

Supply—Defence Production

of the people employed on the ocean of the Pacific coast and projects which are necessary for the maintenance of and employment in a major industry, but on a question of even greater importance than that, which requires a clear explanation, as to whether the government lets a contract and then cancels it. Anyone who knows of the destroyer *Chaudière* is fully aware that it is badly in need of an overhaul and that the plans were to convert it so that it could carry a helicopter. Last fall a contract was let at the lowest tender to Burrard Drydock in Vancouver. The crew was ready, and I understand the material was purchased. The ship was at Esquimalt, ready to proceed to Burrard Drydock, and then the contract was cancelled. We were told that the conversion of the *Chaudière* will not be proceeded with for at least 18 months. As I have already pointed out, this has brought the shipbuilding industry on the west coast to ruin, as over 65 per cent of the people in that industry are unemployed.

It means, without any question whatsoever, that in 18 months time the cost of the conversion will be far larger than if the contract had gone ahead. So far as the *Chaudière* is concerned, the contract was let, the material was purchased, and the ship and the crew were ready, and 18 months from now the conversion will cost a lot more than the original contract called for. Surely it is very poor policy to wreck the industry in this way and to postpone the work for 18 months or two years, when the work will cost \$2 or \$3 million more. We fail to understand this decision, especially when the minister will, in the very near future, call for tenders for the construction of completely new destroyers, which in all probability will be built by the shipyards on the east coast.

Why is there discrimination in the letting of contracts for new construction, for alterations, repairs and conversion, against the province of British Columbia and in favour of the provinces on the east coast? I ask for an explanation of the policy of the department in respect of this. Does the minister have to follow the instruction of other departments in calling for tenders and letting contracts? Is the cancellation of the contract for the conversion of the *Chaudière* a decision of the Minister of National Defence? Is the Minister of Defence Production only obeying the decision of the Minister of National Defence, and if so did he draw to the attention, either of the Department of Finance or of the Treasury Board, what such a decision will mean in

additional costs, in unemployment, and in the wrecking of an industry on the west coast? Have these matters been discussed by the minister, and is any attention being given to them—or is the department just blindly following the instructions of other departments in calling for tenders and letting contracts?

While I am on my feet I should like to ask for an explanation with regard to the letting of contracts, and the original estimates. Let us consider for example the aircraft carrier *Bonaventure*, which had to go in for an overhaul. I presume that the contract was let by the Department of Defence Production. According to the information contained in the original estimates and published by the press, the overhaul was going to cost in the neighbourhood of \$8 million. Yet, now that it is in drydock we find that it will cost \$3 million more to overhaul it. I am just using this as an illustration. All one has to do is to go through the public accounts to see how time after time the amount of money which the taxpayer has to pay runs into thousands, hundreds of thousands and millions of dollars over and above the original estimate and the original contract. Can the minister give us an explanation for this continual underestimation of the costs of conversion and overhaul, particularly with regard to the aircraft carrier *Bonaventure*?

I have just one other point which has come to my attention as a result of our discussion in the public accounts committee. What attention does the Department of Defence Production give to what other departments are doing, when it has been asked to act on behalf of those departments? I have in mind one example which came to the attention of the public accounts committee only this morning. The Department of National Defence asked the Department of Defence Production to call for tenders and to let contracts for the clearing of snow at Fort Churchill. The Department of Defence Production did so; but later it was found that the Department of National Defence had undertaken the work, with the result that, according to the interpretation of the Department of Justice, the taxpayer has to cover the costs of work which was never done. It was a snow job on the taxpayers. I completely fail to understand the reason for such inefficiency. Could we have some explanation of these various matters?

Mr. Drury: Mr. Chairman, with regard to the cancellation of contracts and the substantial cost mentioned in connection with Haley