

Supply

Mr. Beatty: Mr. Speaker, we know something about the worth of statements made by these Ministers in this case. With regard to the memorandum which he does have and did table yesterday, the one from Mickey Cohen to the Minister of Finance (Mr. Lalonde), dated January 15, 1981, it states:

In anticipation of this development—

In other words, the consortium being formed.

—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.

Meaning that particular project.

Can the Minister indicate whether in fact it was the case that when his predecessor drew up the National Energy Program it was fully his intention to set aside \$1 million for the Gillespie project? Can he tell the House at the same time if he is aware of the statement by his predecessor to the Committee on Alternative Energy and Oil Substitution, which was, “Yes, I can tell you that on this program there is not a word in this program that I did not approve personally. The officials worked but it is a Government program. The decisions and options that were retained were those retained by the federal Government, not by officials as such”? Can the Minister tell us that and confirm that in fact, at the time the NEP was being drawn up, his predecessor set aside \$1 million to go to the Gillespie consortium?

Mr. Chrétien: Mr. Speaker, I think that there was a fund that was created in 1977 in which \$9.3 million was available. There was some money remaining. I discussed this problem at length this morning with some of my officials. The Nova Scotia Government did not want to use that fund. It wanted to have it paid by the federal Government through another fund. It eventually came to the conclusion that it was to come from the oil substitution program. To this day it would like us to pay directly without using that fund, so they might keep it for something else.

I do not blame the Nova Scotia Government for trying to get more money from the federal Government. It is absolutely legitimate. But I understand that the discussions with the Nova Scotia Government over this program began long before the budget was brought down. It was always intended that the money was to come from the oil substitution program which was under the control of the Nova Scotia Government's treasury. I am certain, from the research that I have done, that there is not any link at all between that and the budget, because the funds were already under the control of the Nova Scotia Government.

Mr. MacKay: Mr. Speaker, the Minister has just stated some alleged facts about the origin of the money that was used by the Province of Nova Scotia for very laudable reasons, and to the admitted benefit of the Province of Nova Scotia. That is not the issue. As a matter of fact, let me quote to the Minister from the bottom of page 2 of this memorandum with which he should be familiar. It says:

In the event that the Province of Nova Scotia insists on Novaco being admitted to the industrial group solely on the strength of the funding from the Oil Substitution Agreement and if this is not acceptable to you—

Being the Minister of Energy at the time:

—it will still be possible to arrange federal participation in the project by applying NEP funds directly.

That is directly, not through any washing arrangement to which the Province of Nova Scotia was finally prevailed upon to agree.

I want to refer briefly to the interjection made about my referring to my friend, the Right Hon. Member for Yellowhead (Mr. Clark), as dog food. That was not the context. At least I did not refer to another substance that dogs sometimes make, which sticks to people's shoes, which his Leader did when he referred to the unemployed truckdrivers of LaPalme. Maybe he forgot that.

I want to say to the Minister that I am a little surprised that he knows so little about his portfolio that he did not realize, for example, that my colleague's Province of Prince Edward Island is much worse off for energy than Nova Scotia. While everyone concedes that this is a very laudable project, we come back to the point that the Province of Nova Scotia was used by the federal Government for its own purposes, taking advantage of the Nova Scotia Government's understandable desire to develop coal. It is interesting that the coal in my area was never developed like this, and I am glad that it was not if it required the methodology that was used in Cape Breton.

Mr. Chrétien: What was referred to was that they explored many avenues, and the avenue that the Hon. Member refers to was not acceptable. That is why we used the other avenue. That is well known. Can you blame the people for looking at all the possible avenues in searching for what can be done? They discussed all the aspects, but they have to look at what the results of those discussions are. The result of the discussion was that the first financing had been carried out through the substitution program, which is under the control of the Nova Scotia Government. We cannot have the same type of project in P.E.I. There are other kinds of agreements with P.E.I. on the problem. They do not have coal in P.E.I., so we cannot liquefy potatoes. We are talking about the liquefaction of coal.

Mr. Andre: Mr. Speaker, I will be very brief. The Minister of Energy, Mines and Resources (Mr. Chrétien) and the Prime Minister (Mr. Trudeau) indicated earlier today and on other days that the funds for this project are paid—the Minister should listen because he has misled the House—from the Nova Scotia Consolidated Revenue Fund and they are part of the 1977 agreement. I would like to quote from a memorandum to the former Minister of Energy, Mines and Resources from Marjory Loveys, which is found at page 250 in the pile of documents that he tabled yesterday, and which states:

• (1630)

The \$1 million slated for the coal liquefaction consortium is in addition to the money in the fund—