

COMMON CENTS PUBLIC PROCUREMENT IN THE ECONOMY

Helicopter deal hovers in no-man's land

by Gord McIntosh

Government footdragging should raise concerns

It's probably expecting too much for defence procurement to be fully clear of political interference and/or just plain incompetence. From the Ross Rifle in the First World War to the Oerlikon low-level air defence system of the 1980s that never worked properly, Canada has a long tradition of goofy military procurement.

But the government's foot-dragging to replace its weary fleet of Sea King Helicopters – first tabbed for replacement in 1975 – should be raising concerns beyond just the safety of the poor souls who must fly 40-year-old aircraft that require 35 hours of maintenance for just one hour of flying time.

Hundreds of pages of documents obtained through the Access to Information Act last spring clearly show that the Chretien government is determined that whatever airframe is chosen as the Sea King replacement will be politically convenient. The documents quote senior officials explaining technical requirements were being scaled down to ensure there will be plenty of choices for the government to choose from. That way it won't have to give the contract to an embarrassing choice as it did in 1998 in the competition for 15 new search and rescue helicopters.

They also show direct political interference through creation of a committee of cabinet chaired by Deputy Prime Minister Herb Gray and a second committee of overseers to keep tabs on the Department of National Defence (DND) as it develops a formal request for proposals.

The search and rescue contract, which went to an Anglo-Italian partnership of GKN Westlands and Agusta, is a wonderful demonstration of why politicians should try keeping their mouths shut more often during election campaigns. As students of defence spending aren't likely to forget, the former Conservative government awarded in July 1992 a fat contract to Westlands-Agusta for 50 EH101 helicopters to replace the Sea Kings and Labrador choppers used by DND Search and Rescue.

Jean Chretien, in his drive to become prime minister, attacked the EH101 as a Cadillac choice when a Chevrolet would do. So he promised to cancel the contract once elected. In 1994, at a

cost of nearly \$500 million, he honoured that promise. Then he turned the file over to DND to find a politically correct replacement for both the Sea Kings and the Labradors.

But the prime minister got a rude awakening in late 1997 when DND informed him it could find no other candidate than Westlands-Agusta that could meet a published statement of requirements to replace the Labradors. So the government swallowed its pride and chose the Cormorant, a scaled-down version of the Westlands-Agusta EH101 for search and rescue, to much ridicule.

Now there are signs the government is determined not to be embarrassed again. Insiders say the prime minister has flirted with the idea of a directed or sole-source procurement even though the cabinet has advised against it. The Chretien government also ordered that the statement of requirements, first completed in 1995, for the Sea King replacement be rewritten.

Defence officials revealed in testimony before a parliamentary committee in November 1999 that a revised statement of requirements for the Sea King had been signed off and sent to cabinet in either June or July of that year. That would indicate the government has been dithering for more than a year about an aircraft that had 12 crashes and seven deaths attached to its service record as of the summer of 2000.

A June 2000 report by the all-party Commons committee of national defence and veteran affairs said, "The failure to replace the Sea King helicopter epitomizes everything that is wrong with the procurement process."

The MPs are right of course. Over the summer the government did get around to declaring that replacement of the Sea Kings was top priority and issued a formal call for tenders. But selection of that replacement is still months, possibly years, off. The handling of the Sea King file remains a milestone in political interference in the procurement process.

[Gord McIntosh](#) is a freelance journalist based in Ottawa, Ontario. He worked for over 20 years with The Canadian Press specializing in trade and finance and has been published in *The Economist* and *Canadian Business*, among others. Read previous [Common Cents columns](#) at www.summitconnects.com.