, had no homes of their own.

Q. I do not like to interrupt Mr. Murchison, but you have been standing all day. Would you rather sit?—A. I am all right for a little while, sir. This Act itself was given a great deal of study by an important subcommittee for a period of approximately two years before it was enacted and I can modestly say I was one of the originators of this whole Act.

Q. Would you care to tell us the names of the subcommittee?—A. Mr. W. S. Woods, the present deputy minister, was chairman of the subcommittee. Mr. McGowan, the superintendent of immigration and agriculture for the Canadian National Railways; Dr. Barton, the deputy minister of agriculture for Canada; Mr. Joslyn, head of the land department of the Hudson Bay Company; Mr. McLean, president of Canada Packers, Mr. D'Arcy Leonard, president of the Dominion Mortgage and Loan Association, Dr. MacLean, chairman of the Canadian Farm Loan Board, Mr. Fred Frier, treasurer of the Great West Life Insurance Company, investment division, of Winnipeg. There may have been one or two more but those are the ones I recall.

The CHAIRMAN: There might have been Jean Baptiste Couture, of St. Charles de Bellechasse. I just put that to you because it may look better in the record to have a French name there, representing the French people in Canada.

The WITNESS: I would like to assure the chairman there was a very worthy French Canadian on the committee.

The CHAIRMAN: I did not hear the name and that is why I interrupted.

Mr. CLEAVER: This committee made an extensive study, you were telling us.

Mr. BURTON: Did you have a dirt farmer on there?

The WITNESS: We had a lot of people with experience in land settlement matters, sir.

It was with that background of knowledge and appreciation of the housing situation, as it would be immediately on the conclusion of hostilities, that it was decided to undertake a program of constructing 3,000 units in advance of any specific application by veterans. I may say at that point the purpose of this program was not to meet the needs of veterans who had served in Canada, but it was designed specifically to meet the emergent needs of the boys who were serving overseas. That being so, we decided to put the program into motion before these boys returned. However, on the 10th of May, 1945, before this program was really launched, before these large contracts were entered into, an Order in Council, No. P.C. 3409 was enacted on the 10th of May, 1945. This order reads as follows:

Whereas by Order in Council P.C. 10797, dated November, 26, 1942, a Housing Co-ordination Committee was established and its duties specified;

And whereas the Minister of Finance and the Minister of Reconstruction report that, in view of recent legislation and of the changing functions of departments and agencies of the Government concerned with housing and shelter, it is desirable to reconstitute the said Committee and to give to it such duties and powers as will enable it to co-ordinate and correlate more effectively the activities of the various departments and agencies of the Government concerned with matters affecting housing and the use of building materials, to deal more effectively with problems of planning and coordination which may arise in the future, and in particular to further government policy to assist in providing essential housing, accommodation for war workers, members of the armed forces, dependents of members of the armed forces, and veterans and in producing and procuring materials and equipment for the construction of houses in the post war period;

Therefore, His Excellency the Governor General in Council is pleased to revoke and doth hereby revoke Order in Council P.C. 10797, dated November 26, 1942.

Mr. BOUCHER: Mr. Chairman, may I rise to a point of order; after all, are we sitting here in the dying days of this session to hear the whole long story of how we came to embark upon the Veterans' Land Act and building construction program. I think we should proceed with this Sarnia episode, not with government policy.

The CHAIRMAN: I do not think we should go into any speech that is going to last an hour; and on the other hand it is, I think, a pertinent question, that we should know the background of how this program has been brought about. We have been told that it was one of the first projects that came soon after the decision to do it. I think we can dispense with some of the detail.

Mr. BOUCHER: The witness is reading a big file.

The CHAIRMAN: We can dispense with some of the details. I think it is all right to have the background of what has been done.

Mr. CLEAVER: And in order that the members may not be unduly alarmed about time wasting I want to draw to the attention of the committee the fact that I started my examination at 9.15. I do not need to remind the committee of the time that has already been spent by the members of the committee. I would like to say to Mr. Boucher that I will take full responsibility for the questions which I ask in this committee, and I do not welcome interruptions.

Mr. BOUCHER: I will raise a point of order any time I wish to raise it.

Mr. CLEAVER: If you want to waste time that is your business.

*By Mr. Cleaver:*

Q. You may go on, Mr. Murchison.—A. This is the text of the order.

1. (a) A committee, to be known as the "Inter-departmental Housing Committee" is hereby established and shall consist of the following:
  - (i) the Deputy Minister of Finance;
  - (ii) the Chairman of the Wartime Industries Control Board, Department of Munitions and Supply, and the Co-ordinator of Controls, Department of Reconstruction;
  - (iii) the Chairman of the Wartime Prices and Trade Board;
  - (iv) the Deputy Minister of Labour;
  - (v) the Director, National Housing Administration, Department of Finance;
  - (vi) the Director, Veterans Land Act;
  - (vii) the President of Wartime Housing Limited; and
  - (viii) such other person or persons as may be recommended by the committee and approved by the Minister of Finance and the Minister of Reconstruction.

That was the make-up of the committee. I will not read the full order. I will just refer to the purposes of that committee:

5. (a) This committee shall co-ordinate and correlate the functions and activities of all departments and agencies of the government in matters relating to housing accommodation with a view to ensuring united and co-operative action by such departments and agencies for the utilization to the best advantage of available housing accommodation and supplies of materials, facilities and services required for the construction or other provision of new or additional housing accommodation.

(b) To this and such departments or agencies, before undertaking any project involving the construction or other provision of new or additional housing accommodation, the cost of which will exceed one thousand dollars, shall submit to and receive recommendations from the committee on such project. Such departments or agencies as may be approving, permitting or licensing the construction or other provision of new or additional housing accommodation shall, before doing so, submit to and receive recommendations from the committee on an entire program or on each specific project.

Q. And, did that committee meet and study the problem as instructed by the order in council?—A. It did.

Q. And as a result of their meetings did this interdepartmental committee which is composed of our leading men in war work and in the work of government; did that interdepartmental committee approve of the project which was by way of building these 2,500 homes for veterans on small holdings?—A. That is right. In the minutes of that committee of Wednesday, May 23, 1945, there is the following item:

Mr. Murchison presented a report on housing activities under the Veterans' Land Act (copies distributed) and on his motion the committee

recommended that a program for the building of 3,000 houses on small holdings be proceeded with immediately, on whatever basis Mr. Murchison considered most favourable. Mr. Murchison drew attention to the effects of higher costs upon his program and intimated that it might be necessary for him to implement section 21 of the Veterans' Land Act which authorizes the director to sell at less than cost.

Q. Then, having received the approval of this very able interdepartmental committee to this project, and having proceeded with it, would you not give the committee some clear idea as to how the different members of the organization were acquired.

Before going into that, I understand that Mr. Beaudry has arranged to complete his examination and is ready to proceed now, so I would defer my questions.

Mr. BEAUDRY: That is very kind of you, Mr. Cleaver.

*By Mr. Beaudry:*

Q. To come back to your earlier testimony, would you tell me if the following are correct construction costs of houses throughout your project in Canada will be taken by this committee to be as follows; and this committee will take that construction cost as including the cost of the construction of the houses, labour, material, contracting supervision, but no other costs such as cost of land, roads, water mains, grading, water connections, driveways, landscaping or repairs; is my premise sound? In other words, I am going to quote to you a list of houses, divided by provinces, showing against each the amount of the house, by provinces, the average actual construction cost not the revised cost, but the actual construction cost based or claimed or stated to be the amount due to him by the various contractors who have built these projects and these figures will not include the costs of land, roads, water mains, grading, water mains, driveways, landscaping or repairs; and the first figure will be for British Columbia, an average amount of cost, \$5,995.62. Is my premise right?—

A. Well, sir, the cost figures which have been supplied to me by my treasury officer; the above cost figures include house connections from sewer and water mains, driveways, septic tanks where no sewers are available, hydro insulation; and, landscaping in the following districts: Toronto, London, \$145 per house; in Saskatoon, \$50 per house and Winnipeg, average \$17 per house. Now, with that qualification that \$5,999 represents the cost of the houses and the services I have described according to the information supplied to me by my chief treasury officer.

Q. I am very sorry, Mr. Murchison, but what procedure could we follow or could you follow to tell this committee what the average cost was for labour, material, and superintendence on the project? I refer to what constitutes to the average layman, and in the normal sense of the word, the cost of building a house without thinking about landscaping or other improvements not connected necessarily with the building of a house. I refer to a place where you do not have to spend \$500 to see to it that your house gets water. My question is what procedure can you follow to tell us what this house cost.—A. It would involve a complete analysis of all of the cost schedules in the possession of the cost and audit division containing all payrolls, all invoices for materials, and things of that sort.

The CHAIRMAN: We do not want to go into that. We have had seven sets of figures. We would like to know how much each of these houses costs. Do not tell us we have to go through all the figures.

*By Mr. Beaudry:*

Q. If you want we will go through the motions. In the figure of \$5,999.62, the average cost of construction for 576 houses in British Columbia, how much

has to be taken off in order to arrive at the actual construction cost? If you will itemize them we will take them down.—A. I will have to turn that over to my treasury people.

Mr. JAENICKE: I do not see how you can do that in five minutes.

Mr. BEAUDRY: We have asked all along for those figures. We have met with two sets of figures. In my opinion the original set of figures—and I assume it is the opinion of the majority of the committee—for 576 houses in British Columbia at an average cost of \$5,479 I think led all members of the committee to believe that that was the figure for construction, for labour and materials and that other figures for landscaping or connecting sewers or water mains were to be added to that. After my earlier question we come now to a statement by the witness that this figure of \$5,479 is not the average cost but is the cost scaled down. Then we come to the actual construction costs of \$5,999, but then we are told that includes more than the house. I do not think it is unfair to the witness or to the committee to try to find out what the houses cost.

The CHAIRMAN: I suggest since we have the officer responsible here it might be better to call him to give the figures. I do not want to take up the committee's time but I do not think any of us can arrive at a sensible conclusion otherwise.

Mr. WURTLE: I think I can answer Mr. Beaudry's question pretty quickly. These costs we got out here attempt to bring out what it would cost on an ordinary city lot where roads, sewers and water mains already exist. That may not possibly be true with the small item of landscaping in three provinces.

Mr. BEAUDRY: Is it possible for you to determine approximately, not necessarily actually, what amount is involved in each one of these sets of ten or eleven figures for the expenditure you now mention? In other words, what amount should be deducted—I will take British Columbia—from the amount of \$5,999.62 shown as the construction cost? How much approximately should be deducted from that and be allocated to other expenditures than the actual materials and labour and the general cost of building a house from the ground up?

Mr. WURTLE: These are the costs that it would cost to put a house on an already developed subdivision where roads existed, sewers and water mains.

Mr. BEAUDRY: You say the cost it would cost. We are not dealing with estimates.

Mr. WURTLE: These are the actual costs. We have eliminated what we call land development costs. Land development costs are those costs that are normally a local improvement charge on a property, such as roads, sewers and water.

Mr. BEAUDRY: In other words, do I interpret your answer to mean that this cost of \$5,999 is the cost that it would have cost your department under the same contract, with all other things being equal, to build that same house—forgetting the cost of the land—on one very well developed street in the centre of Vancouver?

Mr. WURTLE: Yes, with the one exception possibly of landscaping which is small. I have those figures. We have them right here if you want to take them off.

Mr. BEAUDRY: Give me the approximate figure as to how much of that total of \$5,999 we, the members of the committee can take in our minds as being the cost for the extras, if you want to call them that, which add to your cost of building out of town rather than in town. How much money is involved, \$200, \$300, \$400, \$500?

Mr. WURTLE: The cost extra out of town?

The CHAIRMAN: If I may say so I think what Mr. Beaudry means is from the \$5,999 what do you have in mind should be taken from it to reduce it? You said landscaping. Is there anything else?

Mr. WURTLE: Landscaping is not in British Columbia. There is landscaping in Toronto, London, Saskatchewan and Manitoba only.

The CHAIRMAN: So for Vancouver \$5,999 is the figure.

Mr. BEAUDRY: For instance, what amounts have been added to your actual construction costs to arrive at your total of \$5,999? Have you those amounts broken down? I am only trying to arrive as close as possible at the actual construction figure.

Mr. WURTLE: I can develop that very quickly. The cost of roads, for example, in the province of British Columbia for 576 houses was \$203,000.

Mr. BEAUDRY: Have you those figures broken down?

Mr. WURTLE: No, I am sorry, I have not.

Mr. BEAUDRY: From that original starting figure can you approximate the amount? Would it be \$500 per house? Perhaps Mr. Murchison can help you answer that.

Mr. WURTLE: It would take a long time to divide that because I have also got to take into consideration that there were 369 vacant lots as well. It cost \$203,000 for roads.

The CHAIRMAN: Let us leave aside all the questions that have been put up to now. May I ask Mr. Beaudry exactly what it is you want to know?

Mr. BEAUDRY: I will put it in a very funny way. I am trying to find out how much it cost to build these houses.

