

3. Pacific Coast Fortification Contracts

The criticisms of these contracts were:-

- (a) That they were cost plus;
- (b) Political favoritism;
- (c) That the terms of the contracts with respect to the rental of equipment were uneconomic.

The heading and introduction of the article discussing these contracts were misleading. The main heading said: "Three firms given 16 Contracts". The sub-heading said: "Cost Plus system used in awarding jobs on Pacific Coast Defences". The implication of these headings is totally false.

There were actually 44 projects carried out on the Pacific Coast.

Two of these were carried out by day labour. Only 8 were let on the cost plus system. The other 34 contracts were let to the lowest bidder after competitive bidding.

The eight cost plus contracts were not confined to three firms. They were actually distributed among six firms. The total number of contractors participating in the 42 contracts was, in fact, 24.

The firms selected for cost plus contracts were firms which had been successful in obtaining contracts by competitive bidding.

The fact that three of the firms which participated in cost plus contracts had been successful in obtaining among them eleven other contracts by competitive bidding shows that, when the Department made a selection, it chose firms which had demonstrated their efficiency and ability by their success in obtaining contracts under competitive conditions.

Political favoritism was suggested in particular with reference to the firm in which the late Major-General J.W. Stewart was a member, and in connection with the firm in which Brigadier W.W. Foster, D.S.O., was a principal shareholder.

Both of these gentlemen rendered distinguished service to Canada during the Great European War. Both have life-long records in the construction industry. The reference to these officers was in bad taste, to say the least.

On the score of political favoritism, it is significant that Brigadier Foster was a Conservative Member of the British Columbia Legislature and a Conservative candidate on several other occasions, as recently as 1933.

Nothing was said in these articles as to why "cost plus" should be used in certain cases and not in others. Necessity for preserving military secrecy as to the details of certain projects was the reason why tenders were not asked. There was objection to distributing the secret specifications for these works among miscellaneous firms, as would have been necessary to obtain competitive bids.

Use of the cost plus system made it possible to select firms of proven reliability and to impose strict conditions with respect to access to the specifications.

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