

Oral Questions

Mines and Resources. A few days ago I asked the minister when he first learned that AECL had suffered a loss of \$130 million on the sale of a nuclear reactor to Argentina. The minister said he only learned of it a couple of weeks ago. In view of the fact that he has frequently told the House that he reorganized the board of directors last November and at that time there were appointed to the board the deputy minister of energy, mines and resources, the deputy minister of finance and the deputy minister of industry, trade and commerce may I ask if his deputy minister, Mr. Gordon MacNabb, reported to him more than a couple of weeks ago that there was a loss of more than \$130 million and what was more, a spread between income and expenditures of \$290 million and why that was not reported to him more than a few days before the report was tabled?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, if the hon. member would check the record he would see I indicated I had received precise advice on losses or more accurately, the provision for future losses because they are not losses that have yet been incurred this year to the AECL contract with Argentina a couple of weeks ago. It had been brought to my attention that there might be substantial losses with respect to the AECL operation perhaps a couple of weeks before that. It may well have come from the source to which the hon. member has just alluded. As to the precise loss with respect to that contract, my answer stands as it is on the record.

DATE MINISTER OF FINANCE WAS ADVISED OF LOSS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I put a supplementary question to the Minister of Finance. I take it the purpose of appointing the deputy minister of the Department of Finance to the board of directors of AECL was for the purpose of keeping the Department of Finance informed as to the financial position of that Crown corporation. Was the minister advised anytime prior to the tabling of this annual report and financial statement that AECL faced a deficit of \$290 million, \$130 million of which was due to the sale of the reactor to Argentina?

Hon. Donald S. Macdonald (Minister of Finance): Mr. Speaker, I have already indicated to the House that I was advised there would be a substantial loss anticipated showing on the books of AECL for the period being covered.

An hon. Member: When?

Mr. Macdonald (Rosedale): As I indicated, it was a matter of some weeks—I cannot be precise—before the tabling. That is the tabling now a week or ten days ago.

SUGGESTION DEPUTY MINISTERS NOT BE APPOINTED TO BOARD OF DIRECTORS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I put the final supplementary question to the Minister of Energy, Mines and Resources. The purpose of

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

putting busy deputy ministers on the boards of directors of Crown corporations ought to be to keep the government informed on what is going on, yet we find from the answer given today that the ministers were not aware of this until after the annual report was in preparation. Would it not be advisable, instead of putting pro forma representatives on the board of directors, to find people who could give time to this matter and report regularly to the government how they find the state of finances of the various Crown corporations to which they are appointed? Instead of putting deputy ministers on, who are already so busy with the work of their departments that they are unable to discharge adequately the responsibilities for which they were appointed, is it not time to change the method of dealing with this situation?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, with all due respect, I think the hon. member is confusing the role of a director with that of an auditor of a corporation. In this instance the auditor of the corporation is also the Auditor General of Canada. The hon. member should recognize that it is the responsibility of directors to apprise shareholders of the size of a potential loss only when they are sure precisely how large that loss will be, and that is the purpose of the auditor. The auditor signed the statement on June 22; I believe it was submitted to the directors some days after that. Clearly, the directors would be out of order if they were to prejudge the statement of the auditor of the corporation, particularly when he is the Auditor General of Canada.

INFORMATION SUPPLIED MINISTER BY PRESIDENT OF CORPORATION

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, may I direct a supplementary question to the Minister of Energy, Mines and Resources? My question relates to the testimony the former president of AECL, Mr. Gray, gave before the public accounts committee on February 1, 1977. Telling the committee how well the government was kept informed, at luncheon meetings with deputies of the department or with the minister himself, he said:

I think that AECL and I, personally, did more to keep other government offices advised of what we were doing than any other government office.

When Mr. Gray left the office of president of the board, did that kind of transmittal of information cease and not continue with the new chairman, Mr. Ross Campbell, and the president, Dr. Foster? Is the minister saying he did not receive from the new officers the kind of ongoing information which had been supplied by the former president?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I am sure luncheons are a useful vehicle for transmitting information, but as far as I am concerned luncheons are not enough.

Miss MacDonald: A supplementary question, Mr. Speaker. I am sure the minister, on occasion, has breakfast and dinner as well. Is the minister saying that the present officers of