

Dredging

government, why not create within the Department of Public Works a section that would be exclusively concerned with doing dredging work in the large contract areas the minister referred to, leaving smaller private firms to do the smaller, private projects?

Mr. Drury: Mr. Speaker, perhaps the hon. member is asking me to point out the disadvantages of pure socialism in the dredging industry. I think an equal case could be made for nationalizing all the railways, the assumption being that government can do things better than anybody else. That is not an assumption I am prepared to accept.

[*Translation*]

Mr. Fortin: Mr. Speaker, I should like to put a rather brief question to the minister.

When his department calls for tenders for a specific dredging job, does it check the financial structure of the companies, to see if there are ties, by association, financial arrangements or otherwise between them, and whether the companies are associated or really truly different? What guarantees does his department have that there is no collusion of the type we have witnessed in the past?

Mr. Drury: Mr. Speaker, in brief, the answer is yes. An endeavour is made to obtain, seek and receive such information; that is what is meant when we say that information will be given the government on all ties or relations of the company tendering for the job.

● (1230)

[*English*]

Mr. Lambert (Edmonton West): Mr. Speaker, the minister has said that one of the improvements in the procedures is to be obtained by the establishment of an interdepartmental committee composed of people from the Department of Public Works, the Department of Transport, the National Harbours Board and the St. Lawrence Seaway Authority, who will screen these contracts. Will he kindly advise who screened or examined these contracts in the past? Also in what way does he feel this interdepartmental committee or interagency committee will improve matters?

Mr. Drury: Mr. Speaker, in the past each agency, whether it be of the federal government or of some other level of government, has done its own screening. In the case of some of the public agencies, they have little direct experience in dredging. The Department of Public Works carries out substantial dredging operations, mostly on the west coast and in the Mackenzie River areas, and consequently it has direct experience in costing. The National Harbours Board and the St. Lawrence Seaway Authority do not carry out dredging operations themselves but merely have it done by contract, and we will be able to make available to them the experience of the Department of Public Works.

Mr. Lambert (Edmonton West): Mr. Speaker, is it a natural conclusion from this, that notwithstanding many years of exposure to dredging work which these people have, the National Harbours Board and the St. Lawrence Seaway Authority for the past number of years have been uninformed and, therefore, incompetent.

[*Mr. Broadbent.*]

Mr. Drury: Mr. Speaker, they have been operating on the thesis that the competitive system was not afflicted, if I can use that term, with collusion; and if there is bona fide competition, then a competitive tendering system will produce the kind of results one seeks. The Department of Public Works is in a better position than the agencies I have mentioned to carry out tests as to whether these are valid or perhaps unreasonable bids.

Mr. Speaker: Order, please. At the moment I see four hon. members who wish to ask questions. I propose to recognize the hon. member for St. John's East (Mr. McGrath), followed by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) and then the hon. member for Hamilton West (Mr. Alexander), with the hope that this will cover the subject matter.

Mr. McGrath: Perhaps to facilitate the timing I will ask my two questions at once, Mr. Speaker. Considering the fact that by the minister's own admission a considerable lobby of professional expertise exists within his own department, I should like to ask why the minister did not exercise the option to carry out this dredging work in whole or in part through his department by making use of the dredging equipment already owned by these companies or perhaps by renting or hiring it. When the minister replies, perhaps he could explain to the House what he means by the word "warrant". What does that mean, and why did the minister not demand some kind of financial bond from these companies to ensure that collusion practices were not taking place?

Mr. Drury: If one looks at the history of current problems, he will see there has not been any complaint that the work being done is inefficient or badly performed. The problem here has been the result of alleged collusion among the principals, having nothing to do with the managers or the subcontractors failing to do the right thing in the best way or in terms of efficiency. There have been charges which allege collusion in making representations to the government. These measures will enable us to test the validity of those representations. Full and complete disclosure as to the various elements making up the bids will enable us to examine them and apply to each of the elements the kind of procedure the Leader of the Opposition (Mr. Stanfield) has suggested.

It has been asked why we did not hire the dredges and services rather than the total services of the contractor. Had we been more suspicious of them at an earlier time, and had these companies come under the new provisions of the Combines Investigation Act, then I think the hiring of the equipment and managing it ourselves would not necessarily have been a more efficient operation than that which has taken place in the past. This would not have served to cure the problem in respect of alleged collusion.

In relation to the required warranty, I am advised by law officers of the Crown that this explicit warranty against collusion will be helpful in establishing a case where there is suspicion or a charge of collusion. The fact of the warranty having been given will enable us to invoke more easily and more effectively the law in respect of agencies who are subsequently found or suspected to be guilty of that practice.