The CHAIRMAN: It is \$5,999.

Mr. BEAUDRY: No, that represents the house plus the roads.

The CHAIRMAN: Let us wait for the witness to answer that. Is the \$5,999.62 for the house?

Mr. WURTLE: That is the house including, where it is required, a septic tank.

The CHAIRMAN: That is just the house and a septic tank?

Mr. WURTLE: Where no sewers are available. Where hydro installation is—

The CHAIRMAN: Let us take Vancouver. You must know what this \$5,999 is. Is it the cost of a house or if it is more than the house what should be deducted to arrive at the cost of the house? That is what Mr. Beaudry wants to know.

Mr. GLADSTONE: You have the connection to the street.

The CHAIRMAN: Let us try not to complicate it.

Mr. WURTLE: It is very difficult to explain it. It is what it would cost if you brought a contractor in to put a house up on one of these subdivisions.

Mr. BEAUDRY: That is not what I am asking. Let us suppose you erect a house on a street where there are water mains, where there is electricity and everything else. You ask that same contractor that you employ, using the same materials and the same labour, to put up a house. How much of that \$5,999 would it cost to put up that house?

Mr. WURTLE: It would cost him \$5,999 with a fully developed place where he had his sewers, his water and his road. It would cost him \$5,999.

Mr. BEAUDRY: That is my original question. The \$5,999 is the construction cost of a house without including development costs, if I may term them that.

Mr. WURTLE: That is so. It includes a small sewer connection you have got to take from your lot line into your house which you would do in any case.

Mr. BEAUDRY: Which you would do in any case.

Mr. FRASER: And the hydro connections?

Mr. WURTLE: Yes.

Mr. BEAUDRY: Which you do in any case. There might be a small amount of landscaping?

Mr. WURTLE: Not in British Columbia.

Mr. BEAUDRY: But throughout the rest?

Mr. WURTLE: Throughout three others only.

Mr. BEAUDRY: Would the amount be relatively negligible?

Mr. WURTLE: I have the exact figures for landscaping.

Mr. BEAUDRY: Please give them to me.

Mr. WURTLE: In Toronto and London you deduct \$145 per house.

Mr. BEAUDRY: In Toronto and London—

Mr. WURTLE: In the Toronto district and the London district.

Mr. BEAUDRY: Out of 792 you deduct?

Mr. WURTLE: \$145. Those are the exact figures.

Mr. BEAUDRY: In round figures we would come to \$12,000?

Mr. WURTLE: In Saskatchewan you deduct \$50. In Manitoba you deduct \$17.

Mr. BEAUDRY: According to these figures, from the total cost which comes to \$15,000,000 and some odd—I am submitting this because it will be useful at a later date—there will be a total of somewhere around \$131,000 to be deducted and to be divided by 23,000 houses—

Mr. WURTLE: In these figures we have spoken of?

Mr. BEAUDRY: These figures total roughly \$131,000.

Mr. WURTLE: That is the landscaping?

Mr. BEAUDRY: Yes.

Mr. WURTLE: Yes.

Mr. BEAUDRY: Now I wish to continue examining Mr. Murchison.

*By Mr. Beaudry:*

Q. Mr. Murchison, I will preface this with the hope that we will finally arrive at a set of figures according to your second listing of costs in British Columbia, Alberta, Saskatchewan and Manitoba. You have already listed these. You built 2,376 houses?—A. The total I have here is 2,381.

Q. I am not going to quibble about four. Your total cost has been \$15,911,661. This is going to throw out my computations by \$130,000 for landscaping which I had not foreseen in the light of earlier answers. In other words, the construction cost of these 2,376 or 2,381 houses has been \$6,694?—A. What was the figure you calculated for deductions on landscaping?

Q. You have 792 multiplied by \$145—I said roughly \$125,000.—A. We will call it that.

The committee took a short recess.

On resuming—

The CHAIRMAN: Gentlemen, shall we resume the work of the committee?

*By Mr. Beaudry:*

Q. Mr. Murchison, we have arrived at a set of figures supplied by you showing a total cost for 2,381 houses throughout the country divided by provinces as per your earlier statement, a cost exclusive of land and land develop-

ment such as water mains, sewers and so on but including service connections, septic tanks and such where sewers are not available, of \$15,914,707, less landscaping charges as pointed out a moment ago for three different projects amounting in total to \$144,960, bringing the total cost for 2,381 houses, the construction cost, to \$15,769,747 or a per unit cost of \$6,623.13. That is from the figures available and is correct, I assume?—A. Yes, I believe Mr. Wurtle has just worked those figures out for you.

Q. We have had an earlier statement that the four houses included in the Sarnia project and described by you by plans as 1A, 4A Moore—I forget the right names, and I believe 3B, represent a fair average as to the type of construction which has been made by you throughout the various projects in the country both as to average cost of the group and as to average cubic content?—A. I do not think I made that statement, Mr. Beaudry. I made a statement regarding Sarnia, that our costs there were one of the highest.

Q. I am sorry, I did not imply by my question that those four houses for Sarnia, that the cost of building at Sarnia was an average cost. I implied that these four houses in Sarnia were, in the total picture of the group of houses that you built, of the 20 or 24 plans you have, that those four particular plans represent an average as to the average cost over the country and as to the cubic content across the country among these 20 or 24 houses?—A. Not as to average cost, sir. They represent an average picture of the type of house built on the projects.

Q. There again perhaps you misunderstand me. I am not discussing the cost in Sarnia. I will phrase my question differently. Those four houses, distributed in a complete plan of the 20 odd plans you have represent, amongst those 20 odd plans, an average house; average as to the 24 of them as to cost and as to cubic content? I believe you said that this afternoon?—A. Not as to cost, sir, but as to cubic content.

Q. Would they be more expensive or less expensive?—A. It is shown that the total cost of those units in Sarnia averaged something like \$10,000, if my memory is correct as to the figures we put on the record here this afternoon.

Q. I am expressing myself badly, I suppose, because you have already answered this question this afternoon. You told me those houses throughout the country cost no more, if you want to put it that way, than the average house in any other project. Those houses, in any other project, cost no more and no less than the average houses in that project, not in Sarnia we are taking in Canada, those houses cost no more than they cost throughout the rest of the country? Do you follow me?—A. I am afraid I do not if you are bringing in the cost of the houses in Sarnia as being typical.

Q. Forget Sarnia. Elsewhere in Canada those houses 1A, 4A, 3B, say in Moncton and in Vancouver, did they cost more than the average house that you put up in Vancouver or Moncton? In other words, I am referring to the plan of the house and its cubic content. You told me this afternoon that those houses represented a fair average, a fair cross-section of the houses put up both as to normal cost and as to normal cubic content. If it would shorten the time consumed, I will put my question differently before you refer to your figures.

These four plans represent in total, 60,400 cubic feet. 1A is 13,800 feet; 4A, 13,600; Moore 16,100 and 3B, 15,900. The total for those four plans is 60,400 feet or an average of 15,100 feet. Does that figure of 15,100 feet represent the average cubic content of the 24 or 25 plans?—A. Yes, I would say that would be approximately.

Q. That answers that part of my question. Would you say then, on that basis these four plans would normally represent an average normal cost for construction of any one of your 26 houses?

The CHAIRMAN: Outside of Sarnia?

The WITNESS: Yes.

By Mr. Beaudry:

Q. Therefore, we come to my earlier question or part of my question. Throughout the country you have built 2,381 houses at an average construction cost of \$6,623.13 or per cubic foot, since the average cubic footage is 15,100 feet, at an average cost of 44 cents per cubic foot?—A. I have not worked that out.

Q. I will spare you the mathematics. I think it is accurate and it can be checked.

The CHAIRMAN: So that the financial officer can verify it, would you repeat your figures?

Mr. BEAUDRY: 2,381 houses were built at a cost of \$15,769,747. That is a cost arrived at by multiplying the amounts mentioned a few moments ago by the witness, by the number of houses in each province, and adding to that the amount that has already been subtracted, \$144,960 for landscape development in three projects. We therefore arrive at a figure of 44 cents per cubic foot for building 2,300 odd houses on your various projects throughout the country.

Mr. GLADSTONE: What was the average cubic content?

Mr. BEAUDRY: The average was 15,100 feet.

Mr. MURPHY: I wonder if I could rise on a point of order?

The CHAIRMAN: On a point of order, yes.

Mr. MURPHY: I do not think the figures that are being put on the record now will show a true picture. They would show a true picture if we had the exact number of houses built according to each plan, but the four different plans have four different cubic contents.

The CHAIRMAN: It is an over-all picture, it is not an exact picture.

Mr. MURPHY: I know you are referring to the over-all picture but even your estimate is not arrived at properly.

The CHAIRMAN: It is not perfectly accurate of course, because the averages, for instance of the 576 houses in Vancouver, is multiplied by the average content. We know it does not give an exact picture.

Mr. MURPHY: I appreciate that, but there may be twice as many houses built on one plan with smaller cubic content.

The CHAIRMAN: Yes, but it would not vary throughout the country if the average is 15,000 more or less.

Mr. MURPHY: I just wanted to be clear.

Mr. BEAUDRY: I am guided by the witness' answer. In Sarnia we have come to quite a higher figure. We have come to that by using the same standards of totalling the costs of construction per house, \$7,778 and using the same gauge of cubic content. We arrive at a cost of somewhere around 53 cents per cubic foot. I have the exact figure here, it is 51 cents per cubic foot.

The WITNESS: I have not worked out the mathematics on it but if you have done so, Mr. Beaudry, I would accept it.

Mr. MURPHY: It is 51.6 cents.

Mr. BEAUDRY: 51.6 for Sarnia, and throughout the country it is 40.4.

By Mr. Beaudry:

Q. Now you have already stated, to make up the average throughout the country, and also including the eight houses in Sarnia where the cost is higher than average, it would bring down the normal average across the country perhaps a cent or a fraction of a cent lower. There is an actual discrepancy on the eight houses of some 7 cents. I would only like to put on the record the cost of construction on these houses. The actual cost of material and labour

has been, throughout the country approximately 44 cents per cubic foot and in Sarnia, in the case of these eight houses, it has been 51 cents per cubic foot. Would you prefer to have your adviser check that?—A. Yes.

Q. And put that on the record himself?—A. Yes.

Mr. BEAUDRY: Then, Mr. Chairman, will you see to it these figures are checked and put on the record.

The CHAIRMAN: Very well.

Mr. CLEAVER: The figure is 15 per cent higher there. Are you through, Mr. Beaudry?

Mr. BEAUDRY: Yes.

*By Mr. Cleaver:*

Q. Mr. Murchison, will you come back now to some general questions? Why was it decided by this inter-departmental committee that the government should launch into a building scheme, rather than that the veterans should individually build their own homes?—A. It was recognized that under this particular scheme great difficulty would be encountered by the veterans in quickly locating and purchasing an individual parcel of land, and there would be great difficulty in arranging an individual contract for the construction of the houses.

Q. What about materials?—A. Part of the difficulty would be to get a contractor to construct the house,—a very material difficulty.

Q. I take it in the light of all of the existing conditions, and at that time they were including a shortage of materials, the time element and all the other existing features, it was decided the government should enter the field and build a large number of these homes?—A. Correct.

Q. Now why did you not let firm contracts for the houses rather than cost plus contracts?—A. Because the firm bids we received in testing out the construction industry were, in my judgment, too high. We felt that the bids we received would represent a cost higher than was justified and the alternative was to accept the risks of building on a cost plus basis under supervision.

Q. My memory goes back to those days and I am going to ask another question on that point. Were you able to get firm bids in all localities?—A. No.

Q. At any price?—A. At no price.

Q. Now having reached the decision that you would have to proceed under cost plus contracts, what course did you follow in choosing your contractors to do the work for you?—A. Our chief engineer, with his wide knowledge of construction firms throughout Canada, approached firms of the status of Hill, Clarke and Francis, of New Liskeard; Ryan Construction Co., Frontenac Construction Co., the Ogilvy Construction Co. of Montreal, the Bird Construction of Winnipeg, the Western Construction Co. of Edmonton, and the firm of Bennett and White of Vancouver. All of these firms I believe had carried out quite extensive construction operations during the war under the program of Wartime Housing and wartime building generally.

Q. I take it then in general that your answer is you took the advice of your engineer?—A. That is right.

Q. Then what guided you in the choice of your staff, your district engineers, inspectors and the like?—A. Again, I relied on the judgement of the chief engineer for the department, and we were also assisted under that heading by the Civil Service Commission in the holding of competitions for the employment of district construction supervisors and the certification of building inspectors by representatives of the Civil Service Commission, although we were given the right of what they term "local selection", they had to be approved by a representative of the Civil Service Commission.

Q. Did the Civil Service Commission fix a man's salary or wages you could pay to these different groups of employees?—A. Yes.

Q. And you told the committee that you had some rather unfortunate experiences in losing some of your best inspectors and the like because you were not able to pay them enough money for that kind of work?—A. That is true.

