

Petro-Canada

Mr. Woolliams: That is nonsense. I have never heard anything like that.

Mr. Macdonald (Rosedale): On that basis the government and the Minister of Finance (Mr. Turner) must provide out of cash requirements of the government for a corporation of this kind, and did provide the sum of \$15 million during the current fiscal year—which has been reduced to \$10 million as a result of the decisions taken by the President of the Treasury Board (Mr. Chrétien) and supported with respect to this corporation and other Crown corporations.

The hon. member has put forward an amendment which would inhibit the powers of the national petroleum corporation in a way that the powers of a private petroleum corporation are not inhibited. For example, the kind of investment that this corporation will engage in is that which a private corporation would fund by way of risk capital.

The best example I can put forward is the \$300 million the government has contributed to the Syncrude transaction. We have a great deal of difficulty finding out where the official opposition stands with regard to that. One minute they seem to be for it—the government of Alberta is for it, the government of Ontario is for it—the next minute they are against having the federal presence in the petroleum sector. There is a little confusion with regard to that transaction.

Some hon. Members: Hear, hear!

Mr. Macdonald (Rosedale): One thing that is quite clear is that the federal government has made a commitment over the next several years to put \$300 million into the Syncrude transaction. For this purpose it is natural that the corporation should be looking to the federal treasury for equity funds in some form. I suppose it is possible to stipulate a rate of interest with regard to common shares—I suppose one could say in response to that: what particular sense is there in it? The hon. gentleman, who was the proprietor of a bank at one time, would know that from time to time it is appropriate for investment institutions to put out funds not at any fixed rate of interest or return but on an equity basis, the equity being risk capital, and if there is a financial return it will yield a return to the investor, and if there is interest he will not get a return by way of dividends.

We are saying that Petro-Canada, like every other petroleum corporation in Canada, should be on the same basis. It should have capital either by common, preferred, or lending instruments as the case may be.

Let me deal with the specific terms of the amendment. The hon. member talks about the standard rate of loans to Crown corporations. It is virtually impossible to establish that because a variety of rates is applied by the treasury and, of course, with the various corporations that are in the position of being Crown corporations.

Even on the face of the amendment it has no meaning, no clarity. For that reason, because we think the treasury from time to time in its management of the public debt should have the same freedom of action that any private lender should have, because we think the management of this corporation in managing the funds it acquires by

[Mr. Macdonald (Rosedale).]

equity or borrowing should have the same freedom of action, because we think that the corporation should have the same ability to engage in risk ventures such as exploration by way of equity, I would ask the House to defeat this particular amendment which would defeat the underlying purpose of the bill. That purpose is to enable federal public moneys to take part in the kind of risk venture in the public interest, the kind of risk venture like Syncrude, which is entirely an equity investment. It is a project in which there is no certainty of return but which is indubitably, in the view of the government, a project in which we ought to invest. We are investing in this project and creating the corporation which will assist in the development of the mineable tar sands. For these reasons, I ask the House to defeat the hon. gentleman's amendment.

● (2150)

Mr. Eldon M. Woolliams (Calgary North): Madam Speaker, I am happy to follow the minister because I represent a Calgary constituency and Calgary, as most people in Canada will accept, is the oil capital of Canada.

The minister's arguments were strange and fallacious. What are we talking about? We are talking about the government's providing \$1.5 billion interest-free to the proposed company. This money is in addition to the stock of the company. The minister's arguments make me wonder about his legal training. He comes from the firm of McCarthy and McCarthy of Toronto which has produced some great lawyers for Canada. I do not know if he finished articling before he came to the House of Commons. At any rate, he was called to the bar but it is my guess that he did not spend much time practising corporate law.

An hon. Member: A question.

Mr. Woolliams: Does the hon. member who calls for the question support the idea of an interest-free loan?

Let us get down to brass tacks. The minister of Finance (Mr. Turner) said in the budget speech that the government intends to cut expenditures by \$1 billion. I think hon. members would give more credence to the government if it dropped Petro-Canada; we could believe its claim that it intends to save \$1 billion of taxpayers' money.

Let me recite some of the history of our oil industry. By 1946, when Leduc No. 1 first produced oil, Imperial Oil had drilled 133 dry holes which cost almost as much as we are putting into Petro-Canada. Afterwards, one field after another was discovered in western Canada until today Canada is the only western country self-sufficient in petroleum.

An hon. Member: Thanks to federal initiatives.

Mr. Woolliams: The hon. members says, "Thanks to federal initiatives." I suggest otherwise. The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) will support me when I say that drilling rigs left Saskatchewan and went to Alberta because the economic climate in Alberta was right: Alberta's policies rewarded those who risked capital in the finding and developing of petroleum. Now Canada is self-sufficient in petroleum.