

Oral Questions

transaction well worth doing, as did the Government of Canada.

METHOD USED TO MAKE PAYMENT

Miss Aideen Nicholson (Trinity): Mr. Speaker, I am puzzled by that answer but, doubtless, either the Minister of Finance or the Minister of State for Finance might be able to make a Statement on Motions which would clarify it.

What we were told in the House by the Minister of Finance at the time was that the money was intended to enable the new Bank of Hongkong in Canada to increase its capital base and to make provision for possible loan losses. That does not seem to fit with the answer just given by the Minister.

My supplementary question is this. If, indeed, the Government wanted the assistance to the bank to be tax free, why not do it up front via a remission order and an Order in Council? Why was it necessary to use an offshore bank?

Some Hon. Members: Hear, hear!

Mr. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the guarantees made to the Canadian subsidiary were made by the offshore bank. It was the entity that was going to keep this bank going, not just this year, next year, but decades into the future. That is why the guarantee was structured that way.

The Hon. Member knows too, and I have heard her putting questions that have been perceptive about this in the standing committee, that banks and their tax structures, their allowances and provisions vary enormously from bank to bank and from jurisdiction to jurisdiction. Therefore those tax questions were not pursued.

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AUDITOR GENERAL'S REPORT

GRANT MADE TO EDMONTON AMUSEMENT PARK PROJECT

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I have a very serious question for the Prime Minister.

Some Hon. Members: Oh, oh!

Mr. Jelinek: It's about time.

Mr. Nystrom: It is about his Deputy Prime Minister's Fantasyland in Edmonton. The Auditor General stated in his report:

In August 1985, notwithstanding the Cabinet decision, the DRIE Minister offered the company a \$5 million contribution under IRDP.

It is also the understanding of the Auditor General that the Lougheed Government at the time did not approve of this.

What I want to ask the Prime Minister is this. Why did his Government and his Minister at that time offer this \$5 million

grant in defiance of the Cabinet and in defiance of the Peter Lougheed Government and, more important, perhaps in breach of the IRDP? It is a very serious allegation by the Auditor General. I think the country demands an answer by the Prime Minister of Canada.

Some Hon. Members: Hear, hear!

Hon. Don Mazankowski (Deputy Prime Minister, President of the Privy Council and President of the Treasury Board): Mr. Speaker, I appreciate the Hon. Member's question. At least he did not accuse me of accepting a kick-back, as his colleague the Hon. Member for Kamloops—Shuswap did.

Some Hon. Members: Shame!

Mr. Clark (Yellowhead): Shame, and typical. He is learning from Broadbent.

Mr. Mazankowski: Mr. Speaker, this is a very important initiative. I can assure the Hon. Member that his allegations are not founded. I can assure him that this is a matter that was considered. This particular contribution was made to support a very unique tourist attraction in Alberta. It is one of the most major tourist attractions in western Canada, if not in all of Canada. It deserves the support of the Government to expand and to diversify the economy. It was in that spirit that the support was given.

I would hope that the Hon. Member, rather than criticizing support for western initiatives and, in particular, diversified initiatives, and rather than condemning and ridiculing, would be supportive of them.

Some Hon. Members: Hear, hear!

REASON FOR FUNDING PROJECT

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, the Deputy Prime Minister just made a very, very serious statement. I would like to ask him to explain then why the Auditor General would have stated, and I quote again:

Review by DRIE staff indicated that the project would proceed without federal funding. This made the project ineligible for funding.

It was also noted that the project began in the summer of 1984 and was reviewed in March of 1985 by a DRIE internal board that recommended against support under IRDP.

• (1500)

I wonder in light of this, and the recommendation by DRIE people themselves that it should not be funded, why was this project funded. Why were the rules broken? When the project was going ahead anyway, why spend taxpayers' money on something where we did not have to do it?

Hon. Don Mazankowski (Deputy Prime Minister, President of the Privy Council and President of the Treasury Board): Mr. Speaker, because very simply it supports an