Q. And you say their salaries were fixed by the Civil Service Commission?—A. Yes.

Q. So that to that extent, at any event, you were powerless to retain the better employees?—A. We could not compete with the wages offered by other agencies who required their services.

Q. When it became apparent to you that the cost of these houses was becoming excessive what steps did you take?—A. When I had the opportunity, up to that time in their relation to the progress of construction it was clear to me then that the final cost of these houses would very substantially exceed the estimate upon which we had proceeded in the first instance.

Q. Yes?—A. These costs arose through difficulty in getting prompt deliveries of materials, and more particularly the serious difficulty of securing adequate skilled labour. We received handicaps in that section in conducting construction operations outside of the limits of a rather urban centre. The average workman prefers to work inside the city where he is closer home, where he can get to and from work on the streetcar; so that any project like ours where we were building outside of the city limits not only faced the difficulty of inducing labour to go outside of the city to work but we were also under the painful necessity of having to pay travelling and transportation to that area. That was one of the most serious difficulties that we ran up against. I should say that the most serious handicap all the way through has been the difficulty of retaining adequate skilled labour on the job.

Q. Then, I suggest to you that concurrently with this problem of excessive costs, another problem developed, the problem of faulty construction. Did both of these problems more or less come to a head about the same time? The reason I ask that question, I see that in March of 1947, and many months after the committee was reported to have made a report in regard to difficulties; did the difficulties become apparent after the excessive costs became apparent; or which came first?—A. The costs became apparent first because you will recall construction commenced generally in late June or July and it had not progressed to any point of finality by November of that year, but it was clear to me from the costs or the disbursements at that time relative to the progress of the work itself that the finished product was going to cost very considerably in excess of the original estimate.

Q. As a result of that I take it you made representations to your minister, and the end result was P.C. 1278 being passed?—A. That is right.

Q. Now, in allotting or determining the amount that should be written off from the actual cost when fixing the actual selling price to the veteran what rules did you follow?—A. We followed the rule of using a cubic foot cost which we regarded as being fairly arrived at on the basis of present-day costs of construction under favourable conditions. Now, if that quantum resulted in an excess cost that cost was absorbed under the adjusting order in council.

Q. Did you use the same rule right across Canada; or, did you raise or lower that rule to meet local construction costs?—A. We varied it.

Q. You varied it?—A. Yes.

Q. As the result of following that rule, can you without too much trouble give the committee the amount of the reduction per house which you made in the different provinces?—A. I haven't got that answer in detail or summarized form.

Q. Could you get that, please; the average amount of reduction by provinces?—A. I haven't got it worked out in averages.

Q. Would you care to give it to us in any condensed form in which you may have it?—A. The adjustments made in the province of British Columbia on 576 houses under that order in council was \$209,461.

Q. Have you the average amount?—A. I haven't worked it out on the basis of averages.

Q. How many houses?—A. 576.

Q. Yes, and the total?—A. \$209,461.10. That would be rather less than \$500.

Q. Now, Alberta—take it in the order you have it in your book; I don't care what order you give it in, but I would like to get it by provinces.—A. In Alberta on 280 houses the deduction was \$64,553.72.

Q. Yes.—A. Saskatchewan on 80 houses—

Q. How many?—A. 80, \$68,952.

Q. Yes.—A. Manitoba, 240 houses, \$23,998.

Q. Yes.—A. London district, 128 units, \$115,961.88.

Q. Yes.—A. Toronto district—

Q. Would it be more convenient for you to table the rest of those? I am content.—A. Yes, it would be a little.

Mr. BURTON: I wonder if Mr. Cleaver could tell us how much longer he thinks he might be. Last night we adjourned at this time. I do not mind saying I am quite tired.

Mr. CLEAVER: I am quite content to stop now. I am not finished, but I am quite content to stop now.

Mr. FLEMING: How long do you think he will be? ask you to stop.

Mr. CLEAVER: I would think it would take perhaps twenty minutes.

The CHAIRMAN: If the twenty minutes is like Mr. Fleming's twenty minutes and Mr. Beaudry's five minutes we can assume it will be an hour and a half so we might adjourn shortly. That is not said with any offence intended.

Mr. FLEMING: If the committee is going to adjourn now there is one question I should like to raise at this point. I think we will have to be thinking in advance and planning our work. It is now Thursday night. I believe any thought of prorogation by Saturday, as the Prime Minister indicated was the target, has been abandoned now, and it will be going over until next week. I indicated yesterday when speaking on Mr. Beaudry's motion that if there is any doubt in the minds of the members of the committee that the situation in Sarnia is not a mere local or isolated situation but is a situation that can be duplicated elsewhere we should go on to call witnesses as far as time permits before prorogation from other projects. I should like to propose to the committee that we do call witnesses from the Windsor project. I am prepared to submit the names of two competent witnesses to be called from the Windsor

Mr. BURTON: How long will it take you to finish up? I do not want to project. If we are going to continue our meetings next week, as I take it we can, and the secretary communicates with those witnesses I am sure they could be here available for our meeting on Monday.

The CHAIRMAN: May I ask one question? You do not have to answer this but is it to establish the question of cost or the question of defects in the project? As to the costs we already have competent witnesses here. Is it to establish the cost?

Mr. FLEMING: No. As to the costs we have had them principally from Mr. Murchison and his staff. It would be to give evidence similar to that received from Mr. Cleaver as to the actual experience of the veterans in the project with the houses and with the department. I would urge that those witnesses be called. There is some further evidence, of course, to be completed with Mr. Murchison. I would take it we will be meeting tomorrow for that purpose. Mr. Cleaver has some more questions. I have a few that have been suggested

by the examination since I sat down earlier in the day. There is some more evidence Mr. Murchison is to bring in the form of statements and information he did not have available yesterday and today. I think probably there is enough with Mr. Murchison for tomorrow.

Mr. BURTON: Would it be possible to have only one sitting tomorrow? We have a lot of work to attend to.

The CHAIRMAN: As to witnesses that might not necessarily be limitative. Any other member of the committee who may want to ask for other witnesses may do so.

Mr. FLEMING: I have two witnesses in mind from the Windsor project whom I would like to call.

The CHAIRMAN: Other members may have more.

Mr. CLEAVER: I would think if it is the intention to call witnesses from any given project that out of fairness to the contractor we perhaps ought to call the contractors from that district.

The CHAIRMAN: The only objection that was raised by Mr. Murchison at one time about the contractor at Sarnia was that they expected litigation between the department and those contractors, and did not want to prejudice their rights.

Mr. CLEAVER: That point may be well taken. I will be glad to think it over, but what is worrying me is the end result. What is going to be the end of this inquiry? What sort of report are we going to bring in? I would think we would want to spend two or three days in argument on the evidence after we have heard the evidence because I venture to suggest every member of this committee has views on what we should recommend. I have had an opportunity of reading over the evidence taken and I quite freely admit I have very decided views, and I intend to make an argument to the committee on what I think this committee should bring in by way of a report looking to the end result, namely the welfare of the veterans. I have over 90 of these homes in my riding.

Mr. BURTON: If I may be allowed to say a word in that connection I might say that as far as I know I have no desire to call any witnesses from my province at the present time. If the session were to drag out much longer and this committee's work were to drag out much longer we might even go that far. I have listened to the evidence that has been brought before this committee by Mr. Murchison and some of his officials as well as by Mr. Cleaver. As far as I can judge I do not think there is a single member of the committee who would get up and argue that the houses at Sarnia had not cost the government on the one hand, and possibly the veterans on the other hand, more money than what they should have. I do not think there is a single member of the committee who will argue that.

Consequently I would say that in so far as the Sarnia business is concerned we could take the evidence we have now and not have any member at a loss to know what the situation is in Sarnia. As to the suggestion that there may be other places that is a matter that members of the committee might want to know about before they would proceed with the recommendation that they would be prepared to make as members of the committee. I am giving that to you for what it is worth. As far as I can see I think I would be prepared to accept my responsibilities in so far as the Sarnia matter is concerned by adopting a certain report along those lines. If there are difficulties in other parts of the dominion, having regard to the limited time we have I do not think we should go into that as fully as we have in this case because the time left simply will not permit us to do so.

Mr. CLEAVER: In view of the fact that the House will wind up next week do you think that this committee would have time to do any more than to wind up and to bring in a recommendation in regard to Sarnia? I would hate to start in on Windsor or any other place and not finish it, as far as I am concerned.

Mr. BURTON: I have heard your question. I am glad you brought it up, and in answer to that, Mr. Chairman, I would say that because of the circumstances under which this committee has to operate, the distance which we are away from the project and with the other work that we have to do to get information—and then when the officials bring it to us we find that they have misunderstood what we wanted or that we did not make ourselves plain about it—I contend, Mr. Chairman, that two or three qualified men properly examining into that business could go to the respective places where they are necessary and could do more in one day than we could do here in a week. All that we need to satisfy ourselves in our own minds—at least in my opinion—is to have it established that something needs to be examined and then have somebody do it for us. Does that answer your question?

Mr. CLEAVER: Do you think we can do any more than finish the Sarnia case?

Mr. BURTON: I do not think, Mr. Cleaver, that we can even finish Sarnia as a committee. I do not think so. I think it will take people who are more expert than we are to finish that.

Mr. WARREN: Mr. Chairman, in considering this question I do not think that this committee ought to lose sight of the fact that a sum of money has been set aside and it is being used to correct any grievances that arise from coast to coast. What my friend Mr. Burton and I can do other than to ask questions and to figure, I do not know. If these things are already being done by the department—

Mr. COTE: I do not think we ought to start arguing the case tonight. We are discussing procedure.

The CHAIRMAN: Yes. Has anyone else any remarks to make? My only point is this: This committee has been sitting since April 28 and for many weeks it sat only once a week and during some weeks it did not sit at all, but it never sat more than twice a week up until about a week ago; yet this very important matter which we are dealing with now was brought to our attention only about two weeks ago. Now, I contend that it is important—and Mr. Fleming and Mr. Murphy brought this to the attention of the House long ago—I contend that if it had been Mr. Fleming's intention to bring Sarnia and the whole picture before us it might have been done before when we would have had more time. This speech was made in February, and if this matter was coming up I imagine the vice-chairman at the time while I was away would have asked the committee to sit more frequently.

Mr. CLEAVER: Or appointed a subcommittee.

The CHAIRMAN: Or appointed a subcommittee. Or even sat more often so as to get rid of the other part of the work which we finished only a week or so ago. I contend that this is a late hour to introduce this matter, and I wonder what we are gaining by this procedure. Now, if it is to show that witnesses are very dissatisfied at Windsor I suppose people will be dissatisfied all over Canada for one reason or another. But if we want to do something constructive we should bring a report before the House. Now, if we are going to hear witnesses from Windsor or witnesses who might be called from somewhere else it will keep the matter in abeyance and we shall not have time to report to the House. I think it is important to better the conditions of the veterans to go into this thing thoroughly, but I do not think we will have time to go thoroughly into the whole picture if we start bringing in individual witnesses from all parts of the country. I submit to the committee that it will be of advantage to the veterans and everybody concerned if we can bring in a report, and I do not believe we will be able to bring in a report if we start hearing witnesses on a new matter, say, on Monday supposing that the House should rise on Thursday. That is my opinion.

Mr. DENIS: Mr. Chairman, do you not think that we should all go and visit these houses and get a better understanding of the situation? If we want to help the veteran why don't we finish the repairs now so that the veteran at least will be satisfied, and later on we can decide the department's responsibility and the contractor's responsibility. We have been talking for days on the defects of the houses and on the defects of the contractors, and it has always resulted in the same thing: what was said one day was repeated the next day; if we keep repeating what has been previously said we will never get through. We have heard Mr. Murchison as a witness and we have a right to hear the contractor and other veterans who are satisfied or who are dissatisfied with the houses.

We have been talking about Sarnia; but if we are going to talk about the full project why not bring witnesses from all over the country? We started to deal with houses—eight houses—and sometimes we have not been discussing the eight houses. If we keep on we will be here all summer. We have tried to show that Mr. Murchison was at fault and we have not succeeded. Maybe there were some details on which he was not versed, because he had not looked at the nails. We found fault with the subordinates and we got the dismissal or the resignation of them. We know that the contractor did not complete the work as we would have wished him to do. We are still talking about that and we could talk for weeks about that. I would like to know if the repairs are going on. May I ask the question of Mr. Murchison? Are those repairs going on?

The WITNESS: They are.

Mr. DENIS: So, there is nothing else we can do to help the veterans more than that—complete the repairs or let them vacate the premises or buy the premises—there is nothing else we can do to help them. The only thing left is to see who is responsible; what are the defects in the contract?

Mr. STUART: Mr. Chairman, if more witnesses are to be called from any project I think there should be some veterans called here—and some contractors—who are satisfied, in fairness to the department. I think it is all wrong to get one side of the story. If other witnesses are going to be called I certainly would insist on bringing witnesses from my own county. I can assure you that they are satisfied. In fairness to the department and the officials of the department I think that should be done; and I would not be satisfied in any other way.

