

Heavy Water Production

An agreement was signed which provided for AECL to lease the plant at a nominal rent of one dollar per annum. Loan funds amounting to \$95 million to cover the estimated cost of the job were made available by means of a supplementary estimate approved late in 1971. AECL officially took over the plant on November 29, 1971, and work was begun immediately by the engineer and prime contractor hired by AECL to manage the rehabilitation of the plant.

• (1730)

Essentially, the agreement between the province and AECL provides for AECL to lease the heavy water plant and operate it or arrange for its operation by a third party. The cost of rehabilitation and operation, in respect of which loan funds have been made available by the federal government, will be recovered from the revenue received from the sale of the product. The lease will be terminated when the rehabilitation costs have been collected. That, briefly, is the history of federal government involvement in the heavy water plant at Glace Bay.

The hon. member for Trinity now asks this House to issue an order as a result of which the reports which were prepared for AECL would be made public. He wishes to see and examine all the documents pertaining to the making of this important decision. I have a great deal of sympathy with the hon. member's more general submission in connection with administrative secrecy. The principle of administrative secrecy is a long established tradition of the British parliamentary system, but I am among those who question whether or not this principle conforms with the requirements of modern democracy.

In a modern democracy, publicity services are indispensable to citizens who wish to participate actively in the political process. This is what the hon. member for Trinity is complaining about: he was not allowed to see the reports so that he could determine whether the decision taken was a wise one. There are those who argue that the strong position of administrative secrecy in all countries which have inherited the British parliamentary system is a legacy which one can trace back to the period of absolute monarchy. It is, therefore, probably axiomatic to say that any large measure of government secrecy is incompatible with democracy.

Having said this, however, I am prepared to argue that there are good, valid and acceptable reasons why the particular reports requested by the hon. member should not be made public at this time.

Let us bear in mind that the hon. member requests particular information—reports which were prepared for Atomic Energy of Canada Limited on the basis of which this Crown company would later furnish a memorandum to cabinet. First of all, I would point out that the Crown in the right of Nova Scotia is involved in litigation with several companies which participated in the original construction of the Glace Bay plant. The detailed engineering assessment of the plant which was made for AECL, and the subsequent report prepared by AECL for cabinet, necessarily contained information and opinions relative to the original construction. To make public these documents could be regarded as prejudicial to the fair disposition of that litigation.

[Mr. Penner.]

Second, I am certain that the hon. member for Trinity, who has a long and distinguished career in parliament and government, realizes that when public officials or consultants are asked to prepare a report they do so with more candour if they are assured of privacy or confidentiality. In the case of the heavy water plant at Glace Bay, the government wanted a candid disclosure or revelation so that it would not be necessary to read between the lines and draw inferences. The report undoubtedly contained frank comments concerning the provincial government in power at the time, public servants and commercial firms. This frankness was necessary. But my point is that those comments would not have been made had the reports been prepared with public scrutiny in mind. If the competence of commercial firms is questioned in a public document, those firms must be given the opportunity to reply.

As far as I know, there was no public inquiry into the failure of the heavy water plant at Glace Bay to go into production. Perhaps there should have been. But the problem facing the federal government was whether it was economically feasible to attempt to put the plant into production or whether in the hon. member's words, it would be merely sending good money after bad. On the basis of the reports it was concluded that heavy water could be produced earlier and more cheaply from a rebuilt Glace Bay plant than from a new plant of equivalent capacity.

Mr. Hellyer: Mr. Speaker, would the hon. member permit a question? Earlier in his speech, when he read that same sentence, the hon. member said "subject to certain conditions". Can he advise the House what those conditions were?

Mr. Penner: Certainly, when you are putting a plant like this back into production there are all kinds of conditions. The hon. member is asking me to provide him with technical data as to what these conditions were. That kind of data, though not available to me, was available to the government which had to make this decision.

In the third place, I would remind the hon. member that the reports—as no doubt he already knows—are the proprietary material of Atomic Energy of Canada Limited. The information contained in them was prepared by an engineering firm especially for AECL, which in turn was charged with the responsibility of preparing a memorandum for cabinet. Proprietary material might well contain data which, if made public, could put Atomic Energy of Canada at a competitive disadvantage in its efforts to sell, for example its CANDU power reactors at home and abroad.

I might point out that Canada's development of a distinct line of highly economical nuclear power reactors has now reached the stage of initial commercial acceptance by electrical utilities. This stage has been reached in spite of the fact that Canadian expenditures on nuclear power development have been extremely modest compared to those of the U.S.A., the U.S.S.R., the United Kingdom, France, and now West Germany and Japan.

In 1971-72, AECL received its first real budgetary increase in four years. This year's estimates show that the operating and capital budget will total \$79 million, an increase of \$2 million over last year. CANDU reactors are