

billion on the people of this country, I would ask them where they would make cuts. Let them be honest and moral with the people and tell us where they stand, if they know.

Mr. Bill Domm (Peterborough): Mr. Speaker, in a few moments I will deal with a couple of areas where we might seriously consider making spending cuts.

First, I would like to say that we are dealing with Bill C-143, which is asking permission of the House to borrow \$5 billion in addition to the \$14 billion of which we have been notified. The Minister has no right to expect Members of the House to support legislation which asks for \$5 billion and \$14 billion until such time as the Government has given us a complete financial statement. Actually, this Bill grants a total of \$19 billion in borrowing authority which has previously accumulated from Bill C-111, C-125 and C-128.

This is the largest borrowing Bill in Canadian history. The Government has passed Bills limiting Family Allowances, pensions and Old Age Security and today is attempting to pass legislation which would allow it to borrow \$5 billion. The Government has restricted the least obvious sectors of the economy while allowing the major culprits to go literally untouched through advertising budgets and the like, through Crown corporations, directly or indirectly, and through direct patronage. Those are the areas where the Government would do well to make some serious cuts.

• (1230)

I should like to state a few facts dealing with the runaway deficit, unacceptable Government waste, and its dangerous implications concerning Canadian taxpayers. I would like to review the lack of Government priorities in the Nova Scotia Coalgate affair. On September 26 of 1975, Alastair Gillespie was appointed Minister of Energy, Mines and Resources. While Minister, Gillespie learned about the success of coal liquefaction. He learned about these projects in South Africa and, as he told Canadian Press, "I knew about this, of course, because of my previous responsibilities as Energy Minister, and when I was down there"—referring to a visit in 1979—"I spoke to them. I flew over the plants and I became intrigued". On March 30, 1977 the Canada-Nova Scotia Oil Substitution and Conservation Agreement was authorized by Order in Council 1977-7/913.

On June 4, 1979 Gillespie resigned as Minister of Energy, Mines and Resources and later in the same year he again visited South Africa to study the coal liquefaction project so as to examine, now that he had entered the private sector, how he might use his power and influence in the Government of Canada to turn a small amount of money into a literal fortune.

On October 29, 1980 a memorandum of understanding was signed between Alastair Gillespie and Associates and five corporate partners, including two Crown corporations, Petro-Canada Explorations Incorporated, which would report to the Minister of Energy, Mines and Resources, and the Cape Breton Development Corporation, which would report to the Minister of Regional Industrial Expansion.

Borrowing Authority

Continuing on, the corporate partners each committed \$300,000; Gillespie, the developer, committed only \$25,000. The memo also provided:

The developer will, commencing on October 29, 1980, be remunerated by an annual retainer, initially fixed at \$30,000 and on a per diem basis, initially fixed at \$600, for Gillespie's time plus out-of-pocket expenses.

The memo stipulated that if Gillespie chose to sell his interest, he was to be paid \$25,000 by the corporate partners for his investment of \$25,000; and if the corporate partners chose to buy Gillespie out, he was to be paid up to \$750,000. This is where the Government could save some money, through better control of Crown corporations as they disburse taxpayers' dollars.

Then on December 16, 1980 Alastair Gillespie and Associates was incorporated in the Province of Ontario, and on April 4, 1981, in Port Hawkesbury, Nova Scotia, the Deputy Prime Minister (Mr. MacEachen), who is from Nova Scotia, announced the formation of a consortium and "a study project that will investigate the feasibility of producing liquid fuels from Nova Scotia coal". The press release identified Alastair Gillespie as the head of the consortium's executive board. Then to put the icing on the cake, on April 8, 1981, in a news story following the April 4 announcement, the Port Hawkesbury *Scotia Sun* quoted the Deputy Prime Minister as saying:

Things always come out right in the end. Gillespie is now one of the beneficiaries of his own foresighted policies.

The story has a happy ending for Mr. Gillespie. He could make as much as \$750,000 from his \$25,000 investment if the project goes ahead and the partners buy his share.

I should like to once again quote the Deputy Prime Minister. He said:

Things always come out right in the end.

However, the Deputy Prime Minister seems to be ignoring a number of facts. First, Alastair Gillespie as Minister of Energy, Mines and Resources originally sponsored the initiative to investigate the prospect of coal liquefaction. He researched the project in South Africa as Minister of Energy, Mines and Resources and returned shortly after his retirement.

Second, the former Minister of Energy, Mines and Resources, who is now the Minister of Finance (Mr. Lalonde), approved funding of the feasibility study into Gillespie's plan to turn Cape Breton coal into liquid fuels for transportation.

Third, Mr. Cohen, the Deputy Minister to the Minister of Finance, also took part in the discussions before June of 1981.

The fourth point is again in relation to the Deputy Prime Minister himself, who was involved with the project six months before then. He announced the plans with Nova Scotia Premier John Buchanan and Gillespie in April of 1981.

These actions were obviously breaches of conduct and any such deal providing a former Minister with benefits of up to \$750,000 would certainly create the appearance of wrongdoing. This House and the Canadian people demand some honest answers from the Government, and if they are not forthcoming the Ministers involved must resign.