

Oral Questions

Members. I think we now understand why he made that statement.

It turns out that these rifles are costing the Canadian taxpayer \$1,314 each, while the U.S. Army, for approximately the same number of identical rifles, is paying \$660 per rifle. That is nearly half.

Can the Minister possibly explain how he could sign a contract that results in Canadian taxpayers paying twice as much in Canadian funds as the U.S. Army for an identical rifle?

Hon. J.-J. Blais (Minister of National Defence): Mr. Speaker, I am very pleased that the hon. gentleman is paying attention to what is happening in the Department, especially when we are dealing with something as important as the replacement of the small arms presently used by the Canadian Forces.

I might point out to the hon. gentleman that he has indeed made the mistake that was made by the journalist who wrote that story, namely, simply to do a division of the number of rifles into the total price of the contract. What the hon. gentleman does not know is that the contract price includes the amounts that have been invested in Diemaco in order to set up a Canadian source for small arms. The company is receiving \$15 million to be able to provide a source of small arms in Canada for an indefinite period in the future. In addition to that, the amount of the contract involves the payment of a licensing fee to Colt. That fee is paid, of course, to secure for Canada the licensing of the technology in order to ensure that Canada has a source of the best small arms available in the international arena and that we are also able, as a result of the transfer of that technology, to go into the international arena and market that particular rifle with our allies if we are able to compete with other suppliers.

I might point out that, as a result of the expenditure of public funds, we are also creating over 1,900 jobs in Canada. I am sure that the Canadian people, including the Member for Kitchener, are appreciative of that.

Mr. Andre: I wonder how the Minister will compete internationally with a rifle that costs twice as much to make in Canada as in the United States. Aside from that, the Minister has his figures wrong. It is 1,900 man-years, or 150 jobs, which works out to \$355,000 per job. On the surface of it, it would be cheaper to buy the rifles from the same place that the U.S. Army is buying them—

Some Hon. Members: Oh, oh!

Mr. Andre: —and to give 150 Canadians a quarter of a million dollars each, and we would still be money ahead.

REQUEST THAT MINISTER TABLE CONTRACT

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, given that this contract was not a result of competitive bidding, and given that it is an outrageous figure to be paying for rifles when the Americans pay half the price, would the Minister table that contract and table the background studies? Would he give some substance to this vague contention of his that somehow it makes economic sense to pay twice as much for rifles for our Army as for the U.S. Army? Can he table the documents to back up his contention because, frankly, his credibility and that of his colleagues is in doubt with the Canadian taxpayers?

Hon. J.-J. Blais (Minister of National Defence): Mr. Speaker, I am surprised that the hon. gentleman is asking the question because, if he had seen what we have been doing in terms of military procurement in the recent past, he would have seen that we have concentrated on the creation of jobs in Canada. When I hear the Opposition saying on an ongoing basis that we should spend more on defence, are they saying that we should be exporting more dollars into the United States in order to purchase armaments in the United States to the detriment of the creation of Canadian jobs?

Additionally, the hon. gentleman is wrong when he says that this procurement was not done on a competitive basis. We identified two finalists, the Belgians and the M-16 technology, we created the competitive environment, and we made a selection. After selecting the Diemaco company and the Colt technology, we went on and negotiated with Diemaco. The deal which we made is one that is good for the Canadian Forces and for the creation of jobs in Canada.

REQUEST THAT MINISTER TABLE BACKGROUND DOCUMENTS

Right Hon. Joe Clark (Yellowhead): Mr. Speaker, will the Minister of National Defence table the contract, and table the background documents?

Hon. J.-J. Blais (Minister of National Defence): Mr. Speaker, I am pleased to hear the representations of the right hon. gentleman and I will give them due consideration.

PROPOSAL TO BUILD HOSPITAL AT CFB ESQUIMALT

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, my question is also directed to the Minister of National Defence. On February 24 the Minister announced the construction of a new hospital and dental clinic at Canadian Forces Base Esquimalt. Construction is to be completed by mid 1985. Could the Minister explain to members of the House why this item did not appear in Supplementary Estimates or the Main Estimates which were tabled here three weeks ago?