

Possible Takeover of Home Oil Company

In addition to an active exploration program in western Canada which has resulted in production of approximately 21,000 barrels of oil per day, Home Oil has been active in the United Kingdom, the North Sea, Malta and in Alaska. Home has a large investment in Trans-Canada Pipe Lines Limited, representing about 10 per cent of the outstanding shares of that company, and in Atlantic Richfield Company, which, though substantial in amount, does not represent a significant amount of the total shares issued by Atlantic Richfield.

Mr. Deputy Speaker: Order, please. I regret to interrupt the minister, but I must do so to advise him that his time has expired.

Some hon. Members: Continue.

Mr. Deputy Speaker: The minister may continue with unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Mr. Greene: Thank you, Mr. Speaker, and I thank hon. members for being so patient with me at this late hour. I think that a review of the operations of Home clearly indicate that the views of hon. members as expressed in this House have been very useful. They have been very useful to me and I am sure will be of interest to the government. They are well founded. This is an extremely important company to Canada, and this is an extremely important building block in the oil industry in Canada for the future.

Home Oil Company Limited has two classes of shares outstanding. The class A shares are non-voting under present circumstances. The class B shares are voting stock. There are 4,706,194 class A shares outstanding and 2,295,899 class B shares outstanding, after deducting 275,506 shares held by subsidiaries of Home Oil.

Cygnus Corporation Limited is a holding company incorporated under the laws of Canada in 1964. Simply put, Cygnus holds the controlling block of voting shares of Home, which constitutes one million class B shares of Home, or 43.6 per cent of the class B shares of Home. I am advised that, in the investment community, this is considered to represent effective control of Home. Cygnus Corporation Limited also has class A shares which are non-voting under present circumstances and class B shares which are voting shares. The outstanding class A shares total 1,370,289 and the class B shares total 2,694,374. I am advised that Mr. R. A. Brown, Jr. and his associated company, Rabsco Investments Limited, are the holders of approximately 50.4 per cent of the class B shares of Cygnus. Accordingly, I believe it will be clear to the House that the class B shares of Cygnus control the class B shares of Home Oil, which constitutes effective control of the affairs of Home Oil, and that Mr. R. A. Brown and his associated company, Rabsco Investments Limited, effectively control Cygnus.

All of this has been stated to the House because I want to make it clear at this point that my advice is that Mr. Brown and Rabsco, for reasons of their own—again to the best of my knowledge, and this is not because of any

[Mr. Greene.]

action of this government, because of any existing tax laws, but for motivations of their own which I do not think are my business, and I have not pried into them and they have not been drawn to my attention as some hon. members across the floor have alleged—have decided that it is in their interests to sell 49 per cent of their holdings of class B shares of Cygnus at this time. I believe this first sale will be made by Mr. Brown, personally.

The decision is to sell the balance of 51 per cent of their holdings at a later time on a formula, however, which would be agreed to at the time of the first sale. While the first stage of the sale might not transfer control from Mr. Brown's hands, thus from Canadian hands to a non-Canadian company, certainly at the time the second sale is effected, control of Cygnus and therefore of Home would pass to the purchaser.

● (11:50 p.m.)

I should like to tell the House that Mr. R. A. Brown, Jr. has had a distinguished business career in the oil industry in Canada and has been one of the leading Canadians active in that industry. Home Oil has had a dramatic growth during his term as head of this company. Mr. Brown has received several honours, including a position for several years on the board of directors of Canadian National Railways and the conferring upon him by the University of Calgary, in his home city, of an honorary doctorate.

In saying that, I say in all sincerity that my position has been to try to achieve the transfer to a Canadian company in accord with Mr. Brown's desires without if possible in any way impairing Mr. Brown's personal position. I think, surely, that was the right approach and the only possible approach. If the worst comes to the worst, then the national interest must be paramount; and if something must be done which impairs Mr. Brown's interest, then that must be, because the national interest must come first. But I had a responsibility, and tried to exercise it, of seeing whether we could make an effective transfer to a Canadian company without impairing Mr. Brown's private right to receive the optimum price for this transfer.

I want the House to know that on my instructions, my deputy minister began to discuss the question of control of Home Oil with Mr. Brown as early as June 21, 1970, and with Mr. Brown's co-operation the government has been kept apprised of Mr. Brown's intentions. There may be an impression in the minds of some hon. members that the men who head some of these giant corporations are somewhat lesser Canadians or are different from us, but I want to emphasize that in these negotiations I have not found such to be the case. Mr. Brown has been sensitive to the national interest to which members have referred today, and wishes to keep this company Canadian if he can possibly do so with justice to his own private interests which he has every right to try to protect.

From the beginning of Mr. Brown's negotiations in respect of the sale of his position in Cygnus he has been aware of the desire of the government that he make a