

*FIRE ABOARD THE HYDROFOIL—NOVEMBER 5, 1966*

A thorough investigation was conducted by your Committee into the circumstances surrounding the fire which occurred in the engine room of the hydrofoil on November 5, 1966. This fire cost the taxpayers of this country over three million dollars directly and soared to \$6.5 million when time loss and other factors were considered.

Your Committee has grave reservations about the propriety of the Crown having insured this contractor against fire, for the sole reason of reducing the contract price by the amount of a premium the contractor would have had to pay to obtain fire insurance coverage from a private fire insurance company. Your Committee has no reservations about the Crown acting as the insurer in the course of ordinary construction but has these reservations about development projects or projects involving highly inflammable fluids and, or, materials. In brief, where a standard form of marine fire insurance coverage would suffice then, in that eventuality, the Committee does not have the same reservations.

If however, the Crown continues to act as the insurer on development projects and projects involving highly inflammable materials and fluids then the Committee recommends more careful consideration should be given to the terms of the fire insurance coverage and not to use the standard form of marine fire insurance coverage as was the case with the hydrofoil.

Your Committee feels that the following at least should have been covered in clauses in a special form of an insurance coverage contract with De Havilland, namely:

1. That flammable fluid be isolated where practicable from potential ignition sources;
2. That the Department of National Defence representatives be informed in writing in advance of any testing;
3. That investigation continue to determine areas of design which were potentially dangerous or inadequate for the intended purpose;
4. A clause requiring De Havilland to notify the Naval Overseers or staff in advance of the conducting of important tests. (On future Navy work whether of a developmental or construction nature the policy should call for a written understanding and not a verbal one that Naval Overseers or staff be notified in advance of the conducting of important tests);
5. A clause calling for more than one experienced employee to be stationed at the location of the test;
6. A clause for the sake of protection calling for not less than two experienced employees to be stationed at the mechanical fire protection equipment, in order that same could be activated if required;
7. A clause requiring that in all engine, electrical rooms and other of similar nature when tests are to be conducted that electrically operated warning systems be operational;
8. A clause requiring that all high temperature engine joints, piping or areas be adequately insulated before tests are conducted on engine or electrical equipment;
9. A clause requiring that when engine or electrical room tests are to be conducted where there is proximity to hydraulic or flammable fluids having a potential of ignition that adequate fire fighting provision be available.