

I mean, do you think that there is widespread abuse or do you think that there is not any good information on it, or what?

Admiral HADDOCK. Well, the reason we are making this test on machine-by-machine utilization is, we really do not think there is any good information as of now. I assume that—

Mr. ROBACK. What is it—go ahead and finish your statement.

Admiral HADDOCK. I am sure the specific cases cited by the GAO were factual, but I cannot extrapolate this across the whole industry.

Mr. ROBACK. What is the ordinary practice now with respect to commercial use?

For example, let us say that a company has a Government-owned heavy press for aircraft frames and it might want to use that for commercial purposes. Now how does the Government collect revenue, get any royalties or rents for such use?

Is it a mere matter of contractor reporting and accepted by the Government as such?

Admiral HADDOCK. Yes, sir.

The procurement officer generally lays down in the contract the rules of the game. In some cases the procurement officer will say that a certain percentage of time the contractor is permitted to use the machine on his commercial work. The prices, the rates at which he will have to pay for commercial work are generally laid down by Office of Emergency Planning (OEP) guidelines.

These guidelines leave something to be desired, and the Office, Secretary of Defense, and OEP are now working to make these more definitive.

Mr. ROBACK. You mean OEP actually prescribes rental rates?

Admiral HADDOCK. They furnish the guidelines by which the procurement officer is supposed to prescribe rental rates. There has been apparently a little bit of ambiguity in these guidelines.

Mr. ROBACK. Why would they be concerned? In what sense does that bear on mobilization, that is to say, the rental?

Admiral HADDOCK. This tooling I guess is a part of mobilization preparedness.

Mr. ROBACK. Say that again?

Admiral HADDOCK. The tooling itself represents a mobilization potential.

Mr. ROBACK. I know it does. Of course there might be a mobilization impact as to the degree to which the material, the equipment, is tied up in commercial use. There would be an obvious mobilization impact, but what about the rentals? Are they related to that?

Admiral HADDOCK. I cannot honestly state why they have this responsibility except that they do have it.

Mr. ROBACK. Has that responsibility been shifted to you?

Admiral HADDOCK. No, sir.

Mr. ROBACK. They still have it?

Admiral HADDOCK. OSD is working with them now to try to get clarification of these guidelines, and a modernization of the rates to make the rates reflect a little more what the cost should be.

Mr. ROBACK. You might present a brief statement as to what the problem is.