Mr. BOUCHER: Mr. Chairman, we have gone into the eight houses in Sarnia and it is very evident that every member of our committee feels there was a big expenditure there. I think most of us feel that even under present conditions the price asked of the soldier was too high.

Mr. CLEAVER: Speak for yourself.

Mr. BOUCHER: I think we agree that the soldier is there on sufferance and under bad conditions. I think the director has stated that Sarnia is one of the worse problems which would indicate there are other problems of that nature too. So, it would be very unfair to ourselves if we did not report the Sarnia project this session and make recommendations for the good of the soldier and to give some guidance to that project.

Secondly, we should find out whether there are other projects which should be gone into. We cannot go into those. That being the case and Windsor being nearby, it might be wise for us to have a few witnesses from Windsor in order to ascertain whether or not we should continue at a later date an investigation into Windsor or have somebody else do it.

The CHAIRMAN: Mr. Pinard told me this afternoon if any more witnesses were called from, say Boucherville, Quebec, he might find some people who are not satisfied. Why should we take Windsor? Why should we not call people from all over? There might be people who are dissatisfied. We have to be

fair to all people. Is it fair, at this late date, to try to do that? Let us assume there is a proportion of people who are not satisfied and work accordingly. Of course, I am in the hands of the committee but I do not think our work will be as constructive as if we expedited the investigation which we have started. Assuming that there are defects elsewhere and there are things which may be wrong elsewhere, if we start to hear witnesses there will be no end to it. We will have no report. If we make no report to the House, how will the veterans' position be improved? I think the method by which we can help the veteran is by bringing in a report, whatever it will be after we have discussed and agreed on some of the clauses of it, suggesting some remedies. If we talk until Friday, and it may very well be that we will, then there will be no report. This will not help the veterans at all. That is my humble opinion.

Mr. COTE: I think this discussion is premature at this time. I think we ought to conclude our examination of Mr. Murchison some time to-morrow. If the committee decides to bring other witnesses for Monday, well there will be time to decide that to-morrow. We will have a better idea when the examination of the witness is finished, whether we should do so. I would suggest we conclude that and, if necessary, we can discuss procedure again at the meeting to-morrow morning or afternoon.

Mr. FLEMING: I just want to say a word. We have had discussion on this and I do not want to prolong it. We have all got our minds made up on this situation. I just want to deal with one point you mentioned and that is about raising this question late. I want to make it perfectly clear that I was not an original member of this committee. I came on this committee at the time the first reference was made to this committee by the House, namely, the government bill to enact the regulations pertaining to trading with the enemy. That was an urgent matter and the committee decided it must be given the right of way over everything else.

The CHAIRMAN: We could have sat more often had we known we had a heavy agenda. Very often the committee sat only once a week.

Mr. FLEMING: The only time the committee sat once a week was on an occasion when Mr. Coleman was not available.

Mr. COTE: We could have divided into subcommittees as they did in the War Expenditures Committee during the war.

Mr. FLEMING: I do not want to belabour the point, but I do not think there has been any belated approach to this problem so far as I am concerned.

I do want to make this quite clear. The idea that the enquiry should be more widely extended, I think was given rise to by reason of the course of the deliberations of the committee on this Sarnia question. I proposed that the evidence we heard on the Sarnia question was ample to suggest that there ought to be a thorough-going investigation, not simply here, but all across Canada. Now, some members of the committee quite early in the deliberations of the committee on the Sarnia question said they were not prepared to consider this as more than a local isolated situation. They were not prepared to assume it was typical. I want to answer that by bringing the most accessible witness from another project. I should like an opportunity of establishing to the satisfaction of the committee that that is not a local or peculiar situation at Sarnia but it is a situation, as I said yesterday, which could be duplicated many times over on a number of other projects from which I am prepared, if time permits, to bring witnesses to establish that fact. There is not time to go over them all. We all recognize that.

Here is a case where witnesses are readily available. I suggest we make up our minds now because this is Thursday night, to call them for Monday afternoon. Then, they are properly warned. We can assure carrying on. We have had discussion and probably to bring the matter to a head and dispose of it I should like to move now—

## PUBLIC ACCOUNTS

The CHAIRMAN: Mr. Warren, just a moment please?

Mr. WARREN: Might I ask this question first?

The CHAIRMAN: Let Mr. Fleming put the motion and then anybody can talk on it.

Mr. FLEMING: I will move first that we meet to-morrow at say three o'clock, the same hour as to-day, to continue with the evidence we have been hearing from Mr. Murchison and his officers.

The CHAIRMAN: Carried.

Mr. FLEMING: Secondly I would move that we meet on Monday at an hour to be decided upon by the committee, and that we summon to appear before the committee two witnesses resident on the Roseland project at Windsor. I will give the names of two suitable witnesses to the clerk.

Mr. CLEAVER: Might I suggest to you—

The CHAIRMAN: There were two other people on their feet.

Mr. CLEAVER: I am sorry.

Mr. WARREN: I want to ask if Mr. Murphy has examined the Windsor houses you have been talking about?

Mr. MURPHY: Yes, I have seen them.

Mr. WARREN: If Mr. Murphy has seen them then that settles it. He has seen the odd crack under the door and so on.

Mr. MURPHY: On a point of order, in view of the discussion had it arisen, and I am only going to take a minute. I have been prepared to say that I did go through the Windsor areas the same as I did in Sarnia, but not to the same extent. I have discussed the matter with the Windsor veterans.

Mr. WARREN: Looking for discontent.

Mr. MURPHY: I am quite prepared to say the Windsor veterans will pretty well substantiate what has been said from Sarnia.

Mr. BEAUDRY: I cannot fully agree, and I hope Mr. Fleming will not take this to heart, but I cannot agree with the premise or conclusions that he has put forward. For the sake of argument we will make the concession, which I will do without prejudice as I would if I were talking legally, that we have uncovered something that is extraordinary in Sarnia. If we are to go through the country we would not expect to uncover the same things, because, in spite of his information and in spite of his words, we have the actual figures given to this committee which substantiate very soundly my contention to the contrary. By the very light of those figures Sarnia, in toto, is a very extraordinary project. We have uncovered the fact that Sarnia, for instance, for eight houses, has brought about a cost to the department of some \$2,000 or perhaps more, over the average construction cost of some 2,400 other houses. I am afraid I have come to the conclusion, and I imagine the rest of the members of the committee will have that this consideration alone is sufficient to strongly disapprove Mr. Fleming's contention that what we find in Sarnia we will find everywhere else. We may find what has been termed as discontent but, on the other hand, I get the feeling from the evidence that has been given by Mr. Murchison that it would be almost impossible for us to expect otherwise in connection with houses built under circumstances under which they were built, at prices which I think are very normal and reasonable prices, taking into consideration the pressure put on by the returned veterans and by the need for houses. I repeat I do not think we would find more than perhaps 50 per cent of the veterans or occupants of those homes would be willing to state that they were perfectly satisfied. If we asked the members of this committee who bought or who rented homes that they inhabit deliberately, I do not imagine we would get more than 50 per cent of those members answering that they were

fully satisfied with their homes. So I do not think we should expect any more of inhabitants of buildings built by the government; and for that reason I do not think that we need to labour the point and try to find how many complaints we can get against these houses. We want to help the veterans. We want to help the taxpayers' situation and if we find that the situation of the taxpayers should be corrected, do so. We are merely wasting more time otherwise. I am afraid, Mr. Chairman, that I will not be able to support Mr. Fleming's motion.

Mr. BURTON: I suggest with all due deference that it is now eleven o'clock and we have had a pretty long day here and I believe that we could give better consideration to this to-morrow rather than trying to settle it here and now.

Mr. CLEAVER: I will only take a moment. I was going to suggest to Mr. Fleming that the arguments which he has advanced, Mr. Chairman, are arguments which support the contention I raised a moment ago, that we haven't time to do more than make a bare attempt at taking care of the Sarnia problem. I have not heard anyone suggest anything but that the Sarnia problem is perhaps the worst part of the entire project.

Mr. FLEMING: Mr. Murchison says it is one of the worst.

Mr. CLEAVER: If we take adequate steps through our committee report properly to correct the situation at Sarnia I submit we will have taken care of the entire problem.

Mr. COTE: He said last week it was the worst.

Mr. FLEMING: But then he qualified it and said it was one of the worst.

Mr. MURPHY: Regarding the Windsor picture, the same firm built the homes in Windsor as built them in Sarnia—

Mr. GLADSTONE: That is a fine thing for anyone coming from Windsor to say.

Mr. MURPHY: In the second place, Mr. Chairman—

Mr. BURTON: Let the court people deal with it.

Mr. RINFRET: Yes.

Mr. MURPHY: There is also the question of the Windsor veterans not having signed a contract and I think we should bring before this committee supporting evidence. We are anxious to know where some of the liability lies. And furthermore I do not think that the veterans at Windsor should be asked to sign contracts until they have had an opportunity of appearing and giving evidence. In support of that may I say this, that the Windsor city council passed a resolution at a regular meeting supporting my demand that a royal commission be appointed. I did not ask them to do that.

The CHAIRMAN: There is no such demand before the committee now.

Mr. MURPHY: I am just using that in support of my argument that we should call witnesses from Windsor.

Mr. BURTON: Mr. Chairman, with all due deference to Mr. Fleming I do point out that it is time to adjourn and that we will all be in clearer mood to discuss this to-morrow. I move that we adjourn until three o'clock to-morrow.

The CHAIRMAN: A motion to adjourn comes ahead of any other motion. What is your pleasure?

Carried.

Mr. FLEMING: On division.

The CHAIRMAN: The committee stands adjourned until 3 o'clock to-morrow afternoon.

The committee adjourned at 11.05 to meet again to-morrow, July 11, 1947, at 3 p.m.

## PUBLIC ACCOUNTS

## APPENDIX "A"

PLAN No. 0-52—PROJECT No. 0/246-P  
PROPERTY—McNALLY - DURANCE - SARNIA  
STATEMENT OF SELLING PRICES TO VETERANS

Lot No.	Design	Total selling price	Cond'l. grant	Amount payable by veteran	Initial deposit	Amount payable in instalments	
9 N	VN. 3B	\$	\$	\$	\$	\$	
10 S	H. 4	7,447	1,400	6,047	600	5,447	
15 W	MM. 3	6,893	1,400	5,493	600	4,893	
17 S	H. 4	7,759	1,400	6,359	600	5,759	
18 N	MM. 3	6,893	1,400	5,493	600	4,893	
40 N	VN. 3B	7,904	1,400	6,504	600	5,904	
41 S	H. 1	7,456	1,400	6,056	600	5,456	
45 N	H. 1	7,724	1,400	6,324	600	5,724	
		7,724	1,400	6,324	600	5,724	Includes Refrigerator \$145

## APPENDIX "B"

DEPARTMENT OF VETERANS AFFAIRS  
REPORT ON  
VETERANS' LAND ACT  
SMALL HOLDINGS CONSTRUCTION CONTRACTS

BY

DEPUTY MINISTER OF VETERANS' AFFAIRS  
DIRECTOR, VETERANS' LAND ACT

COLONEL C. E. PARISH OF MONTREAL

Tabled by

MINISTER OF VETERANS AFFAIRS

March 21, 1947.  
Confidential

The Right Honourable Ian Mackenzie,  
Minister of Veterans Affairs  
Re—Veterans' Land Act Small Holdings

March 18, 1947.

Pursuant to your instructions the writer, accompanied by Mr. Gordon Murchison, Director of the Veterans' Land Act, and Mr. Charles E. Parish, Special Adviser to you on building construction, visited all provinces of the Dominion with the exception of the Maritimes during the month January 7th to February 8th. We then visited the Maritimes during the third week in February. Following this we visited Sarnia and Sault Ste. Marie during the week ending March 15th.

The purpose of our visit was to inspect small holding projects and report to you on the condition of the houses and the fairness, or otherwise, of the price at which they are being sold to veterans. Mr. Murchison and I acted in our capacity as Departmental officials inspecting the Department's operations and reporting to you thereon. Mr. Parish was appointed by Order-in-Council as a technical adviser to you on house construction.

This memorandum comprises the writer's report to you embodying his views on our examination of the work. Mr. Murchison, the Director, and Mr. Parish, your Construction Adviser, will make their reports to you separately.

#### REPORT ON OUR INSPECTION

Our examination was directed mainly toward the 2,600 houses that were completed in 1946 in small holding projects or groups. We visited 53 projects and personally inspected approximately 250 houses or more than 10% of the whole number of houses constructed in these projects. It was obviously impossible for us to inspect every house. This would have taken over a year.

Our purpose was to make a test check, and although we were guided by the advice of the local association of veterans in the project as to houses we should see and also by the Canadian Legion in many areas, for the main part we selected houses at random in order to get a fair cross-section of the work.

At this point I should like to say that the attitude of the veterans in the projects visited was generally fair and reasonable. They were a good type and sincere in their desire to acquire a home. We were greatly impressed with the calibre of the families, particularly the British war brides, who are taking such pride in the furnishing and care of their new homes.

