

Supply—Defence Production

materials, finished products and obsolete? Could he also place on the record, if he has the information, the directors and shareholders of this Bartaco organization?

Mr. Drury: I will try to get that information. I do not have the details as to the real estate value, the value of the inventory and the depreciated value of the machinery.

Mr. Forrestall: I have just one or two questions in connection with this vote. Since the minister has given details about the difficulty in estimating ship construction program costs, I should like to ask him if he could enlighten the committee on the four new D.D.H.'s, particularly as their total cost. The minister referred, I think quite wisely, to the misunderstandings which frequently arise when discussing costs involved in this type of construction or overhaul program.

I would specifically direct the minister's attention to the tender amount announced last fall in connection with the four D.D.H.'s. I ask him specifically, is this for the hull and machinery only or does it include all the radio, electronic and other sophisticated internal gear that is related to automatic fire power systems and so on?

Mr. Drury: No, Mr. Chairman, the cost of the completed ship, including the government furnished items, will be a lot closer to \$50 million than the roughly \$20 million bid.

Mr. Forrestall: This is quite a difference. Now we are talking about a \$200 million plus program, and the contracts have not been awarded. On the basis of past experience, could the minister simply advise us, because of the importance to those sections of Canada which rely upon the ship construction industry, whether or not these costs are sufficiently under control to prevent any possibility of costs getting out of hand and the government having to cut back or postpone the program?

Mr. Drury: I am sure, Mr. Chairman, every effort is being made to ensure that at the time of the signing of the contract we will have accurate knowledge of the final cost. Quite understandably, my colleague the Minister of National Defence, whose money after all is paying for this, does not take very kindly to my tossing around loose figures and coming back for more money. I have assured him that my department will be able to procure the ship for the contracted price plus the cost of government furnished equipment, and that we will not be back asking for more money

as a consequence of the costs having got out of control.

● (9:00 p.m.)

I think the hon. gentleman knows that, during the course of a naval construction program that takes four years to complete, there do tend to be changes in the art of naval warfare. During the course of construction there are occasions when the designers or even the users of the ship will ask for changes to be made. Sometimes these changes result in a change in cost. This is rather more the case with new designs of ships than it is with older ones, though this is always a possibility.

Mr. Forrestall: I thank the minister for that assurance. The last thing that we would want to see is this program costing in excess of \$400 million and have the government colleagues of the Minister of National Defence cancel it.

Before I leave this particular area of questioning, Mr. Chairman, I wonder whether the minister could tell me if the government is still adhering to its announced intention to spread at least part of this work among other yards outside the lead yard, or is the government seriously considering having all the work done in just one or two lead yards?

Mr. Drury: Mr. Chairman, we did look hard at the options. We could have had these new vessels built four in one yard, two in each of two yards or one in each of four yards. We retained consultants to do as careful a cost analysis of these options as possible. There is a very substantial saving to be achieved by having these vessels built in two pairs, or all four in one yard, provided the latter case were possible in terms of the time phasing requirements of the navy and the capacity of existing Canadian yards to handle the construction without making a very large investment in new plant.

I have reached the conclusion that the optimum, or best option, in terms of cost and time to the government was two and two. Two and two does represent a very substantial saving in dollars over the cost of one ship in one yard.

Mr. Forrestall: I thank the minister for that answer. Another matter which has interested me is this. I am not picking on this minister particularly, because this sort of thing does occur from time to time in various departments. I should like the minister to explain to the committee why the government persists