

*Private Bills*

that one. They want an investigation. They resent the imputations and the snide suggestions which have been made in connection with their actions in considering this matter. I personally have a great deal of pride in the record which has been established by the board and I know that Dr. Stewart and the other members of the board, full-time and part-time, are looking forward to appearing before this committee and answering any questions and dealing with criticisms.

I believe it is now five o'clock, Mr. Speaker, and that under the rules we must proceed to the consideration of public and private bills. I would therefore move the adjournment of this debate.

**PRIVATE BILLS**

**Mr. Speaker:** It being five o'clock the house will now proceed to the consideration of public and private bills, the former having precedence pursuant to the standing order in that behalf.

**INDUSTRY****PROVISION FOR CANADIAN PREFERENCE IN GOVERNMENT CONTRACTS**

**Mr. E. J. Broome (Vancouver South)** moved the second reading of Bill No. C-4, to provide for a Canadian preference in government construction, purchase and service contracts.

He said: Mr. Speaker, in moving second reading of Bill No. C-4, an act to provide for a Canadian preference in government construction, purchase and service contracts, I think I should first of all set out the reasons why I believe this bill is necessary. It is a well known fact that the policy of this government, as well as of previous governments, is to buy Canadian products wherever possible. It is only right that public funds raised from the people of Canada should be spent as far as possible in Canada.

According to an article in the *Financial Post* of December 31, 1960 the federal government spent in 1959 a total of \$1,362 million for goods and services, apart from wages, salaries and military pay. Government spending, therefore, is of major significance to our economy, and any increase in government spending in Canada which might be brought about by this bill will undoubtedly have a beneficial effect on the Canadian economy in increasing employment and also in the way of being returned to the public treasury in part in increased income and corporation taxes.

As long ago as July 23, 1921 order in council P.C. 2648 directed that all departments

—make purchase of goods of Canadian manufacture only for departmental and other requirements, except in cases where such action would result in the purchase of articles or goods of so inferior a quality as to make this action undesirable.

[Mr. Nowlan.]

This particular order in council is certainly not being followed today and, in fact, the vagueness of its wording is such that it would be almost impossible to implement.

Individual purchase orders or contracts in excess of \$15,000 are reviewed by treasury board, and it is a well known fact that treasury board does give a preference to Canadian products. This preference is approximately 10 per cent. Therefore, in this area of government purchasing the present practice follows the principle embodied in this bill.

Under very special circumstances, the cabinet has occasionally ruled on Canadian preference. For instance, at a cabinet meeting on March 8, 1955 the coal situation was considered and it was decided that Canadian coal would be used in all government coal burning installations where the laid-down cost of such coal did not exceed the competitive cost of other coals by more than 10 per cent. This decision was reviewed at a cabinet meeting on February 18, 1958, and because of the difficulties facing the Canadian coal industry this price preference, on the recommendation of the dominion coal board, was increased to 20 per cent of the laid-down cost. The government annually buys about a million tons of coal, nearly all of it for building heating, and this increase in price preference was of major importance to our depressed coal industry.

Contracts for the building of ships for the navy and the Department of Transport are negotiated by the government or else, if competitive tenders are called, only Canadian yards are allowed to bid. We have shipbuilding yards on both the east and west coasts and on the great lakes, and government shipbuilding contracts are divided between these three regions.

It is certainly in the national interest to maintain ship construction and repair facilities in these three areas and to maintain the highly technical and skilled staffs necessary for this type of work. Therefore, I think it can fairly be assumed that the government has had in the past, and has now, a policy of "Buy Canadian" and extends a price preference to Canadian manufacturers. I think it can also be assumed that where government purchasing will help a depressed area with chronic unemployment problems, this preference can go as high as 20 per cent, as in the example concerning the purchase of coal I have just referred to.

Another example of how the government can take special measures to help a particular industry or company is the case of the subsidy given to Britannia Mines in British Columbia a few years ago. If this subsidy had not been given a whole community on Howe sound would have had to move in the depth of winter because even