

Oral Questions

Would the Minister tell the House how this explanation coincides with an undated memo to the Minister of Energy, Mines and Resources from Marjory Loveys which says that the \$9 million has already been completely committed and, "the \$1 million slated for coal liquefaction consortium is in addition to the money in the fund; it is being passed through the fund for administrative reasons." What is the explanation for the conflict between this memorandum to the Minister and what in fact the Prime Minister and the Minister have been telling the House this morning?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, if the Hon. Member were really as honest as he pretends he would like to be, he would read the full file. He will find a memorandum written by Mr. Walsh, I believe, that is in the file that has been tabled, and which states quite clearly and categorically that, having seen the Treasury Board submission, the Minister gave a directive that the \$1 million should come from the Oil Substitution Agreement with Nova Scotia without reimbursement. If the Hon. Member wishes to address this question to the Minister of Energy, Mines and Resources, I am sure he will be able to refer him specifically to this memo.

So, the money was to be taken out completely and fully from those moneys that were under the control of Nova Scotia and part of the consolidated revenue of Nova Scotia, not from the other funds that were provided for under the National Energy Program. It was for a very simple reason; that fund had been setup and was under the control of Nova Scotia. There was money there and that is where the money should come from. I invite my hon. friend to have the honesty to look at the file, read the documents, and see what indeed transpired. At this point it was made quite clear that, under the Minister's instructions, it had to be taken out of the Nova Scotia-Canada fund for oil substitution.

• (1125)

Mr. Andre: Supplementary, short supplementary!

Madam Speaker: The Hon. Member for Oshawa.

Mr. Andre: How come Treasury Board is needed for the Halifax Consolidated Revenue Fund? Continue to lie.

DEPUTY MINISTER'S MEMORANDUM OF JANUARY, 1981—TIME-FRAME FOR PLANNING PROJECT

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Minister knows, or at least everyone on this side of the House knows, that that change was made so that the very appearance of conflict of interest involving Mr. Gillespie would be evaded. Everyone knows that.

I would like to ask a question concerning the likelihood, it seems to many of us, of foreknowledge of the contents of the budget on Mr. Gillespie's part. According to documents which were tabled in the House the other day, he met with the Deputy Minister of Energy, Mines and Resources, Mr. Cohen, six months before the budget, specifically to discuss the project. Now I want to refer to another document and ask the

Prime Minister or the Minister of Finance to listen with care, and then give me a straight answer in relation to it.

Among the documents tabled the other day was a memorandum dated January 15, 1981, sent by the Deputy Minister, Mr. Cohen, to the present Minister of Finance. The following specific reference to Mr. Gillespie was made:

You will recall that Mr. Gillespie has organized the Scotia Coal Synfuels Project whose object is to study the possibilities for the liquefaction of coal in Cape Breton—

Further down are what seem to be the key words:

In anticipation of this development, provision was made during the planning stage of the National Energy Program for a maximum of \$1 million to be available for federal participation in this project.

It is stated that in the planning stage of the National Energy Program, which was announced in the budget, Mr. Gillespie's proposal, including dollar amounts, were taken into account. Will the Minister please comment on that? Does that not give us the clearest possible reason for believing that Mr. Gillespie had foreknowledge?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I reviewed the file, and the way I understand the problem is that the program in relation to coal liquefaction had been under way for many months with the Government of Nova Scotia.

If the Hon. Member had listened yesterday, he would have heard me state all the chronology of the work done by Mr. Gillespie. He started first with Mr. Barkhouse, the Minister of Nova Scotia, and they discussed the matter for months. Of course the money was to come from the funds under the control of the Treasury of Nova Scotia. At one time they might have considered another possibility, because I am informed that Nova Scotia wanted the federal Government to pay for it. We decided that the money was to come from the funds which were established before, and this is probably where this kind of confusion has arisen.

However, the reality is that Mr. Gillespie started with Nova Scotia, the money was available in Nova Scotia, and at one time Nova Scotia had indicated that it preferred to keep its money for something else. At that time the Minister of Energy, Mines and Resources decided that, if the program was to go ahead, it would go ahead with money which had been allocated to the Treasury of Nova Scotia in 1977.

Mr. Broadbent: Madam Speaker, that does not deal with the question at all. I am not referring to the cute rearrangements which were made by the federal Government in terms of paying Mr. Gillespie.

Mr. Hnatyshyn: Cute, cute.

Mr. Ouellet: Not paying him.

Mr. Broadbent: I am referring to the foreknowledge as to what would be in the budget. If the Minister of Energy, Mines and Resources is now going to answer the question instead of the Minister of Finance, that is fine, but I would like an answer.