#### DIFFICULTIES IN WORKMANSHIP AND MATERIALS

We encountered illustrations of careless or inexperienced workmanship, such as joists having been cut in two to make room for heating ducts; floors having been varnished without proper cleaning after sanding; cases of rough mill work used in kitchen cabinet work, door and window frames; poor quality plaster, improperly applied; improperly finished basement floors. Practically all the foregoing can be corrected by skilled artisans.

Then we encountered defects due to the shrinking of unseasoned lumber, such as cracks developing where the gyproc wallboard meets in the corners, and badly fitting doors and windows. Colonel Parish will no doubt report to you in detail on the foregoing, but it is the writer's opinion, and this has been supported by those who should be competent to know wherever I have discussed the matter, that the Director of the Veterans' Land Act was faced with the choice of using such material and help as was available or deferring construction on a large scale until skilled labour and seasoned and scarce materials were available in adequate quantity. He chose the former course and it is the writer's opinion that, broadly speaking, the buildings were as good as could be expected in the circumstances.

I do not wish to convey the impression that in my judgment the buildings are of poor quality or poorly constructed. On the contrary I am of the opinion they measure up to present-day standards. Furthermore, practically all the defects referred to can be corrected resulting in the purchaser receiving a modern home of good standard quality and providing him with attractive, comfortable and permanent accommodation.

#### DRAINAGE, SEWAGE, ETC.

Where houses are not tied in with city drainage and sewage this becomes a very important consideration. We encountered some projects where water in the basement was giving them trouble. In this connection it should be pointed out that the back-fill is soft and not yet settled down, resulting in easy infiltration of water around the basement footings.

#### PUBLIC ACCOUNTS

We encountered some cases where the affluent from septic tanks was backing up and entering the basement. It was impossible, of course, since drainage tile and septic tank disposal beds were covered, for us to form any opinion as to the source of the trouble. This, however, should be examined, when weather conditions permit, and corrected.

#### STRUCTURAL DEFECTS

We visited some homes where certain structural defects were apparent. These will be dealt with, no doubt, by Colonel Parish in his report and can, I am informed, be corrected at no great expense.

#### INSULATION

We encountered some homes where the insulation had been sketchily done and this, too, can and should be corrected at no great expense. For the main part, however, it may be said that the houses were warm and comfortable.

#### GENERAL CONCLUSIONS

It is the writer's opinion that if the authority contained in P.C. 1278 on April 2, 1946, were extended somewhat, the defects in workmanship, material and construction can be corrected. The Order-in-Council referred to authorizes the writer and the Director of the Veterans' Land Act to approve adjustments in cost to a basis which, in our judgment, represent reasonable sale value. \$677,500 has already been expended from the \$1,000,000 authorized.

#### SALE PRICE TO THE VETERAN

It was not uncommon, particularly in some projects, to hear complaints from the veterans that in their opinion the price set on the property was too high. In this connection I should point out that Mr. D. Mansur, President of the Central Mortgage and Housing Corporation, informs me that the present cost of construction depending upon the area in which construction takes place, exceeds the cost in 1939 by a range of from 57% to 73%. I suggest that 60% increase over the costs in 1939 would be a very conservative basis from which to review this question.

If this be accepted, it means that a \$5,000 house erected in 1939 would cost \$8,000 to erect today. From figures furnished me by the Director, the average cost of a one and a half story house to the veteran, without taking into consideration the \$1,400 grant provided by the Act, would be about \$7,000. When his 10% and the conditional grant is deducted, his monthly payment covering principal and interest on the net amount is approximately \$25. I have no hesitation in saying that similar accommodation could not be rented at anything like this amount. I am also very doubtful if the average one and a half story house we inspected could be reproduced today at a cost of \$7,000.

#### GENERAL OBSERVATIONS

When reviewing these small holdings and the terms under which they are constructed and sold to the veteran, a reference to the Veterans' Land Act of 1942 displays Parliament's intention in the matter. Preamble to the Veterans' Land Act states: "And whereas part-time farming coupled with other employment is an increasingly important aspect of rural and semi-rural life in Canada. . . ." It was obviously intended that those who settled upon small holdings should engage in part-time farming and the conditional grant provided in the Act was in recognition of the fact that those engaging in agriculture cannot be expected to carry a 100% overhead debt. The Act provided, therefore, that a conditional grant could be allowed the settler, whereunder he is

required to pay 10% of the cost of land and buildings, plus two-thirds of the gross cost thereof. Thus, if land and buildings cost \$6,000, the veteran is required to put up 10% or \$600, plus two-thirds of the gross cost, namely \$4,000. The enterprise, therefore, cost him \$4,600 and his grant amounts to \$1,400.

Veterans on small holdings, for the main part, are participating in this grant insofar that in most cases they will receive a \$1,400 rebate on the cost of their houses to the Director. Now it must be admitted that the bulk of these small holdings have the complexion of purely suburban housing projects. Although it is true we visited them in the winter, the writer doubts very much if any revenue to speak of has been derived from their agricultural development. Some doubt has been expressed to me as to whether, generally speaking, any appreciable revenue will be derived from developing them along agricultural lines so long as the veterans are in full-time employment.

Having this in mind, it is suggested that the Veterans' Land administration has not been ungenerous in granting this \$1,400 conditional grant, that was intended to help those following agricultural pursuits, to veterans on small holdings without regard to whether or not such holdings will be developed along agricultural lines.

In this connection it is pointed out that aside from the 2,600 veterans who are acquiring homes on these small holding projects, over 30,000 have used their Re-establishment Credit, averaging \$445, to purchase and build homes on their own account. These men, of course, do not get the \$1,400 conditional grant from the Veterans' Land Act. On the other hand, they are subject to the inflation in the cost of homes, to which I have referred in an earlier part of this report.

As another general observation, I must record that in no project we visited was there any complaint on the price of the land. There appears to have been excellent work done in the purchase of the various properties on which these homes are built, and although we did not inspect farms as such, general opinion was expressed to the writer wherever we went that the land purchasing for farms and small holdings had been exceptionally well done.

Total settlement under the Veterans' Land Act amounts to 22,000 settlers, including small holdings, at the end of 1946.

#### BRAEFoot ESTATE

You will recall that some discussion has taken place with respect to the Braefoot property adjoining Victoria, B.C., and that you appointed a special committee to examine that project, comprising a local architect, a representative of the Canadian Legion and a representative of the veterans in the project and the Veterans' Rehabilitation Committee, combined.

I attach hereto this Committee's report to you from which it will be seen that they have found no complaints regarding the construction that cannot be easily and quickly corrected by competent craftsmen.

After studying the costs of the houses, the Committee recommended that the house cost be reduced by 20%. The Chairman of this Committee informed me personally yesterday that the Committee did not mean that the net cost to the veteran be reduced by 20%, but that the gross cost to the Director be so reduced.

When I pointed out that in the case of a \$7,000 home the Act provided a conditional grant of \$1,400, which represented 20%, he agreed that this took care of his Committee's recommendation.

He points out in his report, however, that the drainage situation should be cleared up and such defects as faulty plastering and shrinkage cracks, etc., should be corrected.

#### CONCLUSIONS

I would recommend that a competent drainage engineer or engineers be engaged to survey drainage and sewage on the properties that require it. I would further recommend that steps be taken towards the correction of defects in the buildings to which I have referred without additional cost to the veteran. This work should be done efficiently, by skilled craftsmen, and under the direction of competent construction engineers.

Respectfully submitted,

W. S. WOODS,  
Deputy Minister.

P.S.—A considerable quantity of factual material respecting the projects visited is being retained by me as being too voluminous to form part of this report.

#### P.C. 1278

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Administrator on the 2nd April 1946.

The Committee of the Privy Council have had before them a report, dated 29th March, 1946, from the Minister of Veterans Affairs, stating as follows:

1. Sections 7 and 7A of the Veterans Land Act 1942, authorize the Director, The Veterans' Land Act, to purchase land, buildings and building materials and to enter into a contract with any person, firm or corporation for the erection of buildings and for effecting such other improvements as he may deem necessary.
2. Under authority so granted, the Director during the years 1944-45 purchased land deemed necessary by him for the establishment of veterans in part-time farming and for the purpose of providing homes and other improvements on lands so acquired. The construction of such small holdings or homes was distributed amongst the Provinces as follows: British Columbia, 572 units; Alberta, 275 units; Saskatchewan, 79 units; Manitoba, 240 units; Ontario, 1,033 units; Quebec, 187 units; New Brunswick, 74 units; Nova Scotia, 30 units and Prince Edward Island, 15 units. The construction of these small holdings and homes was distributed in 86 localities in Canada.
3. In the inception of the construction program referred to in (2) above, a number of tenders were advertised for in the usual way for contracts on a firm price bid but the bids quoted were generally at prices which were exorbitant or alternatively, no bids were received. Construction on firm price contracts was approved for 160 housing units in Alberta; 10 in Manitoba; 56 in Ontario, and 30 in New Brunswick.
4. Following the failure to obtain reasonable contracts on firm price bids, recourse was had to contracts arranged on a cost plus fixed fee basis along the lines followed by the Department of Munitions and Supply. The fixed fee was arranged at a reasonable figure and the operation of all cost plus fixed fee contracts were from the outset placed under the disbursement control of the Audit Division of the Treasury Department and under the structural supervision of representatives of the Director.
5. The Director, The Veterans' Land Act has now reported that as a result of difficulties confronting building contractors and the administration occasioned by the cost of Materials, delays in obtaining deliveries of essential materials, excessive labour costs, and abnormally wet weather during critical stages of construction in certain areas, the total cost of the construction operations referred to will exceed the estimated costs. Costs have

shown substantial variations for identical dwellings located in the same area built by different contractors and substantial variations in costs of like designs in different areas, all of which present problems in the sale of these holdings to qualified veterans as provided by Section 9, The Veterans' Land Act.

6. The Director further reports that construction has progressed to a point where completed units are becoming available for sale and that close calculation of costs already incurred and careful estimates of the additional costs to be met show that adjustment should be made of costs at which many of these holdings can or should be sold to veterans.

7. Section 21, The Veterans' Land Act, provides as follows:

"21. If the Director deems that any land or other property acquired by him cannot or ought not to be sold subject, whether as to sale price or otherwise, to the provisions of Section 9, he shall report to the Minister the circumstances, with a statement of the cost of such property and shall recommend another sale price or other terms of sale, whereafter any sale of such property shall be made for such sale price, or upon such terms, to any person as the Governor in Council may approve."

The Committee, therefore, on the recommendation of the Minister of Veterans Affairs, advise:

- A. That the overall costs of the construction program referred to above be reduced by a sum not in excess of One Million Dollars, (\$1,000,000);
- B. That a Committee comprising W. S. Woods, Deputy Minister Department of Veterans Affairs, and G. Murchison, Director, The Veterans' Land Act, be authorized to approve adjustments in costs to a basis which in their judgment represents reasonable sale value under the provisions of The Veterans' Land Act, such adjustments not to exceed a total of One Million Dollars (\$1,000,000); and
- C. That the Director, The Veterans' Land Act be authorized to arrange sales to veterans of any small holdings referred to herein, the adjusted cost of which is in excess of \$6,000 on the basis of a minimum down payment of \$600.00, but providing that in such cases the conditional grant shall not exceed the limits provided by Section 9, The Veterans' Land Act.

A. D. P. HEENEY,  
Clerk of the Privy Council.

March 18, 1947.

#### REPORT OF SMALL HOLDING PROJECTS CONSTRUCTED UNDER THE VETERANS LAND ACT

In accordance with the intent of P.C. 76, dated January 9, 1947, the writer accompanied Mr. W. S. Woods, Deputy Minister and Charles E. Parish on a general inspection of small holding projects in Canada which were constructed under cost plus fixed fee contracts arranged during the summer months of 1945. This inspection commenced in the Ottawa district and concluded on the 26th of February, 1947. These projects are located at approximately eighty points throughout the Dominion. They consist of from four to one hundred units each. They total 2,663 separate units of housing located on an acre or half acre of high grade land. The total construction program involved the construction of eighty-nine miles of roads, one hundred miles of water mains, and twenty-four miles of sewer mains in addition to the construction of the 2,663 houses. The program, therefore, was of considerable magnitude.

It was impossible during the time available to visit every project or to visit every home on each project which was visited. All that could be done and all that needed to be done to establish a general pattern as to the standards of construction carried out, was to view those projects which contain approximately 80 per cent of the total and to sample from ten to fifteen per cent of the homes on the projects visited. Fifty-five separate projects located in twenty-nine localities and comprising twenty-one hundred housing units were seen. Approximately two hundred and fifty individual units were subjected to detailed examination.

The houses inspected were chosen at random or where contact was made with the representatives of the veterans occupying these homes (which occurred in many instances) inspection was made of samples chosen by these representatives. It is important to note that this inspection was carried out during a season of the year when climatic severity would disclose structural defects which might not otherwise be readily apparent.

