

est in Hibernia—is selling one half of that interest. One of the things that Petro-Canada may have to do when it is privatized is follow the Gulf example and restructure. In fact, the chairman and chief executive officer have stated that they will have to do that kind of thing under certain circumstances. That is fine. If they are on their own, let us see how they do on their own and how they cope with the problem of their capital expenditure commitment. The company has immense assets, but it may have to dispose of some. It may have to restructure. That is common in that industry and many companies, including one large one, Dome-Petroleum, have failed. That is not likely for Petro-Canada, although I guess anything is possible, but let us see how it operates for some time with private sector mandate and full public disclosure before it is privatized.

The answers given by the minister to questions raising these issues are that before the public offering is made there will have to be a prospectus which complies with various Canadian and probably the U.S. Securities and Exchange Commission requirements. I accept that, and that is very good. However, Canada is not the usual vendor of shares. Others may disagree, but it seems to me that Canada has a much higher obligation to its purchasers than does the average seller of a company. I think that period of history with disclosure would be very helpful, and it would also give the market an opportunity to judge the effect over time of the public policy purposes on the company. It would also allow Canada and the company to wind up the public policy job that it was asked to do, before it is offered to the Canadian public.

● (1420)

The second point relates to management. Management is responsible to the board. There is a suggestion—and it was confirmed by the Minister of Energy when he appeared before us yesterday—that the board of Petro-Canada is to change. I do not raise this as a reflection on the current board—nor does anyone—but in 1988 the whole board did change. Perhaps that was to ensure that the new government's policy positions were well represented on the board. This committee's June 1990 report on Petro-Canada states that the company has had some 43 or 44 directors in 14 years. That is unusual.

If the government intends to put in place a different kind of board, it should do so now, not at the time of the initial public offering. That board should be in place for some reasonable period of time to see what its judgment on management is and how that changes the company, if it does, before it is sold to the public.

The last item is obvious—and I am sure would happen anyway—namely, that the sale to the public should not be contemplated until such time as energy markets now disrupted by the Persian Gulf crisis have stabilized. That is simply common sense.

The company will be new to the Canadian market and it is large. In informal discussions that I have had with investment dealers, counsellors and some of those who appeared before the committee, I am told that it will be difficult for them to assess the value of Petro-Canada.

It will probably be done largely by a net tangible asset evaluation of some kind.

It will be difficult to value the company's underdeveloped land position, but that will have to be done. As an integrated company one of the things that would help would be good information for a period of time on a segregated basis—that is, downstream, segregated from upstream activity. We do not have that at this time. The way Petro-Canada has been reporting, we could not get that information, but we could get better information on Imperial and Shell because of the Securities Commission's filing requirements.

Honourable senators, I have gone on as long as I wish in explaining what it is that the report recommends and why. I hope that honourable senators on both sides will see this not just as a strict, ideological issue on either of our parts—that is, the government's part to privatize just for the sake of privatizing, or the opposition's part not to privatize because of a strong belief in public ownership.

Personally, I would be happy if the government just took a position on this; for example, if they said, "We are believers in the market and it ends there. Wherever that takes us, we go. We will not do anything." If they were to accept political responsibility for it, that would be fine. I, for one, would be in favour in letting them do what they want. But what is happening now is that they are saying, "We are looking after you, Canada. We believe in security of supply, R&D and all these things"; but they will not give us the meat of those statements. It is a legitimate thing for those of us in opposition to press the government hard to say "What is your real policy? What do you want to achieve so that Canadians can judge the government on that basis?" As it stands now they are receiving the benefit of being the good guys because they believe in all these things, yet they are not dealing with the pain of actually setting the objective and then stating how they will achieve their objective.

Reasonable objectives will cost money, but the government is prepared to spend money. Hibernia, the government's initial commitment to OSLO, the Lloydminster Upgrader, and the Vancouver Pipeline are all examples of the government's willingness to intervene and spend money.

In conclusion, I hope that we look at this on a non-partisan basis. On this side we are not saying, "Do not ever privatize Petro-Canada." That is not our position.

But I do not believe that the company is ready to be privatized at this time. Prior to privatization the government would be well advised to follow the recommendations of the committee with respect to the steps that should be taken to ensure we all understand the company better than we do now.

Honourable senators, I leave it with you. Hopefully, the report will pass. I appreciate the nature of this legislation. It goes back a long way. The government of the day is Progressive Conservative. It did not want Petro-Canada. It was an issue in the period of Mr. Clark's government in 1979 and it remains an issue. Personally, I hope that we are looking at this not on a political, partisan or ideological basis but, rather, on a