

arising out of a document entitled "A Review of the Taxation of Capital Gains in Canada," published by the Department of Finance last month. In that document the government is arguing against exempting, as was proposed by the previous government, publicly traded shares of Canadian-owned companies from the capital gains tax.

In arguing against that, the government is citing the difficulty of identifying what is a Canadian company. In doing so, the document states, in part:

For example, if relief were to be provided for shares of Canadian-controlled public companies, one would need to decide how Canadian control was to be determined. Should the relief apply to common shares only (voting, non-voting) or should it extend to preferred shares that are convertible into common, to all preferred shares, to rights, warrants, and income debentures? Would Canadian control be determined by 50-per-cent ownership of a class or classes of shares or would some other concept of effective control be necessary? How would the true beneficial ownership of shares be determined? This effective control test should take cognizance of the dispersion of shareholdings, the residence and/or nationality of management and the characteristics of different classes of shares, and would inevitably require rules to look through registered shareholders to determine the ultimate shareholders.

I am sure the Minister of State for Economic Development can anticipate my question. If the Department of Finance feels that this cannot be done in the case of exempting publicly traded shares of Canadian companies, how is it that the Department of Energy, Mines and Resources feels it can be done in the case of its national energy policy?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, Senator Murray has raised a very complicated problem. He went through quite a lot of the problems that may be involved in deciding ownership, control, beneficial ownership, and that sort of thing, but certainly not all of the problems associated with that. Certainly the government is in a position, because of the energy policy, to indeed come up with a formula at least for that purpose, whether or not it applies or extends to taxation law. As soon as that formula is available, I will be pleased to provide it to him.

Senator Murray: I believe the formula, or what purports to be a formula, has already been published by the Minister of Energy, Mines and Resources.

I wonder whether the minister would also ascertain how the formula to be used by the Department of Energy, Mines and Resources compares with the formula used by the Foreign Investment Review Agency, and bring a statement to the Senate explaining those matters?

Senator Olson: I will take that question as notice.

[Senator Murray.]

ENERGY

COLD LAKE, ALBERTA—HEAVY OIL PROJECT—FEDERAL LOAN TO IMPERIAL OIL LIMITED

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development.

A statement in the *Ottawa Citizen* of Saturday, November 29, 1980, claims that officials of Imperial Oil believe that the putting of \$40 million into the Cold Lake project by the Government of Canada has indicated the government's willingness to rethink its oil prices and tax policy.

Have indications, other than the granting of the \$40 million, been given to Imperial Oil Limited? Can they really anticipate changes to the energy package announced as part of the budget?

Hon. H. A. Olson (Minister of State for Economic Development): I answered a question similar to that on November 25. It was not put exactly in that context, but the advancing of \$40 million to keep the Cold Lake project alive is not conditional on any changes being made in either the energy program or the budget. It is there because we believe that that project has the potential of supplying perhaps as much as 10 per cent of Canada's oil requirements when it comes on stream. Therefore, we believe that, and a number of other projects, developing the tar sands, or the heavy oil, whichever you like to call it, is probably one of the best prospects for fulfilling the government's aspirations toward self-sufficiency.

Senator Doody: The same report says that Imperial Oil officials regard the \$40 million as a down payment and need much more help in the development of its Cold Lake project. I gather from the minister's answer that there has been no further government commitment to invest in that particular project, but that, perhaps, it might be looked at as it goes along?

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Senator Olson: The extent of the commitment is already known to the honourable senator, and I would like him to understand, as I am sure he already does, that is it a loan. It is a loan which, once the project comes on stream, will be paid back with interest.

COME-BY-CHANCE, NEWFOUNDLAND—OIL REFINERY—ACQUISITION BY PETRO-CANADA

Hon. G. I. Smith: Honourable senators, I wonder if I might trespass upon the good nature of the Minister of State for Economic Development to ask him a question about the purchase by Petro-Canada of the Come-by-Chance oil refinery in Newfoundland.

Has Petro-Canada been able to come up with a firm plan for the operation, in a successful commercial sense, of this refinery?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, the short answer is that I shall take the question as notice, because I understand Senator Smith would like an update as to where the negotiations are at