

dedicated to debt repayment, with debt reduction accomplished each year from the positive cash balance.

The acquisition presents no draw on other corporate funds and, following repayment in seven to eight years,

offers a substantial annual cash flow for other corporate activities.

As the minister emphasized before the committee, it is a straight commercial transaction and will not involve use of the Canadian Ownership Charge.

INCREMENTAL BUDGETARY IMPACT OF ACQUISITION

(\$ Millions)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>TOTAL</u>
<u>Uses of Funds:</u>						
Shares Purchased	157.0	93.0	127.2	—	—	377.2*
Reidentification and Legal	40.0	—	—	—	—	40.0
Working Capital	200.0	—	—	—	—	200.0
Montreal Refinery Shutdown (Net)	5.0	16.0	—	—	—	21.0
Debt Repayment—BP Debt	0.1	3.6	4.2	9.5	2.2	19.6
Interest—BP Debt	3.7	3.6	3.3	2.9	2.5	16.0
	<u>405.8</u>	<u>116.2</u>	<u>134.7</u>	<u>12.4</u>	<u>4.7</u>	<u>673.8</u>
<u>Sources of Funds:</u>						
Cashflow (net of maintenance capital)	54.0	85.0	97.0	110.0	128.0	474.0
Synergistic Effects	—	30.0	32.0	33.0	35.0	130.0
Debt Issuance (net of repayment)	389.6	58.4	74.1	(72.3)	(111.0)	338.8
Interest Expense	(37.8)	(57.2)	(68.4)	(58.3)	(47.3)	(269.0)
	<u>405.8</u>	<u>116.2</u>	<u>134.7</u>	<u>12.4</u>	<u>4.7</u>	<u>673.8</u>
NET EFFECT	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

*This total includes, in addition to the share purchase price of \$347.6 million, interest amounts of \$7.4 million and \$22.2 million in 1984 and 1985 respectively to Class B shareholders at a note of 11.3% per annum.

● (1430)

PETRO-CANADA—RELOCATION OF OFFSHORE SUPPLY BASE AT MULGRAVE, NOVA SCOTIA

Hon. H. A. Olson (Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked by Senator Smith on November 23, 1982, concerning the relocation of Petro-Canada's offshore supply base at Mulgrave, Nova Scotia.

I am advised by Petro-Canada as follows: Petro-Canada took a decision to move from Mulgrave four miles north to Auld's Cove, because the space available at Mulgrave is completely inadequate. In using the harbour facilities at Mulgrave, Petro-Canada has had to maintain warehousing and pipe yard facilities in two other locations.

The decision to move was not in any way related to union busting. The company maintains it has to move for logistic and economic reasons, to have all of its facilities at one location. It would then have the same logistics arrangement as two other oil companies in Nova Scotia have, and as Petro-Canada itself has in Newfoundland.

Hon. G. I. Smith: Honourable senators, I wonder if I might ask a supplementary question of the Leader of the Government respecting the answer that he just gave to my question of November 23. I do not believe my question made any reference whatever to unions or to union busting. I wonder why it is that that phrase occurs in the answer? Has the company been accused of union busting, or has it been doing so?