

Oral Questions

Dr. Luns of NATO and the Prime Minister of Canada, at the same time and as well will have the most basic conflict of interest imaginable?

[*Translation*]

Mr. Lamontagne: Madam Speaker, I think we have to clear up the matter in this case. The appointment of the chairman of the military committee of NATO was recommended by the Prime Minister's office on the suggestion of the minister and the Department of National Defence. I think that Admiral Falls who is now chairman is a very lucky man and we are also lucky to have such a man to represent us at NATO. For the first time, Madam Speaker, it is a Canadian.

[*English*]

Mr. McKinnon: I wonder if the minister can tell us approximately how many hours each week this senior, distinguished officer will work in his role as special adviser to the Prime Minister, what advice it is that Admiral Falls can provide which collectively neither the minister, the present Chief of the Defence Staff, nor other senior officers can offer; and, finally, what is his annual salary as an adviser, which we presume will be in addition to his military salary or pension?

● (1420)

[*Translation*]

Mr. Lamontagne: Madam Speaker, I do not see what benefit the hon. member opposite expects to gain by criticizing such an eminent man as Admiral Falls who serves with dignity the interests of Canadians within NATO. I can say that Admiral Falls is available to NATO 24 hours a day, and that whatever the needs and information may be, he is there to defend our interests 24 hours a day.

[*English*]

BIDS ON FRIGATE PROGRAM

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, on June 13 the Minister of National Defence may have contradicted, by press release, his pledge of fairness in dealing made in committee. I should like to ask him whether he considers he has contradicted his pledge of fairness by arbitrarily excluding two of five consortia from making a second bid on the \$3.2 billion frigate program.

Can the minister clarify this situation, particularly in view of the almost defenceless position of our navy which was so graphically illustrated in the recent exercise in the Bay of Biscay, and the obvious need to strengthen our navy as soon as possible?

[*Translation*]

Hon. J. Gilles Lamontagne (Minister of National Defence): Apparently, Madam Speaker, today is my day. In reply to the hon. member, may I suggest that he direct his question to the Minister of Supply and Services whose officials are dealing with the main parties involved in the frigate program.

[*English*]

Mr. MacKay: Madam Speaker, I thank the minister for his answer and I will ask him this question; or perhaps the Minister of Supply and Services might care to answer it.

As I understand it, this vital program is approximately 18 months behind schedule. Since it appears that the government has broken its own rules as stated in the "Request for proposals" which indicated that proposals received after 1200 EST on November 30, 1978, would be rejected, is there any indication that legal action will be taken by those who have been discriminated against? Further, can the minister explain or justify this extra delay in a program which seems to have slipped another 18 months today?

[*Translation*]

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I should like to say that there has been no discrimination. Both corporations had sent in tenders which have been turned down in the normal way, because their respective tenders did not meet the requirements of the call for tenders. We have asked the other three corporations who had submitted tenders to "correct", so to speak, their tenders to meet the Canadian content requirement in the three tenders and the Canadian capacity in a new technology, and I am sure the hon. member supports this policy put forward by this side of the House.

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[*English*]

INDUSTRY

TERMS OF LOAN TO VALLEYFIELD CHEMICAL PRODUCTS CORPORATION—INVESTIGATION OF SPACE RESEARCH CORPORATION

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce concerning capital assistance grants and loans currently being given to Valleyfield Chemical Products Corporation, a wholly-owned subsidiary of Space Research Corporation.

Was the Department of Industry, Trade and Commerce not aware of the RCMP investigation into Space Research Corporation's activities in illegally shipping arms to South Africa at the time it made its \$5.3 million loan and its \$3 million grant to SRC's Valleyfield operation? Can the minister tell us, further, whether the loan is still outstanding and whether the grant has been terminated?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, I will get the information for the hon. lady and inform her as soon as possible.

Miss Jewett: Madam Speaker, I have been giving notice of this question in one way or another for the last week, and I am shocked that the minister is not aware of the grants and loans