

Item: 19130

Title: Contract policy on Bobcat vehicles at Canadian car plant, Fort William, Ontario

Meeting Date: 1959-12-03

Reference: RG2, Privy Council Office, Series A-5-a, Volume 2745 Access Code: 90

Item Number: 19130

Contract policy on "Bobcat" vehicles
at Canadian Car Plant, Fort William
(Previous reference Jan. 28)

10. The Minister of Defence Production said that a special Committee of the Cabinet had reviewed the position of the Fort William plant of Canadian Car Co. Ltd. in relation to government work. Mr. Harwood, President of the Company, had agreed not to offer the plant for sale pending further advice on the prospect of further government work and in particular the Bobcat contract.

The development work on the Bobcat vehicle would not reach a point where tenders could be called until August 1960. Other countries were unlikely to use it. Though more flexible than the U.K. armoured personnel carrier, it did not fit into their family of vehicles. West Germany was obtaining light tanks in preference to armoured personnel carriers. The U.S., after lagging behind on this subject, had developed an armoured personnel carrier that appeared to be as efficient as the Canadian version, and cheaper.

If the Bobcat should be adopted for use by the Canadian Army, about 700 vehicles would be required, at an estimated cost of \$54,000 each. If the contract were allocated to the Fort William plant, the unit price would be higher and, in addition, a grant for tooling costs would be involved. It was still uncertain whether all design defects could be eliminated.

The Committee recommended that the Minister of Defence Production be authorized to inform the President of the Canadian Car Co. Ltd. that no final decision had yet been made or was likely to be made in the immediate future on the procurement of the Bobcat vehicle, but that if and when a decision were made to procure them, the contract would be put out to tender.

An explanatory memorandum was circulated, (memorandum, Secretary to the Cabinet, Dec. 2, - Cab. Doc. 390/59).

11. During the discussion the following points were raised:

(a) The Canadian Car plant at Fort William would probably close unless additional government work was allocated to it. Some 350 persons would then be without employment.

(b) The plant had remained open during 1959 largely because a delegation from the Company had been given reason to expect that the contract for production of the Bobcat vehicle might be allocated to Fort William. At the time of these discussions it had been expected that a final decision on the suitability of the vehicle would be taken by July 1959, but now it was known that the development work would continue to August 1960. Canadian Car should be told as early as possible that, if and when production was required, the contract would be put out to tender. If the existing uncertainty were allowed to continue, the Company might with reason allege that they had been misled by the government.

(c) Canadian Car could produce the vehicle more cheaply at its Montreal plant than at Fort William.

(d) Canada should not become too dependent upon the U.S. for weapons and defence equipment. This alone was a strong reason for proceeding with the Bobcat if design defects could be eliminated. In this connection, it should be recalled that the Avro Arrow programme had been cancelled because the government had been advised that the era of manned bombers was ending; the government would be placed in an impossible position if it should now procure manned aircraft from the U.S. The Cabinet Defence Committee should take this aspect into account in preparing its forthcoming recommendations on the re-equipping of the R.C.A.F. in Canada.

12. The Cabinet approved the recommendation of a special Cabinet Committee that the Minister of Defence Production be authorized to inform the President of the Canadian Car Co. Ltd. that, as the effectiveness of the Bobcat vehicle had not yet been definitely determined, and as the vehicle was not likely to be used by other countries, no final decision on its use would be made until development work had been completed; if and when it should be decided to procure enough for Canadian use, the contract would be put out to tender.

Contract for Fraser River dredge
(Previous reference Oct. 29)

13. The Minister of Public Works said the dredge in use by his Department on the lower Fraser River was 57 years old and was no longer able to keep the channel clear without assistance by privately owned dredges. It could not be maintained in operation for more than three or four more years.

The Department had called tenders for the construction of a new dredge. The three Western shipyards had submitted bids, and the Burrard Dry Dock Company had the lowest bid at \$3.6 million, based on equipment from the Netherlands. Dredging machinery was not made in Canada. The Department's consultant had estimated the value of the work at \$2.6 million.

After further negotiation, the Burrard Dry Dock Company had reduced its bid by \$416,000, which included allowances for various changes in specifications and also a reduction of \$150,000 in their profit. The Department's consultant had reported that he had previously omitted federal sales tax and various other items, and had revised his estimate to \$3.4 million. The price of \$3.2 therefore appeared fair and reasonable, especially bearing in mind