

Adjournment Debate

The WGTA reform will have a major impact on our grain handling transportation system. The Ministers of Agriculture and Agri-Food and Transportation, in consultation with all stakeholders, have developed plans and strategies to assist farmers in making the transition to a new market environment.

This will include a legislative and regulatory framework which will assist in the achievement of efficiency gains. For example, the provision of the National Transportation Act will help to foster competitively priced grain transportation services and cost savings for farmers and shippers. A system will be put in place to ensure the provision of necessary information, monitoring and review processes. These in turn will be used to track system revenues, costs, efficiency achievements and an appropriate sharing of benefits. In other words, provision has been made to pass efficiency savings on to the farmers.

• (1835)

Regarding the hon. member's concerns related to the government's *ex gratia* WGTA payment, it is important to note that the transportation subsidy had an impact on land values. With the elimination of the subsidy, the payment addresses the subsequent changes in these land values.

In addition, the payment is decoupled. This means it will be market neutral with respect to future production and marketing decisions of producers. It is also in keeping with Canada's international trade obligations.

It is important to note the government's assistance is not limited to this payment. Saskatchewan will share in a \$300 million adjustment fund.

[Translation]

MIL DAVIE SHIPYARD

Mr. Maurice Godin (Châteauguay, BQ): Madam Speaker, my remarks tonight follow up on my question to the Prime Minister on December 8, 1994, about the contract awarded to Saint John Shipbuilding without a call for tenders; the MIL Davie Shipyard, which had submitted a bid, was wronged in the process. Here is the question I asked:

How can the Prime Minister explain that, despite the clear directive issued by him to the president of the consortium, Mr. Ken Hall, Hibernia has refused to redress the injustice to which he has himself so strongly objected?

The Prime Minister answered:

I think the company should not have acted in this way. I have said it clearly, but since we own only 8.5 per cent of the company's shares, we cannot force it to change its decision. I still think it is a bad decision for both the Newfoundland shipyard and the Quebec shipyard.

The answer given by the Prime Minister is not complete. In my opinion, it is not true that the federal government is not in a position to force its views on the Hibernia project. It is true that the federal government owns 8.5 per cent of the shares in the Hibernia project for \$340 million, but the Prime Minister forgot to tell us that the government invested \$400 million more in 1992, when Gulf pulled out. The federal government also pays almost \$100 million in cost overruns. It granted \$1 billion in subsidies and gave \$1.7 billion in loan guarantees. More over, it

undertook to pay the difference in production costs between the market price and \$25 a barrel.

Let them not pretend the federal government is just any other investor. It is the main investor in the project with \$3 billion out of \$6 billion. The Prime Minister should have taken a tougher stand and demanded that the consortium follow his directive. Hibernia is the perfect image of Canadian federalism with the lobbyists making the decisions and the Prime Minister carrying them out. As a result, we have policies which lead to waste and a debt of \$500 billion, megaprojects which are ruining us and will never be profitable.

Of the five modules ordered for the amount of \$100 million, two were made in Korea, two in Italy and one in Newfoundland, following construction of a shipyard 25 per cent of which was paid for out of our tax money. We were told that the study recently claimed that MIL Davie was not profitable, but who produced this study? It was Ernst & Young, which contributed \$116,452 to the Conservative and Liberal Parties in the last election and received federal contracts worth \$2.4 million in 1993-94. Can Quebecers trust such a partisan study? What I would like to know is if the Prime Minister will make a commitment to ask the consortium to grant the contracts for the construction of future tankers to MIL Davie as was done for Saint John Shipbuilding, that is without a call for tenders?

[English]

Ms. Jean Augustine (Parliamentary Secretary to Prime Minister, Lib.): Madam Speaker, I am pleased to respond to the member.

The hon. member was not satisfied with the response of the Prime Minister to his question of December 8, 1994. The question at the time related to the process followed by the Hibernia consortium last fall when it became necessary to remove some work on drilling modules that had commenced at the Marystown shipyard in Newfoundland. The work had fallen seriously behind schedule.

In order to avoid jeopardizing the schedule for the entire project, an outcome which could lead to severe cost overruns, the Hibernia Management Development Company decided to place the completion of this contract in the hands of another shipyard on relatively short notice.

The contract was transferred to Saint John Shipbuilding for completion in New Brunswick without giving the MIL Davie a formal opportunity to rebid on the remaining work. The member knows that MIL Davie had submitted a bid on the contract when it was originally tendered but lost out to Marystown.