

Later in April 1981, federal officials decided that action had to be taken to prevent even the appearance of favouritism toward Mr. Gillespie. Therefore, the draft agreement between Canada, Nova Scotia and the consortium was changed so that eligible costs are defined as, "the cost of the feasibility study and the working capital requirements of the consortium, other than the per diem fees and the annual retainer payable to the developer". In other words, Mr. Gillespie's fees are wholly paid by the consortium completely outside of the costs of the study. There is no direct or indirect payment to Mr. Gillespie of Government money.

● (1610)

What about the gain to Mr. Gillespie if he sells out or is bought out? First, if the project does not go ahead, there is no possibility of financial gain. Indeed, he would lose his whole investment, as would all the other partners to the consortium. Second, if the project goes ahead, then Mr. Gillespie may sell out or be bought out by the other members of the consortium. As the developer and promoter, he negotiated with Gulf Canada on behalf of the consortium. The contract is between Mr. Gillespie and the consortium and not the Governments of Canada or Nova Scotia. It is totally irrelevant to the debate in the House of Commons.

What about the accusations of privileged treatment by the Government of Canada? I can assure the House that Mr. Gillespie has no more privileged access to the Department of Energy, Mines and Resources than do any of the other partners in the consortium. If any of the other partners had approached the Government on behalf of the consortium, they would have received exactly the same treatment.

Finally, what about the results of my Department's study of the project? There has been no Cabinet document, as the former Leader of the Opposition has suggested. A draft document was prepared by officials which concluded that a project based on the technology then being considered by the consortium would not be commercially viable.

This economic analysis was valuable. It led the consortium to search for and to investigate alternative processes which aimed for minimum capital cost and maximum yield of liquid fuel. Thus the possibility of considerable savings in capital cost became evident, with a small decrease in operating costs and with correspondingly lower sensitivity to the cost of coal.

The new process data led the consortium's financial committee to conclude that the nominal return on investment would not be 4 per cent, which was the original finding, but up to 18 per cent. Shortly thereafter, in its continued search for better processes, the consortium discovered that technical advances in two-stage processes had achieved significantly better yields than the processes evaluated in the pre-feasibility study.

The promise of lower capital costs, the promise of higher yields of fuel, and the fact that new versions of the process would use substantial quantities of natural gas, possibly derived from the Sable Island field, prompted the consortium to initiate further studies.

### *Supply*

The new process approach may require some time to commercialize as it is unlikely to be in production before 1990. This delay, which would have been a marked drawback when the project was initiated under circumstances of rapidly increasing oil prices, is no disadvantage in the present circumstance. In fact, there is every possibility that the new technology will be ready for the next escalation in oil prices. The Province of Nova Scotia, represented through its Crown Corporation, Nova Scotia Resources Limited, concurs in this new approach.

I shall be asking the Government of Nova Scotia if it wishes to proceed. If Premier Buchanan wants more work to continue on this project, the federal Government will certainly not object to the continued use of funds from the Canada-Nova Scotia Oil Substitution Fund. On the contrary, the federal Government remains convinced that the project will be good for Nova Scotia by creating thousands of jobs and good for Canada by contributing to energy self-sufficiency. Where is the scandal in all that? It would be a great tragedy if the Opposition were to block this project. Therein lies the scandal.

Yesterday I tabled in the House all the documents I had in my possession. I did this in the spirit and by the letter of the Access to Information Act. Today I gave more facts that I obtained from Mr. Gillespie which have absolutely nothing to do with me. This is a project, and the guidelines as debated in this House of Commons are in relation to the then Minister of Energy. I asked the officials if at any time they felt they had been lobbied or pressured. They told me that at no time had that been the case. I think they are honourable.

### *[Translation]*

Today, I can proudly say in the House that I believe the Minister of Finance (Mr. Lalonde), who was Minister of Energy, Mines and Resources at the time, acted in the best interests of the Canadian Government and the people of Nova Scotia. As a Minister, he acted responsibly in every way.

There has long been a tendency to try to lessen the role of Quebec Members in the House. I am very pleased to see that today, the Minister of Finance, who has served his province and his country with great integrity, both as adviser to a Government, although not on the same side as I was, and I was already in politics . . . Later, as Minister, he always put the public good before private or partisan interests. His record speaks for itself. Mr. Speaker, it would have been a tragedy if today, the House had been obliged to accept the resignation of the Minister of Finance, because there are few people serving this country who have worked so intelligently and so hard to make Government projects a success.

What is at stake today? The future of a province which has probably suffered more than any other because of its dependence on imported oil. When 80 per cent of the energy generated in Nova Scotia came from oil imported at the kind of prices we had before the Energy Program was established, when there was no Federal compensation, all clear-thinking