

*Oral Questions*

agreement or did he get that information subsequent to the signing of the agreement?

**Hon. Alastair Gillespie (Minister of Energy, Mines and Resources):** I got it within the last couple of weeks.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** On February 2 of this year, as recorded at page 2638 of *Hansard*, when I asked the minister about the renegotiated agreement he said that already AECL with its partner Italmimpianti had signed the agreement and that the Argentine government had approved, though there were still some details to be worked out and so on. Is the minister saying that he did not know what the terms of that agreement were, that although he knew that the previous agreement stood to lose AECL, it turns out now, \$200 million, he did not know that the renegotiated agreement was going to cost the people of Canada \$130 million? Was that agreement signed without that information being conveyed to the minister? Did the minister not ask what the loss would be in that renegotiated agreement? Surely that was his responsibility.

**Mr. Gillespie:** Yes, Mr. Speaker, I did ask, and that was the information I was given—that the range would be something between \$23 million to \$40 million. It was on that basis, when the previous estimate had been for more than \$100 million, that I felt that a good deal had been made in the renegotiation by Mr. Campbell, and I so announced to the House.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** A final supplementary question, Mr. Speaker. I do not want to distort in any way the minister's reply, but do I understand that he is telling me that prior to the signing of a renegotiated agreement he was given the information that the loss would be cut to somewhere between \$23 million and \$40 million, that now he finds that those who drafted that agreement and signed it have incurred a loss of \$130 million, and that the man who carried on the negotiations is now being appointed president of AECL? Is that what the minister is telling the House?

**Mr. Gillespie:** Mr. Speaker, I am saying that the loss announced yesterday was a loss which was not known to me until the last couple of weeks, that at the time the renegotiated contract was signed the information I was given was the information I have just repeated in answering an earlier question. I also made it quite clear that there was a team of officers involved in the renegotiation and that the renegotiation dealt only with the numbers, based on the case that Canada had, which was that the world inflationary situation had changed and therefore we could expect the customer to renegotiate some of the arrangements.

Remember that that contract was written under and subject to Argentinian law, not Canadian law. It had to be renegotiated against the background of Argentinian law. There was a provision in Argentinian law, we argued, which gave Canada the right to renegotiate those particular terms which dealt with items beyond the control of the corporation, such as world inflation. It did not give Canada or the negotiators the right to renegotiate the language of the contract. Nor did it give

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

Canada or the corporation the right to renegotiate any estimates that might have been made with respect to man hours, and so forth, in that contract. We were limited in our negotiation to the question of escalation of costs and those matters and I believe, as I have said, that the negotiators were very effective in getting that much better a deal.

ARGENTINIAN CONTRACT—SUGGESTION MINISTER RESIGN  
BECAUSE OF MISLEADING STATEMENTS OF LOSS ON  
RENEGOTIATED CONTRACT

**Mr. Allan Lawrence (Northumberland-Durham):** A supplementary question, Mr. Speaker. In phrasing my supplementary question to the minister I should like to take his memory back, if I may, to several interchanges he and I had in this House and in the committee wherein it was suggested by me that even on the renegotiated contract price the loss to Canada was going to go to \$120 million. That was a conservative approach by me, obviously, as it turned out. Does the minister remember his ridiculing of me in this House and in the committee, and by Mr. Ross Campbell, for even suggesting that figure, and does he remember undertaking that the loss on the renegotiated price in no event would go over \$40 million? Bearing that in mind, does the minister not honestly feel that he should now hand in his resignation on the basis of that overt misleading of the members of this House?

● (1130)

**Some hon. Members:** Hear, hear!

**Hon. Alastair Gillespie (Minister of Energy, Mines and Resources):** Mr. Speaker, the hon. member wants to make much of an alleged ridicule which I made of him. He seems to be placing it on a very personal basis. I should like to assure him that I have never entered into discussion with him with respect to the affairs of this corporation on a personal basis. I recognize his position as a member of parliament and as a chairman of the committee. I have done my best to provide him with all the information which has been available to me.

As soon as I had the Auditor General's report, I called up the hon. member and I said: "Mr. Lawrence, I hope you will agree that your committee will deal with this on an urgent basis." That has been the basis of my relationship with the committee ever since. I take absolutely no satisfaction in the situation as it exists. I am sure Your Honour can understand the position in which I have been put. I have tried to tell the House why this situation developed. I have tried to explain to the House the reason for the difference in the numbers, which was the lack of financial management and control information.

The corporation sent teams down to Argentina as part of the whole reorganization of the financial management and control structure of the corporation, to examine how that particular project was being managed. As a result of those kinds of initiatives, which have taken place since that agreement, the contract was finally approved in its renegotiated form. It has been as a result of those types of actions that these horrendous numbers have come to the attention of the directors and the