

*The Address—Mr. McKinnon*

years, got caught in the draft when the research tax credit scam was on, and ended up being bought by someone who over-mortgaged it, with the resulting collapse of the company. Through the good offices of everyone we could co-opt but, most particularly, the then Minister of Transport, now the Deputy Prime Minister (Mr. Mazankowski), we were able to work out a deal whereby the employees took over the firm. Now the company has started up again and is on its way to its former greatness. We all wish it well.

I would like to speak about another project in the Victoria neighbourhood which is so ably represented by my distinguished colleague, the Hon. Member for Esquimalt—Saanich (Mr. Crofton). The graving dock, which is located at the Victoria naval yard in Esquimalt, has been there for decades and decades and is a great centre of employment. However, for some strange reason, in the last year it was decided that the Polish fishing fleet should have the servicing of its ships transferred to Vancouver where there would be less of a security risk. This facility's workload was dramatically decreased and studies by the Department of Public Works indicated the facility should be sold off or closed down with the resultant loss of several hundred jobs. Representations were made, and I am pleased to say the Minister of Public Works (Mr. McInnes) has said that it is not contemplated that the facility would be closed down in the foreseeable future. It is to stay open, and I hope some day that we will be able to rethink the question of whether it is dangerous for us to service the Polish fishing fleet that close to the Navy yard. Perhaps, then, we will once again service these customers whom we have already serviced for over nine years.

I would like to speak about our defence problems and achievements, as I see them. First, I would like to state that I am very pleased with the new Minister of National Defence (Mr. Beatty) who was appointed this summer. I know him well. He has been a Member of this House the same length of time I have in spite of the considerable difference in age. He has a very fast brain and another characteristic, which is much rarer than a good brain around here, that is, he has a lot of common sense. I look forward to some very good years for the Department under this new Minister of National Defence.

I have been concerned that Canada's defence is all it could be with the resources available. We must always try to see that the resources for that Department are spent as efficiently as possible. The Department has suffered from money malnutrition for a very long time. In the 1970s, a number of factors led to the downgrading in priority of defence, and the result was a steady reduction in the number of Armed Forces personnel, severe deterioration of equipment and demoralization of personnel, both civilian and military. Real defence spending was also hampered by the ever-increasing inflation rates of the time. Constant questioning of these issues elicited little positive response from the various Ministers of Defence or from the then Prime Minister.

Major programs were delayed year after year as resources dwindled. Our Government, with a higher priority for defence,

has done considerably better, although the available resources have not increased as anticipated due to financial constraints imposed by a deficit not of our making.

The Government has adjusted its previous commitment of 6 per cent real growth in the defence budget to a more realistic 2 per cent for the next few years. While this will no doubt create some hardship for realizing programs, I have confidence they will be implemented, if over a longer time frame. A review of the 1986-87 defence Main Estimates reveals that over 40 additional major capital projects have been identified since the previous year's Estimates. Yet, strangely enough, this did not include the one project which has received most public attention, namely, the low level air defence, or LLAD, as it is more commonly known. It would provide sorely needed weapons systems to protect air bases and deliver area air defence. At the present time, our bases overseas are vulnerable to attack, having only inadequate and ancient guns which are really left-overs from World War II. The LLAD program is a fine example of two aspects of defence policy which will benefit all Canadians, industrial benefits or offsets and high technology development.

With this program, along with the frigate program, Canada has acquired new industries which have created jobs all across Canada. A new system, the ADATS, Air Defence Antitank System, will be manufactured in Canada, which gives us an opportunity to supply this system to other countries which choose to purchase it for their own defence operations. If offsets are involved when procurement is done offshore, the companies involved must present a package of proposals which would ensure that an equivalent amount of money spent on the equipment will accrue to Canada by putting money back into Canada's economy through the manufacture of goods here, or the provision of other economic benefits.

The size and location of Canada adds many complexities to the formulation of defence policies. Besides our domestic defence priorities, including sovereignty protection, we are members of the North Atlantic Treaty Organization, NATO, and with the United States, we participate in North American aero-space defence, NORAD. At a time when many Canadians had ceased to consider that sovereignty over our own land, waters and air space was an issue, that sovereignty was brought into question by the use of the Arctic passage by the American ship *Polar Sea* in the summer of 1985. That incident brought to the fore the continuing need to ensure that our rights to this area of Canada remain firm and that further use of the passage would require prior consultation and approval of the Canadian Government.

The Department of National Defence has increased overflights of the Arctic, and we now have a firm commitment that we will build a powerful ice-breaker to patrol Arctic waters. It is not yet clear which Department will provide the resources for this costly ice-breaker or whether the Department of National Defence will task it adequately. However, the need for such a vessel is unquestioned. I would only add my plea on behalf of my province, together with a reminder of an