

*Dredging*

tee is composed of those departments and agencies involved in the administration of dredging contracts that is, the departments of Public Works, Transport, the National Harbours Board and the St. Lawrence Seaway Authority.

Second, Mr. Speaker, the invitations to tender, and new contracts will require the contractor to warrant that there has been no collusion whatsoever—

**Some hon. Members:** Oh, oh!

**Mr. Drury:** —between the contractor and any other person in respect of the tender or the contract or the work under the contract. Future contracts will provide that should these conditions be breached, payments under each contract will be limited to the lesser of 90 per cent of the contract price or the audited cost of the labour, plant and material to the contractor, excluding profit and overhead. Furthermore, new contracts will require contractors to retain all related documents for a period of five years rather than the two-year period now required.

With respect to existing contracts, hon. members are aware that under dredging contracts progress payments are made for completed work and a percentage of the contract price is held back until a certificate of completion of the work has been issued. One obvious means of protecting the public interest where companies have been charged under the Criminal Code is for the government to withhold both progress payments and holdbacks, but the legality of this procedure is currently under challenge in the courts.

We recognize that the dredging work must continue and that there are third parties involved who may suffer if payments are withheld. Keeping in mind the above considerations, we will seek guarantees equal to a minimum of 10 per cent of the value of the existing dredging contract from those companies charged under the Criminal Code.

By these means, Mr. Speaker, we expect to attain our two objectives of protecting the public interest and of ensuring that the necessary dredging is carried out, while leaving to the due process of law the problems which have arisen from contracts already concluded.

**Mr. Speaker:** Order. I note the minister has taken three or four minutes in which to make his statement, and I would suggest that opposition comments should certainly not be longer.

**Mr. McGrath:** Mr. Speaker, the fact that the minister could make such a statement with a straight face stretches even the substantial credibility he enjoys in this House. We understand and appreciate the government's position. Yesterday, the president of one of Canada's major dredging companies said, and I quote him: "They are in a bit of a quandary mainly because no one else is able to do the dredging work but the companies charged". I do not accept this, and I am surprised the minister accepts it.

The steps the minister now proposes in his statement should have been taken when he was president of the treasury board and was faced with six different reports from the Auditor General, going back to 1963, suggesting there were serious irregularities in dredging contracts in

[Mr. Drury.]

Canada. What does the minister mean, for example, by his statement that warranties will be required from contractors to ensure that there will be no collusion? What about the ordinary business practice of bonding? To ask these companies for warranties is tantamount to the FBI asking Bonnie and Clyde for a warranty to keep the peace. It is incredible. It is beyond me how the minister could make such a statement.

We are not at all satisfied with the guidelines announced by the minister. In my view, he has merely compounded the embarrassment in which he finds himself. There was a simple, logical and sensible solution and he should have announced it today, namely, that the biggest dredging company in Canada, the only company in Canada, the only company that has not been charged before the courts—that is to say, the Department of Public Works—would carry out this work at least until these charges had been disposed of.

**Some hon. Members:** Hear, hear!

**Mr. Broadbent:** Mr. Speaker, the gist of the minister's statement amounts to the kind of logic one would follow if one said to a man recently convicted of robbing a bank of \$100 million; "we are going to solve that problem in the future. There will be no problem at all with this man; we will just get a signed statement from him promising not to do it again."

The procedures the minister outlined do represent some technical improvements over existing laws under which virtually all the major dredging companies are presently being prosecuted for defrauding the people of Canada of millions of dollars. Although it is important to tighten up the law and the investigative procedures to make certain that contracts are honoured, if one is dealing with a group of individuals or corporations that are basically dishonest, if such turns out to be the case—if they are convicted; and there are certainly strong prima facie grounds for believing this is the case—then no matter how tight the procedures are, they are still going to take the chance if their basic inclination is to indulge in criminal activity.

We in our party do not believe that this kind of activity should be left to the private sector at all. Surely, if a case ever existed for public enterprise, this is it. There is only a handful of companies. Even if they are honest, every economist knows that no effective competition takes place in a sector of the economy where only a few firms are operating. So there is no effective competition there.

The NDP believes the Department of Public Works should be doing this work itself. There is no need to contract it out. All the work is being done for the public or for public agencies; it is a continuing operation for which the government should assume responsibility. If in marginal cases private individuals or companies want service, they could go to the government and hire government dredging operators. There is concern for those employed by these private dredging companies. It is our view that should the government take over these operations, the employees now working for the private companies should be hired by the Department of Public Works.