No attempt is made in this report to recite a mass of details, but to confine comment to general terms based on:—

1. The intent of the construction program;
2. A realistic appreciation of the difficulties inherent in a construction program of this magnitude;
3. The genuineness of the complaints which have been made with respect to these houses as to quality of construction and the sale prices quoted to the veterans in occupation;
4. The action which has been taken.
5. Recommendations.

Findings are as follows:—

1. The intent of the program was to more readily meet established demand by veterans interested in establishment on small holdings who would be rapidly demobilized after cessation of hostilities. The houses were to be of sound, durable construction and of good architectural design. To locate and purchase individual parcels of land, all serviced with water and roads, and to secure contractors to build individual units, would have been impossible within the time during which the need was paramount. Therefore, the purchases of comparatively large tracts of land sub-divided into small units and the adoption of more or less mass construction methods, was the only practical alternative to doing nothing under the heading of new construction so far as the Veterans' Land Act was concerned. This is borne out by the fact that during the calendar year 1946 no new project developments were undertaken by the Department, but 1,750 individual loans were approved for the purpose of home construction, only 224 of which were actually completed. This was due entirely to the difficulty confronting the Administration and veterans in obtaining individual units of land, firm bids from small contractors and the difficulty confronting the Administration, veterans and contractors alike in obtaining materials and labour required. The fact that the main program of 2,663 units extended over a considerably greater period of time than was originally estimated, does not detract from the force of what is stated above.

2. With regard to a realistic appreciation of difficulties, it is observed that these project developments, while for the most part located near the larger urban centres of Canada, are at some distance from municipal limits, thus giving rise to the problem of providing for a potable supply of water and sanitation to meet local and provincial health regulations. It also gave rise to the problem confronting contractors in securing the services of sufficient skilled workmen to carry out construction which involved travelling outside of urban limits while there was ample demand for their services nearer home. This led to the necessity of the Administration having to bear transportation costs and travelling time, which in some instances amounted to very substantial sums.

It gave rise to the problems involved in obtaining prompt and regular deliveries of materials. Many delays under this heading occurred, which prevented the works being carried on with proper sequence and scheduling of operations. Delays in material deliveries with consequent confusion in maintaining adequate manpower on the job, forced construction during critical stages into winter conditions, which of course gave rise to further problems, such as the necessity of working under excessive mud conditions, supplying winter heat, and a general slowdown in operations. It was a condition precedent in the purchase of the various sites for these project developments that the land must be of good agricultural quality and this in turn created problems of drainage which could have easily been avoided if soil quality was a secondary consideration.

3. With regard to the genuineness of the complaints which have been made with respect to these houses, it is necessary to deal separately with them under the headings of construction and sale price.

Dealing first with construction, it is frankly admitted that many minor deficiencies were seen. At the same time it would be decidedly unfair to the Administration to assume that all these deficiencies were being ignored. These are all new houses, built under many trying conditions. As is the case with all new construction of this kind, time is required for the settling of back-fill against basement walls and for the shrinkage which occurs in building material which was not thoroughly dried. For the most part the veterans went into occupation of these homes during the late summer months and it was not until furnace heat was applied during winter months that this drying out process could commence. Meanwhile, it would be largely a waste of public funds to proceed with correction of construction of deficiencies until their real extent could be determined.

Construction deficiencies fall within the groupings of basement structures, interior finish, drainage and sewage disposal. Quality of concrete in basement walls is in my opinion excellent, but there is some defective concrete in basement floor slabs which will require replacement. I believe this is largely traceable to construction under winter conditions and to excessive water pressure until drainage is improved. In certain designs of houses additional beam supports are indicated and some minor alterations in the framing of joist structures close to brick chimneys. Sump pumps have been or are being installed in all cases where the need is indicated.

Interior finish varies in ratio to the extent of skilled mechanics employed, the quality of materials available and the degree of close supervision by the contractor of construction details. There are some poorly fitted doors or windows. There has been some rough work in the installation of high grade heating equipment. There is evidence here and there of some carelessness in the application of insulating material. There are some poorly finished hardwood floors, and in some cases in the Toronto area where the use of softwood flooring was ordered by the Timber Controller it will have to be replaced due to excessive shrinkage. There is some trim in these houses that was not sanded to a smooth finish. There has been some corner opening of gyproc wallboards caused by shrinkage of studding. In the province of British Columbia there are cases where wet plaster was used when gyproc board was not available and evidence was seen of unsatisfactory workmanship. To add to this difficulty it appears that lime used for a putty coat was taken from a cargo which has shown defects where used in housing projects other than the Veterans' Land Act.

Under the heading of drainage and sewage disposal it can be said that wet basements here and there will continue to occur until back-fills have settled and there is a general improvement in the drainage of the whole project concerned. All these works were not completed by freezeup last year. There are occasional septic tank installations which require correction. These defects are due to some faulty installations; some due to impervious clay conditions and others directly related to main project drainage.

The above is a rather formidable list of deficiencies but they do not occur in every case by any means. They are defects which can all be remedied and should not be regarded as defects which seriously affect the structural soundness of these homes.

These houses are of good design and contain the maximum of comfortable living space within their overall dimensions, and it was reassuring to the Director to note the pride that is being taken by veterans and their wives who have heretofore been forced to pay exorbitant rents for second or third rate living space or indeed having been forced to live as dispersed family units. Criticisms or complaints by these people do not derive from a dislike of their new homes but from an intense desire to keep them and to have minor faults corrected. With very few exceptions the attitude of these people, the taste displayed in their choice of their home furnishings and the high standards of comfort could leave no other impression.

To sum up, so far as construction deficiencies are concerned, there are very few which cannot be easily and quickly corrected by competent workmen.

With regard to sale prices, it was frankly conceded by responsible people everywhere that homes of this class and the land and services which came with them are not available elsewhere at the sale prices and terms quoted. The sale prices which have been quoted to these veterans reflect the adjustments in costs made pursuant to P.C. 1278 which, as of January 10th, amounted to a total of \$677,429.63. They also reflect a further conditional subsidy as provided by Section 9 of the Veterans' Land Act which, in the case of a holding which cost the Director \$6,000 or more, amounts to \$1,400. The annual interest rate is  $3\frac{1}{2}$  per cent and the end result of these things is a monthly purchase rate varying from as low as \$16.50 per month to a high of approximately \$28.00, or an average of approximately \$22.00. In addition to this the annual rate of municipal taxation is in the average case very substantially less than is levied against comparable housing within urban limits.

The inescapable conclusion is, in my view, that the veterans occupying and purchasing homes provided under the Veterans' Land Act, admitting whatever construction deficiencies there may be, are in an infinitely better position than those who must seek to solve their home requirements under other auspices. But there are two cardinal matters which should be observed:—

First—to satisfy within reason the veterans who are in occupation of these homes by correcting construction deficiencies. Sales contracts extend over a long term and it is essential that harmony be established between these veteran purchasers and the Administration at the commencement of their contracts.

Second—it is in the public interest that capital investment in these homes by the State be protected by prompt correction of construction deficiencies.

4. With regard to the action which has been taken to correct construction deficiencies, instructions were issued by the Director on the spot to his administrative and construction staff to proceed quickly, efficiently and generously to correct all minor faults and the very few structural faults which exist. The veterans individually or collectively were given the assurance that this would be done and that the costs involved would not result in an increase in the sale price which had been quoted to them.

Where it can be done the contractor who built these homes or the subcontractors employed by the primary contractor will be expected to correct these faults, but in the majority of cases it appears to be a matter for direct action by the Administration. Having regard to the continuing scarcity of skilled workmen, present-day wage rates and the rising costs of materials, it is difficult to formulate an accurate estimate of the cost involved. In many cases the cost should be more or less nominal; in many the cost will be modest; and in others it may be fairly substantial.

## 5. Recommendations

Order in Council P.C. 1278 established a cost reduction fund of One Million Dollars in order to absorb excess costs where construction got out of line for one or more reasons. As of January 10, 1947, costs in connection with 1,797 housing units had been reviewed and the sum of \$677,429.63 had been absorbed under this order in council. There is thus a balance of \$322,571.00 remaining to complete whatever adjustments are required plus the additional cost for repairs and correction of construction deficiencies. Until this is done it is impossible to estimate precisely just what these costs will be but it is believed that the sum of an additional \$500,000 will be required. The original amount asked for by the Director in February 1946 was One and One Half Millions, and following the inspection which is referred to in this report it is the opinion that this is the amount which will be required to complete this operation.

Respectfully submitted,

G. MURCHISON,  
Director.

*Confidential*

Ottawa, Ont.,  
March 18, 1947.

The Right Honourable Ian A. Mackenzie,  
Minister of Veterans Affairs,  
House of Commons,  
Ottawa, Ont.

DEAR SIR: The writer, having been appointed as Special Advisor on Building Construction by authority of P.C. 76, dated January 9, 1947, has completed an inspection of the houses erected by the Director of the Veterans' Land Act, particularly those houses which were constructed in large groups or projects.

The inspection was made in the company of Mr. W. S. Woods, Deputy Minister of the Department of Veterans Affairs, and Mr. G. Murchison, Director of the Veterans Land Act. As limited time would not permit a visit to each of these projects an itinerary prepared by Mr. Murchison was followed, this itinerary gave a fair example of the projects in all sectors of the country. Again it was not possible to inspect every house in the projects visited, hence houses were selected at random for inspection. Where the Veterans, established on the sites, had formed a Committee, this Committee was consulted and particular houses selected by them were also inspected. In this way it is felt that a fair impression of the standard of construction on each site visited was obtained. The list of the projects visited and the number of houses inspected is submitted as Appendix "A" to the following report. You will note that 51 projects were visited and 202 houses were inspected.

The report as submitted below is confined to findings of general application under the following headings:

## 1. Sites, Drainage and Services.

The land selected as sites for these developments is generally of good value but it appears that it was selected with agricultural qualities as the first consideration. The problems of drainage, sewage disposal and water supply which are of major importance in large scale housing developments such as these was not given careful study before construction of the houses was started. As a result the drainage on several sites is unsatisfactory and a large number of the basements are flooded in the wet weather.

Sewage disposal is also faulty on some sites where the type of soil will not handle the affluent quickly and on others where proper disposal beds have not been provided and the affluent is allowed to drain into ditches at the rear of the property, this will create an unsanitary condition unless a satisfactory method of sewage disposal is developed, the land here is not considered to be suitable for satisfactory disposal beds.

## 2. Designs and Working Drawings.

Approximately twenty-eight (28) different designs of houses were used on these projects and while they give variety and present a very attractive appearance it is felt that a smaller number of designs, with careful planning as to grouping, would have achieved the same result and would have allowed the benefits of mass production in construction. On some projects as many as eighteen (18) different types of houses were erected which meant that the builder was forced to treat each house individually with the resultant higher cost. The individual designs allow maximum floor space, light, and air, but in some cases they lack simplicity and call for rather complicated framing and present difficult problems for insulation. In several instances the designs are not workable in their present state, there being structural weaknesses around the basement stairs which requires the addition of wooden posts to prevent deflection in the floors.

The working drawings sent to the field lack complete details and as a result it has been left to the ingenuity of either the builder or the supervisor to work out his own solution to the construction problem, hence there is a lack of uniformity. In many cases where the builder or the supervisor did not give this sufficient attention bad construction has resulted.

The heating lay-out is very sketchy and difficulty was found in making the installation of furnaces and ducts in almost every case.

## 3. Specifications and Control.

The specifications are very general and allow for many variations in material and methods of construction, added to this the scarcity of materials made certain changes in specifications necessary on various projects. It is apparent that no rigid specification was followed in construction of the houses and the contractor and the local inspector were left to proceed without sufficient guidance or control. The result is definite lack of uniformity in quality and details of construction. Each project should have been provided with specifications applicable to the type of construction and materials available in the district; all changes should have been recorded and the inspectors instructed to strictly enforce these revised specifications.

## 4. Materials.

Materials generally while not of first class quality are, with a few exceptions, up to the standard obtainable in the present day market. The difficulty of obtaining materials in a steady flow, however, was a most important factor in the construction of these houses. Due to slowness of deliveries the completion of most projects was delayed from four to eight months. This loss of time meant that a great deal of work was carried out under winter conditions and in many cases the houses suffered due to exposure of the interior to dampness and cold. The costs were increased by the loss of efficiency in the workmen and the necessity for providing temporary heat for the houses that were near completion.

The following are general observations of the quality of the different types of material as found in the houses inspected.

(a) *Concrete*

In most cases of sufficient density and strength for the purposes used.

(b) *Lumber*

On most projects the lumber, while not of top grade, was found to be equal to the quality which can be obtained in the present market. It was not well dried and hence the shrinkage is greater than would be found in pre-war houses where dry lumber was obtainable. While this shrinkage will cause cracks to appear in the finished walls, it is not a serious defect, as when the lumber has dried in the houses, no further shrinkage will take place and these cracks can be filled with no fear of repetition. An exception to this is the lumber used on a few projects where it is of inferior quality with many knots and shrinkage checks. A great deal of this should have been culled.

