

Aircraft

as it was christened, was in the neighbourhood of \$15 million. But it has been possible to disguise a lot of these costs because the government owned the equipment, the supplies and the plant, which were then sold under a long-term contract to the Electric Boat Company.

At the time that the Electric Boat Company bought the physical assets it apparently was considered desirable by the government that there should be an apparent continuity, and consequently, as part of the general arrangement, the Electric Boat Company bought the stock of Canadair, a company originally incorporated as a management company at \$10,000.

One of the things that we wanted to find out before the public accounts committee was how that management company whose original capital was \$10,000, and which was simply a management company, got more than \$2 million as part of this deal. I should think that is something which hon. members have a right to know when they are discussing the affairs of that company and the general sequence of events.

Mr. Rowe: That is one thing that had better be left for the new parliament.

Mr. Drew: That is one that is not covered by that undertaking. But also there is the fact that the government had bought equipment, material and other things which they had paid certain prices for. It would have been very interesting to have obtained evidence before the public accounts committee as to the fraction of the original cost of this material and equipment which was bought by the new company and which therefore made it possible in some way to give an appearance of costs on the new machines, which are not related to the actual over-all costs to the Canadian public when you go back to the beginning of the contract relating to the production of these North Star machines.

One of the witnesses who would have been called before the public accounts committee is a Mr. B. W. Moncur of Montreal who was the management engineer of that company. In February of 1947 when the management company was handed over to the Electric Boat Company, which was acquiring control through the purchase of stock, a careful estimate was made of what the total cost of this North Star aircraft would be. The figure that was estimated at that time for these forty-four aircraft was \$57,500,000. Those figures were figures arrived at by a group of which Mr. Moncur was one; and Mr. Moncur would have been called as a witness before the public accounts committee to state

what these aircraft really cost the Canadian people.

The fact is that if these aircraft are being sold to T.C.A. at the figure that has been mentioned, then of course the higher cost on the other aircraft is being absorbed by the R.C.A.F. That would be the only way that this could be done.

Now that produces this result: if the twenty pressurized aircraft sold to T.C.A. had in fact cost T.C.A. \$660,000 each, as has been said, that would amount to \$13,200,000; and that would leave \$43,800,000 as the cost to the Canadian people of the twenty-four planes supplied to the R.C.A.F. This would mean a cost per plane of approximately \$1,820,000, or approximately three times what those machines could have been bought for from the Douglas company in the first place.

These are the figures and, after all, this is the sort of thing that should be examined by a public accounts committee, so that that committee could find out just how this transaction had been carried out, and how it has been that ministers of the crown have given in the house answers which suggest a very different state of affairs.

We have in this country a number of aircraft plants which during the war produced aircraft which compared favourably with any aircraft manufactured anywhere in the world.

Mr. McIlraith: The North Star compares favourably with anything manufactured anywhere in the world.

Mr. Drew: No.

Mr. McIlraith: Yes, it does.

Mr. Drew: Obviously the hon. member has not studied the records in his own department if he says that.

Mr. McIlraith: The North Star compares favourably with anything in its line in the world. And the best evidence of that is—

Mr. Drew: Nothing could better illustrate the need for an inquiry into this subject before the public accounts committee than that uninformed statement which has just been made.

Mr. Rowe: Tell us something about Canadair.

Mr. Drew: Yesterday, Mr. Speaker, when this subject was before the House of Commons for discussion I urged that we have an opportunity to receive full information in regard to this matter, in view of the fact that twenty-four of these aircraft have been allocated to the R.C.A.F., and are part of the equipment of that force—except those which are in storage or are inhibited.