

Orion Cancellation

does the minister really think we will end up with anything that is better?

Mr. Richardson: Mr. Speaker, it is, of course, not possible to give detailed cost figures for the alternatives because in recent weeks and months we have not been looking at alternatives. We have been working to complete the Lockheed purchase but we have been unable to do so because of their inability to finance the interim payments. I cannot go into further detail than I have already in describing in round figures the cost of the Boeing.

I should like to respond not only to the hon. member but to what the hon. member for Victoria said about the costs that we have already incurred. I believe the hon. member for Victoria said that we have nothing to show for it. Well, Mr. Speaker, there is something to show for it. I should like to put on record the fact that the Government of Canada is the legal owner of the design and project work that is represented by this figure. A portion of this preliminary design work will be common to the avionics system acquired by the government for any long-range patrol program. In short, some value has been received.

Because I think it is important to know what has taken place, I should like also to point out that as far back as 1972 both the Boeing and Lockheed companies placed work in Canada which was related to the long-range patrol aircraft program. Lockheed has placed in Canada to date some \$48 million of work and Boeing some \$35 million of work, for a total of \$83 million of industrial benefit that is related directly and is credited to the long-range patrol program that has just terminated, so it is not accurate for the hon. member for Victoria to say that we have nothing to show for it.

Mr. Broadbent: Presumably, Mr. Speaker, we will have \$16 million worth of photographs. I noted two additional references that were added to the copy of the text that we had in advance regarding the possibility of another purchase from Lockheed. If I am correct in assuming that the minister does not purchase any aircraft from Lockheed, would the minister confirm that we will have to pay Lockheed a minimum of \$16 million? Is there any amount additional to the \$16 million that we will have to pay? Finally, would we have had to pay anything had we not signed an agreement, symbolically enough on April 1?

Mr. Richardson: Mr. Speaker, again these negotiations are the direct responsibility of my colleague, the Minister of Supply and Services, but I can reply that the figure of \$16 million is not a minimum; it is a maximum figure under the arrangements which my colleague made. In addition, I do not believe that that is necessarily the figure that we will have to pay. I understand from him that there will be negotiations with the Lockheed company to see whether in fact the total funds have been spent. So it will either be \$16 million maximum or something less than that.

To answer the second part of the question, it was really to preserve our interests under the contract that he made that arrangement. If we had terminated the contract that had been negotiated up until then, we would have lost, as we have now, the industrial benefits. We would have lost the price that had been negotiated. It was for that reason that we agreed to put the contract into escrow to see

[Mr. Nowlan.]

whether Lockheed would be able to achieve this bridge financing through Canadian banks.

Mr. Broadbent: The fact that the government signed that contract on April 1 seems extraordinary to a number of us, given the previous record. Is the minister saying that the development work to which the government now has copyright is worth \$16 million? Is the minister telling us that these rights would be worth that in any commercial sense?

● (1540)

Mr. Richardson: No, Mr. Speaker. I am saying this is worth something.

An hon. Member: How much?

Mr. Richardson: That will have to be measured. It would not be the full amount, but I was responding to the statement that we have nothing to show for it. We do have something to show for it.

Mr. Jones: Mr. Speaker, this is a very serious matter and I do not think it should be considered lightly. It is probably one of the more serious matters that this House has considered, involving the defence of our nation. I should like to know whether the interim financing, the so-called problem, was the only real reason the deal with Lockheed fell apart? If there are no documents, agreements or written arrangements, why is Canada responsible to Lockheed for what some suggest is \$16 million and others suggest is \$34 million? Why are we responsible for any amount, and is it true that this amount, or some part of it, has already been paid to Lockheed, and how much?

Mr. Richardson: Mr. Speaker, these are areas to which I cannot respond directly because I do not carry out the negotiations of the contract. The total amount, as I have said, will not be more than \$16 million. It will have to be negotiated by the Minister of Supply and Services, and it could very well be below that figure.

Mr. McGrath: Mr. Speaker, a week or so ago in reply to my colleague, the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall), regarding the deployment of search and rescue aircraft in Canada on the west coast and, more especially, in our own province of Newfoundland, which would help save lives and cut down the action time—we have already lost over ten fishermen this year—the minister said this would not fit the cost effectiveness. Can the minister explain the rationale and show how the writing off of \$34 million fits into that cost effective philosophy of his?

Mr. Richardson: Mr. Speaker, I do not think the two matters are related. We have proceeded as we had to proceed in these Lockheed negotiations. The Lockheed Company is unable to arrange the financing, and without that the project cannot go ahead. I should like, if I may, to revert for a moment to the question of the hon. member for Moncton (Mr. Jones) as I failed to respond to the first part, which was whether or not there were any other reasons for not going ahead with Lockheed. There were none of any substance or importance. Last night the cabinet agreed, as my statement indicated, that if the bridge financing could