

Government Orders

But I digress Bill C-84 does set out some promised conditions, although some ambiguous wording leaves the final effect somewhat in doubt. There will be more on this in committee study.

No one will be permitted to hold more than 10 per cent of the privately-held shares and there will be a 25 per cent cap on the aggregate foreign ownership of shares.

There will be "an employee share ownership program as part of the initial offering," as the minister put it. He also said: "The company will continue to adhere to the Employment Equity Act and employees of the company can be assured that Petro-Canada's policies governing salaries, pensions, benefits, relationships with the unionized workforce, and official languages will be continued." I was again quoting from the minister's remarks of February 21.

Just in case anybody missed the historic nature of the event, the minister concluded his remarks on that day with a rhetorical flourish. "Petro-Canada's time has come," he said, eyes no doubt misting, "and it has earned the right to be an independent, Canadian-owned, Canadian-controlled national corporation without the state in the middle."

Yes, well, perhaps. Yet, it is obvious that there is more here than meets the visored accountant's eye.

The main rationale for privatization seems clear. "The company needs capital," thunder the Tory proponents, company honchos, and stock market touts. By the way—

The Acting Speaker (Mr. Paproski): Order. I am sorry that I will have to interrupt the hon. member. I would like to say that the Chair will accept the motion by Mr. Lee, seconded by Mr. Pagtakhian:

That the motion be amended by deleting all the words after the word "That" and by substituting the following:

"this House oppose in principle Bill C-84, an act respecting the privatization of the National Petroleum Company of Canada, because it considers it irresponsible to abandon public sector involvement in the Canadian petroleum industry in the absence of a coherent Canadian federal government energy policy at a time of increasing international uncertainty with regard to petroleum supply."

I thank the member for Edmonton East. He may carry on with debate.

Mr. Harvey (Edmonton East): Mr. Speaker, if I recall correctly, I had just mentioned stock market touts. Returning to that thought, I should note that those stock market touts stand to make a tidy little packet off this privatization move.

Remember that RBC Dominion Securities and Wood Gundy Inc., the two firms that conducted the August, 1987 study for the government on whether or not Air Canada should be sold, themselves underwrote that privatization one year later, walking away with over \$30 million for their troubles. The total of brokerage fees, bonuses, and miscellaneous payments on the Petro-Canada sell-off could amount to more than \$175 million. On behalf of the financial services and brokerage industries which, as we all know, are not subject to the GST, let me offer a heartfelt "Thanks, Canadian taxpayers."

The claim is that the government needs capital and privatization is the only way to get it. As the Minister of State for Privatization put it: "The industry, including Petro-Canada, has worked together in exploration efforts that have resulted in the discovery of more than one billion barrels of estimated reserves. And today, with excess international oil supplies and more stabilized prices—" and please recall, Mr. Speaker, that he was making these remarks last spring "—the industry must look at ways of financing the development of Canada's massive reserves."

As you might suspect, this is not quite the whole story. It is true that massive reserves of oil sands, heavy oil, and lighter grades stashed away in the difficult-to-reach-and-mine frontiers and offshore, have been discovered. But the cheap, easily accessed light and medium crude, characteristic of the western sedimentary basin, is all but gone. Indeed, Canada has been a net importer of light crude for several years. Developing these non-traditional sources will take massive amounts of capital, resulting in oil much more expensive than the stuff we have been selling to the Americans.

Anyhow, it is true money is needed. The problem is that, according to the government, the taxpayers' fiscal welcome mat is no longer out for Petro-Canada, and its large \$2.8 billion debt—less than half of which is long-term debt—precludes further borrowing of a scale necessary to finance anticipated operations.