

LOCKHEED CONTRACT—DATE COMPANY INFORMED ONLY \$30 MILLION AVAILABLE FOR FIRST YEAR OF PRODUCTION

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I should like to thank the minister for agreeing to table that letter. The minister has stated that Lockheed knew that his department had only \$30 million available in the 1976-77 production year, but the letter from Mr. Hepe gives no indication of this. What it does indicate is that Lockheed was told that in the first six months of production, that is from August 1975 to March 1976, DND had only \$25 million available instead of the required \$52 million. Nowhere does Mr. Hepe appear to realize that DND's resources for the whole fiscal year 1976-77 would only total \$30 million. Can the minister, now that he has begun to table letters to prove his points, table a letter showing when Lockheed was informed of the fact that DND would have only \$30 million available in the first year of production?

Hon. James Richardson (Minister of National Defence): Mr. Speaker, as I stated at the time of tabling this letter, it was to indicate very clearly there had been serious discussion with the Lockheed Company about its capability to finance the project, but I also made very clear at that time that we were talking about a different financing problem in July from the one we faced in December. The discussions in December, as is known, were verbal. They were related to the acceptance in principle by Lockheed that they could in fact help with the financing. It was from the letters that are tabled, and also from the subsequent discussions that my officials came clearly to the understanding that Lockheed could assist us in the financing of payment for the production phase.

REQUEST FOR ASSURANCE FUTURE BUDGET ALLOCATIONS SUFFICIENT TO PURCHASE NEW EQUIPMENT

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, my question is directed to the same minister. As the present situation regarding the Lockheed Company has put into jeopardy this country's plans for buying a new long-range patrol aircraft, can the minister assure the House that future budget allocations are sufficient to buy the new tanks, ships and eventually the fighter planes for which this country is committed during the next few years so that we will not have a repetition of the present deplorable situation?

Hon. James Richardson (Minister of National Defence): Mr. Speaker, I should like to assure the hon. member that we have all the funds required for the long-range patrol aircraft approved by cabinet. The principal amount has been approved. The interest costs for the financing of the production phase have been approved. We have the total funds required. The only matter which is in the process of being solved is how we can finance the payments in the early years. This will not affect adversely the other programs mentioned by the hon. member.

Oral Questions
SUPPLY AND SERVICES

LOCKHEED CONTRACT—COST OF NOT SIGNING THE CONTRACT

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I was of course referring to the great mishandling of the purchasing arrangements between the government and Lockheed. I shall direct my supplementary to the Minister of Supply and Services. As the minister has stated that Canada will pay \$16 million to Lockheed if the contract is not signed, will he tell the House whether or not this includes the \$12 million paid for the final definition phase, or is it in truth a fact that if the contract is not signed this country will be out \$28 million?

[Translation]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, I would simply like to get the facts straight. I said that the government could pay Lockheed a maximum of \$16 million. So, first, these \$16 million are a maximum. Second, it is obvious that at the first stage of the definition of the contract, we had asked Boeing of Canada Limited and Lockheed to submit a proposal. That means that the payments were made to both these companies and not only to Lockheed.

● (1420)

[English]

Mr. Hees: I have one final supplementary, Mr. Speaker. Therefore we are not mistaken that if this contract is not signed the country will be out \$28 million, as I said.

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ROYAL CANADIAN MOUNTED POLICE

ALLEGATIONS OF FRAUD IN CONNECTION WITH CONTRACTS FOR CLEANING GOVERNMENT BUILDINGS—REQUEST FOR REPORT ON INVESTIGATION

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of Justice. Yesterday in the House I asked him for a report on a police investigation into federal cleaning contracts in Toronto. Can the minister now provide us with some information on that investigation?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the report is that the investigation is continuing. I think in the questioning yesterday the hon. member spoke of a raid or a search warrant, and I indicated that the matter was referred to the criminal law division. I am now advised that all documents in the case were voluntarily produced by those being investigated and the investigation is continuing. When the results of the investigation are completed, if they involve criminality they will be referred of course to the proper prosecuting authority, and if they involve violations of governmental regulations, they will be turned over to the Department of Public Works.