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CANADIAN GOVERNMENT SHIPBUILDING POLICY

The following statement was made recently by Mr. C.M. Drury, the Minister of Industry:

Canada, as an important maritime nation, is fortunate in having an efficient shipbuilding industry centered in the Atlantic Provinces, along the St. Lawrence River and the Great Lakes area, and on British Columbia's Pacific Coast. The Federal Government is the largest single user of these services in the procurement and maintenance of vessels for the Departments of National Defence, Transport, Mines and Technical Surveys, Fisheries, Public Works and other agencies.

In the past much of this work has been directly allocated to individual shipyards on a cost-reimbursement basis. A variety of procurement policies have been administered by the various user departments, and there has been a lack of long-range forecasting of Government requirements. These conditions have failed to encourage the effective growth of the industry.

PROCUREMENT POLICY

Accordingly, during the last year, the Government has studied its procurement policy from the viewpoint of:

- its effect on the customer, i.e. the Government;
- its effect on the shipbuilding industry from the viewpoint of its stability, size and efficiency;
- its effect on national and regional economies.

As a consequence of this study, the following steps have been taken:

- (1) A forecast of total Federal Government shipbuilding procurement requirements from now until

1970 has been provided to the industry. This represents proposed expenditures by all federal departments of government of approximately \$394 million over this six-year period, or an average of approximately \$65 million per annum. By comparison, during the past eight-year period, such expenditures amounted to \$339 million, or an average of approximately \$42 million per annum. For the first time, Canada's shipbuilding industry has been given an integrated long-range forecast of shipbuilding expenditures and their composition. By so doing, the industry can best determine its future work-loads. Shipyards will thus be given an opportunity to plan effectively for the specialization of their ship construction and repair activities and the diversification of their other work.

- (2) The Government has adopted the following procurement principles:
 - (a) National competition whenever the nature and operational circumstances of the requirement permit.
 - (b) Area competition where it is not practicable to transfer a vessel from one area to another.
 - (c) Direct allocation to a shipyard, only in cases where special circumstances exist, e.g. a particular job of a type for which there is only one shipyard capable of handling, e.g. emergency work of a type necessitating the use of the nearest available yard capable of performing the work.
 - (d) A transitional plan for West Coast shipbuilders during 1965-1970. This plan recognizes that

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