additional personnel have been hired; a chief financial officer was hired at the beginning of this year and other additional financial people have been hired.

There has already been a significant effort to increase and improve the financial competence and financial controls of the organization. Mr. H. W. Macdonell, a member of the board of directors, heads a steering committee of consultants, directors and some officers of the corporation with a view to changing what had become a grievously inadequate system. He presented to the Public Accounts Committee a statement giving up-to-date account of matters. He was followed by the Auditor General who indicated that he believed the corporation was progressing in the right direction. He said in very forthcoming terms that he endorsed the actions of the corporation.

**Miss MacDonald:** My question really was whether there would be further resignations or disciplinary action. I say that in light of the minister's statement that the renegotiated contract in the Cordoba plant will result in a loss of $130 million. I want to refer him to page 3280 of *Hansard* for February 22, 1977. At that time, I raised the question of whether the loss would be in that vicinity or whether it would be the $40 million that the minister projected. I asked the minister what the upper limit of the loss would be and he replied:

That, if I understand it, is $40 million.

After an interjection he continued:

I do not know what further information the hon. member wants. All I can tell her is that I think Mr. Campbell was able to negotiate a good deal for Canada.

If the minister thinks that a $130 million loss, which he earlier stated would be only a $40 million loss, negotiated by Mr. Campbell is a good deal, does he not also consider that to be financial incompetence of a grave magnitude? If so, what is the fate of Mr. Campbell?

**Mr. Gillespie:** Mr. Speaker, I think it is very important to understand some of the specifics of a very complicated situation. The hon. member may recall that this was a large and complicated contract, a summary of which was placed before the Public Accounts Committee by the Auditor General. Mr. Campbell and his team were not renegotiating the language of the contract because that was never at issue. There was, unfortunately, no basis in law for seeking that kind of renegotiation but there was a basis in law for seeking renegotiation based on the numbers, on the inflationary impact that had occurred. He was successful in reducing the potential loss, for example in heavy water, by nearly $40 million and most of the balance was with respect to a new escalation provision covering Canadian goods and services on that contract.

He was not authorized, and I understand there was no basis in law for him to renegotiate the language or renegotiate the initial errors concerning estimating. Quite clearly, the estimates have proved to be inaccurate. In some cases the number of man-hours is wrong by as much as 100 per cent. Some of these man-hours had been increased because Canada imposed greater safeguards, and I am sure the hon. lady would be one of the first to endorse that approach. Under the contract that was negotiated with Argentina, however, we had no basis on which to renegotiate the terms to recover the greater costs associated with safeguard initiatives which Canada took, supported by the opposition parties in this House.

Where the errors seem to have occurred were in the language—in some cases rather loose language—of the contract. This was the first internationl contract of its kind. There were errors in the estimating. The second error which we moved to anticipate a year ago, was the inadequacy with respect to matters of financial control. It was not until sometime after we had finalized it that I was able to ascertain this.

• (1600)

**Mr. Mazankowski:** What a Mickey Mouse operation this is.

**Mr. Gillespie:** Mr. Speaker, I am not trying to defend inadequacies. Clearly, I have been on the other side pushing for a change.

**Mr. Mazankowski:** How does the Minister of Finance (Mr. Macdonald) feel? What a Mickey Mouse operation.

**Mr. Macdonald (Rosedale):** Disneyland is a successful operation.

**Mr. Gillespie:** I am also trying to be forthright and explain a situation concerning a corporation which is most important to Canada.

**Mr. Speaker:** Order, please. Perhaps we can conclude this questioning after I recognize the hon. member for Kingston and the Islands (Miss MacDonald) for a supplementary question, and the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas).

**Miss MacDonald:** Mr. Speaker, my question will be brief, and I ask for a brief answer. After the chairman of AECL, Mr. Campbell, returned from renegotiating the deal in Cordoba, Argentina, did he tell the minister the loss had been reduced to $40 million?

**Mr. Gillespie:** The information I gave the House is based upon information I received from senior officers of the corporation. The loss, according to the information I gave the House, was between $23 million and $38 million. I believe those figures are on record. The hon. lady once mentioned $40 million. I did not take issue with that $40 million figure. The House knows the range of figures I was given.

**Miss MacDonald:** Did you get that information from Mr. Campbell?

**Mr. Gillespie:** Mr. Speaker, I cannot say if it came from Mr. Campbell or Mr. Foster. It came from a senior officer. Both Mr. Foster and Mr. Campbell were involved in the renegotiations, as the hon. lady no doubt knows.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** Mr. Speaker, since the minister said that the loss at the nuclear station at