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Transport; construction of supply vessel for Marine Agency,  
St. John's, Newfoundland

22. The Minister of Transport referred to a decision of April 1st, 1954, when it was agreed that a new lighthouse supply and buoy vessel for use at St. John's Newfoundland be constructed by the Halifax Shipyards under a negotiated contract. Funds to start construction on this vessel had been included in the estimates for the current fiscal year.

He reported that the Department of Defence Production, which was responsible for negotiating the contract, had been unable to reach a satisfactory agreement with the Halifax Shipyards. As a consequence, construction had not begun at the time originally contemplated and indeed was not yet under way. Apparently the best price that could be negotiated was \$2,277,000. This supply vessel was identical to the "Walter E. Foster", which was being built in the Vickers yards at a final cost expected to be between \$1.7 million and \$1.8 million. It appeared that if the supply vessel at St. John's, Newfoundland, was to be built by Halifax Shipyards its cost would be \$400,000 or \$500,000 more than the "Walter E. Foster".

23. In the course of discussion the following points emerged:

(a) Rather than call for tenders, the government had, in the past, allocated some contracts for ship repairs and construction of new vessels to designated firms in order to maintain a minimum nucleus of Canadian shipyards in operation, which nucleus could be expanded fairly rapidly in case of an emergency.

(b) This construction had been allocated to the Halifax yard at a time when other business, particularly the rehabilitation of two naval frigates, was being allocated to other yards.

(c) Although unemployment was not too severe in Halifax, it would be desirable to award this contract to the Halifax Shipyards, provided there was not too wide a margin between the final price quoted by the Shipyards and that which might be quoted by other Canadian shipyards. In the circumstances, it was suggested that the Minister of Transport might inform the owners of Halifax Shipyards that the government was desirous of placing the contract with that firm but could hardly do so at a cost so substantially above the cost of building the same vessel in other shipyards.

001781

RG 2, A5a,  
Vol. 2656

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