(c) *Millwork*

The quality of trim, cupboards, doors, and windows supplied is definitely poor. A great deal of the trim is poorly sanded; kitchen cupboards and medicine cabinets are rough and not well assembled. Some windows and doors, due to the difficulty in obtaining good dry lumber, have shrunk and warped. This lack of good millwork is found in all construction in Canada today due to the great demands which are placed on the mills and due to the lack of suitable dry lumber. It is felt, however, that where the millwork is decidedly poor it should have been rejected either by the contractor or the inspector.

(d) *Flooring*

Birch or edge grain British Columbia fir flooring has been used except in some of the Ontario projects. This flooring while not comparable with pre-war quality is as good as can be obtained today and is generally satisfactory. On some Ontario projects ordinary tongue-and-groove spruce has been laid in kitchens, bathrooms, and rooms on the upper floor. This material is not satisfactory as flooring as it will shrink and twist excessively. Cracks have developed in these floors up to  $\frac{1}{2}$ " in width.

(e) *Insulation*

In all cases inspected 2" rock wool or equivalent material was used. This is excellent insulation.

(f) *Roofing*

In most cases asphalt shingles were used which while probably not of the weight specified (210 lbs.) they are the standard shingles being produced by the manufacturers today. On other projects good quality cedar shingles were used.

(g) *Paint*

The paint on the exterior is generally of good quality, the interior, with the exception of the kitchens and bathrooms, is painted with a caseine base water paint which does not give a very satisfactory finish for houses of this class. This, however, was specified with the intention of providing a cheap finish which would suffice until the cracks due to shrinkage had fully developed, then the owner could decorate to his taste with no further cracks developing.

5. *Workmanship, Supervision, and Inspection.*

There is a great variety in the quality of workmanship found on the different projects, running from exceptionally high quality on some projects to very inexperienced quality on other projects. In the majority of cases the workmanship is of average quality and equal to that which can be expected in construction work carried out at the present time.

Most of the defects caused by poor workmanship are of a minor nature affecting the finish of the house only, such as: badly fitted doors, and carelessly applied trim which shows hammer bruises and rough surfaces, which should have been sandpapered; badly finished floors, and rough joint filling in the gyproc wallboard. These minor defects can be corrected with very little expense and effort and are normal problems in house construction.

On the sites where the workmanship is of inferior class, defects of a more serious nature were noted such as, careless framing and uncontrolled cutting of structural members to allow passage for pipes, this has caused deflection in the floors; careless framing for chimneys where the wooden joists and beams have been allowed to touch the chimney, this constitutes a fire hazard; rough, and in some instances thin plaster which is cracking and falling off the walls and ceilings already; roughly finished and badly cracked basement floors. These and other major defects which were noted can not only be blamed to bad workmanship, but show a lack of competent supervision and careful inspection on the projects where they occur.

6. *Costs.*

After examining the Cost Statements presented by Mr. G. L. McGee, Chief of the Building and Supplies Division, Veterans Land Act, the following points were noted:—

(a) *Cost of House Construction*

These costs vary greatly due to the various designs and to the various conditions under which the houses were built. The average cost of the six-room houses varies from \$8,300.00 to \$6,000.00, while four-room houses cost between \$6,700.00 and \$4,700.00. Cubic costs of the most expensive designs vary from 55c. per cubic foot to 41c. per cubic foot, with other designs showing cubic costs below these figures. It is felt that the average of these costs, approximately \$7,150.00 for the six-room house and \$5,700.00 for the four-room house is reasonable cost in today's market.

It is noted that where the cubic costs have exceeded 48c. per cubic foot the cost to the purchaser has been reduced to this figure by "write offs" to cover unusual conditions such as transportation of labour and temporary heating, this brings the costs generally within the sums mentioned above. As most projects were located some distance from the city somewhat higher costs of construction can be expected.

(b) *Land and Services*

The cost of the land in all cases has been found to be exceptionally low and in many instances the value would be 25% to 30% more if purchased today.

Drainage, sewage disposal, water supply, and construction of roads, are items of considerable cost on all projects, and these have been taken into account when considering the final cost of the small holding. Again reductions have been made in cases where the cost of these improvements has reached a higher than average figure due to unusual conditions.

(c) *Financing*

Another item considered in the final value of the small holding is the cost of financing; in this case the interest rate is but  $3\frac{1}{2}\%$ . This low rate helps to balance the inflated construction costs due to existing conditions.

*(d) Contractors Profits*

All contracts with one exception were let on a cost plus fixed fee basis and the fees, as reported to the writer, were fair and reasonable.

*7. Organization.*

In order to carry out a house building program of this magnitude with despatch and efficiency a fairly large and experienced organization is necessary. During the inspection it was apparent to the writer that some of the engineers in charge of large divisions of the work were inexperienced at house construction, and others had too many developments in their charge to be able to give the necessary personal attention to the work while it was under construction.

As a result, on some projects, the responsibility for this control of the work lay entirely with the contractor and in some instances the contractor has not given the project the best supervision or his closest personal attention.

It was also found that on some projects where the purchasers are showing some discontent that, had the local inspector proceeded quickly with the correction of the minor deficiencies, a feeling of confidence would have been built up between the administration and the purchaser.

## CONCLUSIONS

After due consideration of the points mentioned above, the following conclusions have been reached:

- (a) With certain specific exceptions, the houses, considering the present shortage of materials and skilled labour, are generally well built and materials and workmanship are equal to those obtainable on today's market.
- (b) The defects which have been noted in some houses can be corrected, but in some cases the services of competent superintendents will be required to properly organize and supervise the work.
- (c) The cost of correcting these defects is difficult to estimate. On some projects the expense will be considerable while on others very little expenditure will be required.
- (d) Several sites will require a complete survey as to drainage, with possibly the construction of large drainage ditches or storm sewers to prevent the flooding of basements.
- (e) Some other projects will require a complete check-up on possible installation of a new sewage disposal system.
- (f) The revised costs of the small holdings when the defects in the houses have been corrected are reasonable and when the low cost of land, the contingent grant, and the low interest rates given to the Veteran, are considered, it is felt that it would be impossible for him to find housing of equal value for the price he is now paying. In no cases do the monthly payments exceed \$30.00.
- (g) The administration of the Veterans Land Act undertook the building of these houses without experience in the construction of large scale housing developments and due to the urgent demand for houses, no time was allowed to build up an efficient organization to handle this work. Insufficient time was also given to the planning before the work started.

- (h) Despite this lack of experienced organization and despite difficult labour and material conditions two thousand six hundred (2,600) dwellings, which would not otherwise have been available, have been provided for sale to Veterans.

## RECOMMENDATIONS

In keeping with the above conclusions the following recommendations are submitted for your consideration.

- (a) That, on sites where many basements are subject to flooding due to poor drainage, a careful study be made of this problem and work be undertaken to provide efficient drainage schemes and that this cost should not be charged to the purchaser.
- (b) On projects where there is inefficient sewage disposal, that this problem be corrected by either the installation of new disposal fields or by connection to municipal sewerage systems.
- (c) That the houses having minor, or in a few cases major structural defects, be put into first class condition as quickly as possible and that where necessary, competent superintendents be retained to carry out this work efficiently and that the cost of this work should not be charged to the purchaser.
- (d) That the temporary soft wood flooring which was laid when hardwood flooring was unobtainable, be replaced by suitable hardwood flooring as soon as this material is available.
- (e) That no over-all reduction in the selling prices be made but that the present policy of "writing off" costs due to unusual conditions on a particular project, be continued.

Respectfully submitted,

C. E. PARISH, B.Eng., M.E.I.C.,  
Member of the Corporation of Professional Engineers of Quebec.

## APPENDIX "A"

TO REPORT ON V.L.A. HOUSING PROJECTS PREPARED BY C. E. PARISH, M.E.I.C.  
FEBRUARY 28, 1947

Listed below are Projects visited, the houses inspected and the dates of inspection:—

Date	Location	Project	Number of houses on project	Number of houses inspected
Jan. 7	Ottawa, Ont.	Carleton Heights	88	11
" 9	Montreal, Que.	Pointe Claire	103	10
" 10	Sherbrooke, Que.	Rock Forest	5	
" 10	Sherbrooke, Que.	North Ascot	18	8
" 10	Sherbrooke, Que.	Lennoxville	7	
" 13	Toronto, Ont.	Humber Lea	124	3
" 13	Toronto, Ont.	Riseborough	30	4
" 13	Toronto, Ont.	Wedgewood	84	2
" 13	Toronto, Ont.	Dunn View	50	2
" 14	Toronto, Ont.	Homeland	88	5
" 14	Toronto, Ont.	Gordonvale	26	2
" 16	St. Catharines, Ont.	Brae Leath	20	5
" 16	Hamilton, Ont.	Spring Valley	93	7
" 16	Hamilton, Ont.	Queensway	97	5
" 17	Windsor, Ont.	Roseland	60	8
" 17	Windsor, Ont.	Oliver	40	5
" 22	Winnipeg, Man.	Charleswood	90	5
" 23	Winnipeg, Man.	St. Vital	72	4
" 23	Winnipeg, Man.	West St. Paul	56	3
" 24	Saskatoon, Sask.	Montgomery Place	24	4
" 25	Prince Albert, Sask.	Victory Place	7	4
" 25	Prince Albert, Sask.	Normandy Park	8	4
" 27	Edmonton, Alta.	Pleasant View	75	4
" 27	Edmonton, Alta.	Grierson	45	6
" 29	Kamloops, B.C.	Pleasant Valley	30	5
" 30	Vernon, B.C.	Vernon	20	6
" 30	Kelowna, B.C.	Bankhead	30	4
" 31	Vancouver, B.C.	Tait	103	6
Feb. 1	Vancouver, B.C.	Cora Brown	50	5
" 1	Vancouver, B.C.	Gray	35	2
" 1	Vancouver, B.C.	Grauer	40	1
" 1	Vancouver, B.C.	Hebert	12	1
" 1	Vancouver, B.C.	Thompson	65	2
" 3	Victoria, B.C.	Braefoot	28	8
" 3	Victoria, B.C.	James	4	1
" 3	Victoria, B.C.	Ross	21	3
" 3	Victoria, B.C.	Claussen	10	1
" 4	Haney, B.C.	Haney Merger	13	2
" 4	Haney, B.C.	Morikawa	7	1
" 4	Mission, B.C.	Tatabe	11	1
" 4	Mission, B.C.	Shikaze	3	1
" 4	Mission, B.C.	Wanatabe	11	1
" 4	Chilliwack, B.C.	Ward Ayling	45	3
" 6	Calgary, Alta.	Bowness	45	5
" 6	Calgary, Alta.	Tuxedo Park	75	3
" 19	Moncton, N.B.	Harrisville	20	5
" 20	Sackville, N.B.	Sackville	15	6
" 21	Sussex, N.B.	Sussex	5	2
" 26	Hull, Que.	Deschenes	40	5
Mar. 11	Sarnia, Ont.	McNally-Durrance	8	6
" 12	Sault Ste. Marie, Ont.	Brookefield	30	6

## APPENDIX "C"

HUMPHRYS No. 1A

Province—	Project—	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Maritimes
		Kamloops	Edmonton—Martin	Regina		Sarnia	North Ascot	Truro
1. Land Cost.....		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
2. Land Development Costs—		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Roads.....		49 92		86 00			189 52	
Water.....		432 56		543 08			281 75	
Sewer.....				671 06		281 00	290 25	
Drainage.....						163 93		
Grading.....						285 00		
Electric Power.....				31 00		729 93	761 52	
3. House Service Cost—								
Water Connection.....		11 95		53 92		142 85	78 50	
Sewer Connection.....				68 45		79 75	78 00	
Driveways.....		45 17		50 00		145 00		
Landscaping.....								
Gas Connections.....								
House Grading.....		42 66				367 60	156 50	
TOTAL 1+2+3.....		757 26		172 37		1,284 53	1,068 02	185 00
4. House Cost.....		7,674 59	6,217 17	5,818 73		7,796 02	7,691 47	6,433 80
TOTAL.....		8,431 85	7,143 89	7,397 24		9,080 55	8,759 49	6,618 80
Number of Acres.....		229.73	124.436	24.357	160.2	66.19	33	22
Total Land Cost.....		\$15,000.00	\$23,000.00	\$ 2,993.00	\$26,875.00	\$19,211.25	\$ 8,750.00	\$ 3,300.00
Total Land Development Cost.....		\$41,493.32	\$93,171.83	\$52,005.79	\$55,083.00	\$22,301.93	\$26,893.59	Nil

