

Supply—Defence Production

with the conversion as planned, and work on *Chaudière* was therefore limited basically to a modified refit, which is being carried out in the Burrard Dockyards.

Mr. Winch: I wish to ask some other questions. I know that *Chaudière* had to proceed to Esquimalt before going to the drydock. Actually, I want to ask about the construction of the new destroyers. Are any to be built on the west coast, and if not, why not?

Mr. Drury: It does not look as if any are to be built on the west coast, the reason being the substantially higher offer made by the west coast yards in respect of construction cost. If the hon. gentleman will refer back to *Hansard* he will see that the offer to build submitted by the west coast yards was slightly in excess of double the amount offered by the low bidders for the shipyard part of the work.

Mr. Winch: I know that, and that is the very point I am coming to. This has been intriguing me as well as others for a long time. We had the opportunity of spending a couple of days at the Burrard Drydock and we asked their people how this difference in price could possibly arise. They said, "You tell us, because the approximate 60 cents an hour wage difference does not make up the difference that has been quoted". They assured us that no excess profit was being charged and the only conclusion they could come to was that in the west coast bid they had included a sum for what might be called imponderables, which appeared in one part of the specifications.

I am told that the department did not set everything up fully, and the Burrard Drydock people had to guess at some figures. For instance, usually the specifications say what equipment is to be used and what purposes it is to be used for; but the Burrard Drydock people did not know the exact details of all that, and so they had only an approximate idea of what the imponderables in the design would be. It may be that the eastern shipyards did not tender with these imponderables in mind. The Burrard people want to know the basis of the eastern tenders because they say it is absolutely impossible for the bid price on the same specifications to be double on the west coast. The west coast price could not by any stretch of the imagination be double the east coast price. The only possible difference that could arise would be from the 60 cents an hour approximate wage

differential, and that would not double the price.

Would the minister look into this matter and make certain that the tenders from the west coast shipyards and east coast shipyards cover the same costing on the same specifications, because it may be that the east coast shipyards did not take into account imponderables in the design.

Mr. Drury: Mr. Chairman, I am in no position to know what view Burrard took of the written specifications which are a lengthy document. I am not in a position to explain to them the position taken by other bidders in respect of these specifications. I know in some instances there were qualifying clauses in bids that were received back, such as "subject to escalation". Before a contract can be let, it is of course necessary for the department to pin down these reservations and put a firm price against each reservation. The hon. gentleman referred to these as "imponderables". I think "reservations" is a better word. I assure the hon. gentleman that when these reservations are costed and there is a firm price contract, it will be let for a sum that is considerably lower than the figure put in by Burrard.

If the other, low bidders, did not cost everything completely out and now are being forced to do this, provided their price does not rise above the bid price of the man who bid on the whole job, the government will get value for its money and no injustice will have been done to Burrard.

The Assistant Deputy Chairman: Shall vote 6(c) carry?

[*Translation*]

Mr. Mongrain: Mr. Chairman, I should like to address two rather short remarks to the hon. minister. I ask Your Honour to bear with me, because those who preceded me did not limit themselves to dealing exclusively with the five items indicated in the supplementary estimates. However, my remarks will deal with the responsibilities of the hon. minister; one of them is more specifically related to item 10c.

● (9:20 p.m.)

I should like to deal with designated areas, for which he is answerable and concerning which I have already taken certain steps in addition to exchanging correspondence with him. It would seem that there is an unexplainable anomaly. For instance, in the riding I