

The subsection that the government may be relying on is subsection (2) of section 23, which states:

- Nothing in this section shall be interpreted as limiting the amount
- (a) that the corporation may borrow without a Crown guarantee; or
 - (b) that a subsidiary of the corporation may borrow.

If in fact the government is relying on that section, I think that a legal opinion should be supplied to show why that section has an overriding effect on section 14 to which I originally referred, which makes it very clear that Petro-Canada throughout their entire activities act as an agent.

I am advised by my legal counsel that the statutory interpretation of section 23 is not in any way to minimize the agent principal relationship between Petro-Canada and the Government of Canada. It is simply to make it clear that the total limit of any direct guarantee of any advance or of any capital infusion on the part of Canada is \$1 billion.

Beyond that point my legal counsel tell me the section simply says they can borrow other moneys, but if they borrow those moneys relying on section 14, which is the overriding section, they clearly have borrowed those funds as an agency of Her Majesty in the right of Canada, and as such the covenant of Canada goes with those funds.

To support that argument I would refer to the comparable act in this regard, a very similar act incorporating the Export Development Corporation. In fact, section 14 as it appears in the Petro-Canada Act is almost, with the exception I think of three words, identical to the section you find in the Export Development Corporation Act. In short, that corporation under their act, like Petro-Canada, not only are designated an agent of Her Majesty in the right of Canada, but they are both put into Schedule D of the Financial Administration Act.

Dealing with the Export Development Corporation, various prospectuses have been filed, mainly in the United States. Those prospectuses, for example, make statements such as this:

Export Development Corporation

Immediately under it is shown:

(An agent of Her Majesty in right of Canada)

It is then stated that the notes, that is, the notes that are being proposed to be sold by the Export Development Corporation under this prospectus, and I quote:

—will constitute direct obligations of Export Development Corporation and as such will constitute obligations of Her Majesty in right of Canada. Payment of the principal of and interest on the notes will be a charge on and payable out of the Consolidated Revenue Fund of Canada.

It is my submission that Petro-Canada has no different status under its act of incorporation under the Financial Administration Act than the Export Development Corporation, and any debts they incur are in fact incurred as an agent on behalf of Her Majesty in right of Canada. We must identify those because, when a budget is presented in this House, it will be a total distortion of the facts if the direct and indirect obligations of Her Majesty in the right of Canada are not identified as such. That is why I am suggesting that our rights, certainly my rights within this House, to act in an effective way, are being hampered.

Privilege—Mr. Stevens

If for the first time there is some doubt being shown as to what is the effect of an agency corporation of Petro-Canada borrowing money, then we must get this clarified. Certainly I do not want, unintentionally or otherwise, to be making statements as to what in fact are the gross or net obligations of Canada if in fact the ministers are correct in making the statement they have made. However, to the best of my knowledge, certainly on the advice of counsel that we have consulted, the ministers are not correct in making this suggestion that the resources of Canada in the name of Her Majesty are not charged.

For the Minister of Finance to suggest that the Petro-Canada assets acquired on this takeover of Pacific Petroleum are being pledged seems to be in direct defiance of the act which states that all assets of Petro-Canada are assets of the Crown.

I could give further evidence of the point I am making. I acknowledge that the Minister of Energy, Mines and Resources, during today's question period, said that he felt he had an answer. I will certainly look forward to what he has to say. However, if he is relying on the provisions of Section 23 of the Petro-Canada Act, he is relying on a very weak argument. It can only be accepted on receipt of proper legal opinion indicating that, notwithstanding Section 14 of the Petro-Canada Act, the Queen in the name of Canada is not bound by Petro-Canada borrowings or any other obligations.

I feel it is a very material matter that is before us, particularly in this budget week, because an understanding on the finances of this government is essential to the proper operation of this House. In truth, if these are direct or indirect obligations of Canada, we must know that. If, presumably unintentionally, the ministers have misrepresented the facts, they should be allowed to clarify the record to that effect.

If you, sir, find that I have a question of privilege, particularly as it relates to my ability to function as a member of parliament and certainly as my party's financial spokesman, I would be prepared to move the proper motion to have a reference to the suitable committee of this House so that the matter may be gone into in some depth.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, in the opening remarks of the hon. member for York-Simcoe (Mr. Stevens), he referred to the fact that ministers had described this transaction as a commercial transaction. That, of course, is precisely what it is. It is a commercial transaction. It was financed by a normal commercial instrument which has been used by the private sector repeatedly. It was handled by the commercial banking system of Canada. So let me reaffirm it was a commercial transaction entered into by a Crown corporation under the legislative authority provided by parliament in the act setting up the corporation.

● (1522)

I think it is important to recognize that parliament did set up this Crown corporation. It did give it powers, and it did give