## HUMPHRYS No. 4A

Province— Project—	British Columbia Kamloops	Alberta Edmonton-Martin	Saskatchewan Regina	Manitoba Winnipeg- Charleswood	Ontario Sarnia	Quebec Lennoxville	Maritimes Truro
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1. Land Cost.....	125 00	125 00	148 00	148 00	187 00	187 00	185 00
2. Land Development Costs—							
Roads.....	49 93						
Water.....	432 56						
Sewer.....		328 38			281 00	131 60	
Drainage.....		218 92			163 93	483 40	
Grading.....							
Electric Power.....	482 49	65 10	612 40	1,331 14	285 00	729 93	
3. House Service Costs—							
Water Connection.....	11 94	33 00			142 85		
Sewer Connection.....		22 00		83 00			
Driveways.....	45 16				79 75	100 00	
Landscaping.....				37 00	145 00		
Gas Connection.....		11 21					
House Grading.....	42 65	74 47	140 68	172 37	367 60	100 00	
TOTAL 1+2+3.....		707 24	901 08	1,588 51	753 00	615 00	185 00
4. House Cost.....	7,217 45	7,217 45	5,593 76	5,222 87	7,118 61	6,688 59	6,093 95
TOTAL.....	7,924 69	6,494 84	6,811 38	6,750 00	8,403 14	7,469 59	6,278 95
Number of Acres.....	229.73	124.436	24.357	160.2	66.19	100 acres 9,000.00 15,000 sq. ft. for road 100.00	22
Total Land Cost.....	\$15,000.00	\$23,000.00	\$ 2,993.00	\$26,875.00	\$19,211.25	\$ 9,100.00	\$ 3,300.00
Total Land Development Costs.....	\$41,493.32	\$93,171.83	\$52,005.79	\$25,083.00	\$22,301.93	\$12,799.50	Nil

## MOODY - MOORE No. 3

Province— Project—	British Columbia Vernon	Alberta Edmonton-Martin	Saskatchewan	Manitoba	Ontario Sarnia	Quebec North Ascot	Maritimes
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1. Land Cost.....	Nil	119 00	119 00		187 00	150 00	
2. Land Development Costs—							
Roads.....	97 63						
Water.....		265 98			281 00	189 52	
Sewer.....	232 83	177 32			163 93	281 75	
Drainage.....	13 17					290 25	
Grading.....					285 00		
Electric Power.....	343 63	65 10	508 40		729 93	761 52	
3. House Service Costs—							
Water Connection.....	15 00	33 00			142 85	78 50	
Sewer Connection.....		22 00					
Driveways.....	52 71				79 75	78 00	
Landscaping.....					145 00		
Gas Connection.....		13 02					
House Grading.....	16 35	83 28	151 30		367 60	156 50	
TOTAL 1+2+3.....		427 69			1,284 53	1,068 02	
4. House Cost.....	8,146 36	5,875 45	5,875 45		8,237 69	7,858 37	
TOTAL.....	8,574 05	6,654 15			9,522 22	8,926 39	
Number of Acres.....	33.7	124.436	24.357	160.2	66.19	33	22
Total Land Cost.....	Donated by the City of Vernon.	\$23,000.00	\$ 2,993.00	\$26,875.00	\$19,211.25	\$ 8,750.00	\$ 3,300.00
Total Land Development Cost.....	\$16,172.55	\$93,171.83	\$52,005.79	\$55,083.00	\$22,301.93	\$26,893.59	Nil

Province— Project—	British Columbia Kamloops		Alberta Edmonton-Martin		Saskatchewan		Manitoba		Ontario Sarnia		Quebec North Ascot		Maritimes Truro	
	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
1. Land Cost.....	125 00	125 00	119 00	119 00					187 00	187 00	100 00	100 00	185 00	185 00
2. Land Development Costs—														
Roads.....	49 93								281 00		189 52			
Water.....	432 56		265 98						163 93		281 75			
Sewer.....			177 82								290 25			
Drainage.....									285 00					
Grading.....		482 49	65 10	508 40					729 93		761 52			
Electric Power.....														
3. House Service Costs—														
Water Connection.....	11 95		33 00						142 85		78 50			
Sewer Connection.....			22 00											
Driveways.....	45 17								79 75		78 00			
Landscaping.....			10 77						145 00					
Gas Connection.....	42 67		84 90	150 67					367 60		156 50			
House Grading.....														
TOTAL 1+2+3.....		707 28		778 07					1,284 53		1,018 02			185 00
4. House Cost.....	8,129 86	8,129 86	5,936 38	5,936 38					7,965 23	7,965 23	7,967 99	6,983 75	6,983 75	7,168 75
TOTAL.....		8,837 14		6,714 45					9,249 76		8,986 01			
Number of Acres.....	229.73		124.36		24.357		160.2		66.19		33		22	
Total Land Cost.....	\$15,000.00		\$23,000.00		\$2,993.00		\$26,875.00		\$19,211.25		\$8,750.00		\$3,300.00	
Total Land Development Cost.....	\$41,493.32		\$93,171.83		\$52,005.79		\$55,083.00		\$22,301.93		\$26,893.59		Nil	

## APPENDIX "D"

P.C. 1278

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council approved by His Excellency the Administrator on the 2 April, 1946.

The Committee of the Privy Council have had before them a report, dated 29th March, 1946, from the Minister of Veterans Affairs, stating as follows:

- Section 7 and 7A of The Veterans' Land Act 1942, authorize the Director, The Veterans' Land Act, to purchase land, buildings and building materials and to enter into a contract with any person, firm or corporation for the erection of buildings and for effecting such other improvements as he may deem necessary.
- Under authority so granted, the Director during the years 1944-45 purchased land deemed necessary by him for the establishment of veterans in parttime farming and for the purpose of providing homes and other improvements on lands so acquired. The construction of such small holdings or homes was distributed amongst the Provinces as follows: British Columbia, 572 units; Alberta, 275 units; Saskatchewan, 79 units; Manitoba, 240 units; Ontario, 1,033 units; Quebec 187 units; New Brunswick 74 units; Nova Scotia, 30 units and Prince Edward Island, 15 units. The construction of these small holdings and homes was distributed in 86 localities in Canada.
- In the inception of the construction program referred to in (2) above, a number of tenders were advertised for in the usual way for contracts on a firm price bid but the bids quoted were generally at prices which were exorbitant or alternatively, no bids were received. Construction on firm price contracts was approved for 160 housing units in Alberta; 10 in Manitoba; 56 in Ontario, and 30 in New Brunswick.
- Following the failure to obtain reasonable contracts on firm price bids, recourse was had to contracts arranged on a cost plus fixed fee basis along the lines followed by the Department of Munitions and Supply. The fixed fee was arranged at a reasonable figure and the operation of all cost plus fixed fee contracts were from the outset placed under the disbursement control of the Audit Division of the Treasury Department and under the structural supervision of representatives of the Director.
- The Director, The Veterans' Land Act has now reported that as a result of difficulties confronting building contractors and the administration occasioned by the cost of Materials, delays in obtaining deliveries of essential materials, excessive labour costs, and abnormally wet weather during critical stages of construction in certain areas, the total cost of the construction operations referred to will exceed the estimated costs. Costs have shown substantial variations for identical dwellings located in the same area built by different contractors and substantial variations in costs of like designs in different areas, all of which present problems in the sale of these holdings to qualified veterans as provided by Section 9, The Veterans' Land Act.

6. The Director further reports that construction has progressed to a point where completed units are becoming available for sale and that close calculation of costs already incurred and careful estimates of the additional costs to be met show that adjustment should be made of costs at which many of these holdings can or should be sold to veterans.

7. Section 21, The Veterans' Land Act, provides as follows:

21. If the Director deems that any land or other property acquired by him cannot or ought not to be sold subject, whether as to sale price or otherwise, to the provisions of Section 9, he shall report to the Minister the circumstances, with a statement of the cost of such property and shall recommend another sale price or other terms of sale, whereafter any sale of such property shall be made for such sale price, or upon such terms, to any person as the Governor in Council may approve.

The Committee, therefore, on the recommendation of the Minister of Veterans' Affairs, advise:

- A. That the overall costs of the construction program referred to above be reduced by a sum not in excess of One Million Dollars, (\$1,000,000);
- B. That a Committee comprising W. S. Woods, Deputy Minister, Department of Veterans Affairs, and G. Murchison, Director, The Veterans' Land Act, be authorized to approve adjustments in costs to a basis which in their judgment represents reasonable sale value under the provisions of The Veterans' Land Act, such adjustments not to exceed a total of One Million Dollars (1,000,000); and
- C. That the Director, The Veterans' Land Act be authorized to arrange sales to veterans of any small holdings referred to herein, the adjusted cost of which is in excess of \$6,000 on the basis of a minimum down payment of \$600.00, but providing that in such cases the conditional grant shall not exceed the limits provided by Section 9, The Veterans' Land Act.

Sgd. A. D. P. HEENEY,  
Clerk of the Privy Council.

# APPENDIX "E"

P.C. 1811

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 16 May, 1947.

The Committee of the Privy Council have had before them a report dated 5th May, 1947 from the Minister of Veterans Affairs, stating that Order in Council of the 2nd April, 1946 (P.C. 1278), dealt with the cost of homes being erected on small holdings pursuant to the provisions of the Veterans' Land Act, 1942, and certain cost-plus fixed fee contracts, and provided:

- A. That the overall costs of the construction program referred to above be reduced by a sum not in excess of One Million Dollars;
- B. That a Committee comprising W. S. Woods, Deputy Minister of Veterans Affairs, and G. Murchison, Director, The Veterans' Land Act, be authorized to approve adjustments in costs to a basis which in their judgment represents reasonable sale value under the provisions of The Veterans' Land Act, such adjustments not to exceed a total of One Million Dollars; and
- C. That the Director, The Veterans' Land Act be authorized to arrange sales to veterans of any small holdings referred to herein, the adjusted cost of which is in excess of \$6,000.00 on the basis of a minimum down payment of \$600.00, but providing that in such cases the conditional grant shall not exceed the limits provided by Section 9, The Veterans' Land Act.

The Director, The Veterans' Land Act, has now reported to the Minister of Veterans Affairs,—

1. That the sum of One Million Dollars authorized as shown has been found inadequate for the purposes required. Since the passing of the said Order constantly increasing difficulty has been encountered in the completion of these small holding projects. These difficulties have resulted in substantially increased costs of construction and in deficiencies or defects in construction which must be remedied. The Director reports that the difficulties referred to centre on the following principal factors;

- (a) The demand for building materials resulting from the greatly expanded program of industrial, commercial and housing construction throughout Canada, commencing in the spring months of 1946 and continuing to the present time. The difficulty confronting the Director in obtaining adequate and regular supplies of materials was accentuated by various suppliers failing to honour, or to honour promptly, the priorities issued under Federal authority in favour of Veterans' Land Act requirements;
- (b) Delays in deliveries of materials due to labour troubles in Canada and the United States. These affected deliveries of steel products electrical goods, glass and lumber;
- (c) Authorized increases during 1946 in labour rates and in the prices of building materials designated as millwork;

- (d) The scarcity of skilled labour and the inefficiency of available labour;
- (e) The difficulty in obtaining and retaining the services of adequate, qualified inspection staff due to the more attractive remuneration offered by private industry or other agencies;
- (f) Lack of adequate supervision or management on the part of prime contractors.

2. That the final completion of all details of the various contracts has delayed the submission of final cost figures duly audited by the Cost and Audit Division of the Treasury Department. In the meantime, the homes under construction on these small holdings were allocated to veterans as rapidly as they were habitable in order to ease the pressing needs of qualified veterans for housing accommodation. In allocating these holdings to veterans tentative sale prices were quoted on the basis of the best available cost figures at the time.

3. That action has been taken to survey, estimate the cost, and proceed with the correction of construction defects or deficiencies and to negotiate settlements with contractors for construction defects or deficiencies which are properly their responsibility.

4. The Director estimates that in addition to the sum of \$1,000,000 provided by P.C. 1278 an additional sum of \$850,000 is required to complete adjustments in accordance with the intent of P.C. 1278 and to provide for the cost to the Director of correcting construction defects or deficiencies.

5. Section 21 of The Veterans' Land Act provides as follows:

21. If the Director deems that any land or other property acquired by him cannot or ought not to be sold subject, whether as to sale price or otherwise, to the provisions of section nine, he shall report to the Minister the circumstances, with a statement of the cost of such property and shall recommend another sale price or other terms of sale, whereafter any sale of such property shall be made for such sale price, or upon such terms, to any person as the Governor in Council may approve.

The Committee, therefore, on the recommendation of the Minister of Veterans Affairs, advise;

1. That the overall cost of the construction program referred to herein be reduced by the sum of \$850,000, in addition to the sum of \$1,000,000 previously authorized;

2. That a Committee comprising the Deputy Minister of Veterans Affairs and The Director, The Veterans' Land Act, be authorized to approve adjustments in costs to a basis which in their judgment represents reasonable sale value under the provisions of The Veterans' Land Act, such adjustments not to exceed the total of an additional \$850,000 as aforesaid and

3. That the Director, The Veterans' Land Act be authorized to arrange sales to veterans of any small holdings referred to herein, the cost or the adjusted cost of which is in excess of \$6,000 on a basis of a minimum down payment of \$600 but providing that in such cases the conditional grant shall not exceed the limits provided in Section 9 of The Veterans' Land Act.

(Sgd.) A. D. P. HEENEY,  
*Clerk of the Privy Council.*