

Petro-Canada

same. There does not have to be any interest attached to the debt.

The bill contemplates the corporation having in common shares, debt or preferred shares, \$1.5 billion of public funds. However, there is nothing requiring one nickel of interest, dividend or other payment from the corporation to the treasury of Canada.

Think of the magnitude of the sums with which we are dealing. If \$1.5 billion were put out with interest at 10 per cent, in today's market it would yield \$150,000,000 per year. If we allow this corporation to go through, we may find this minister or his successor will put that amount of capital into this corporation, if he can work it out with the Minister of Finance (Mr. Turner) and the balance of the cabinet. That capital may have no interest, dividend or other charge on it. The net result is that Petro-Canada can in effect lose \$150,000,000 a year and, as far as the balance sheet is concerned, it would appear as though it were breaking even. That is the net effect of what would happen if this corporation were allowed to be capitalized as contemplated in this bill.

We are dealing in terms of \$500 million of common shares and \$1 billion worth of preferred shares without any dividend connected to them. We should compare that to the capitalization of certain other Crown corporations. The Bank of Canada gets by with about \$5 million of capital. Air Canada gets by with something like \$25 million worth of capital. Most other Crown corporations have comparable amounts of capital. Why does this corporation need to have favoured terms such as contemplated in these clauses? For example, the Farm Credit Corporation has roughly \$1.5 billion outstanding in loans. The bulk of that money is received from the treasury and in turn the Farm Credit Corporation has to pay approximately 7 per cent to the treasury for its use. If the same concept were followed in the Farm Credit Corporation as the minister wishes us to accept for Petro-Can, the net result would be that the Farm Credit Corporation would be making loans to the farmers of Canada virtually interest free.

● (2130)

In view of that, surely we must ask ourselves why Petro-Can should be put in that favoured position. Why should it have access to \$1.5 billion free of charge when other Crown corporations are required to pay the going rate? Hon. members will note the wording in our amendment; we are simply saying that whatever the advances are, be they preferred shares or debentures, they should bear the going interest charge which is set by the Minister of Finance from quarter to quarter during the year. That is all we are asking for, and frankly I think it is something the minister should be more than willing to accept. If it is the intention of the government that there be a charge, and if this is being set up, why should the government object to having it put in the bill? I believe this is a very convenient way for the government to cover up a situation which will be a loser from day one.

I have referred to the Farm Credit Corporation. One could refer to many other corporations.

An hon. Member: What about the Bank of Canada?

[Mr. Stevens.]

Mr. Stevens: The hon. member refers to the Bank of Canada. As I have stated, the Bank of Canada has \$5 million in capital and it seems to be getting along all right in its relationship with the Minister of Finance.

Let us consider the Federal Business Development Bank. That is a corporation which has to pay the going rate for the money it receives from the treasury. If it did not have to pay that going rate, the small businessmen of this country, in theory at least, could obtain loan accommodation from the Federal Business Development Bank at approximately half the interest charge they are now having to live with.

CMHC is another example of a corporation with relatively small capital but which receives its funds through debt instruments from the treasury and pays the going rate. If CMHC did not have to pay any interest charge to the federal treasury, and if it were put in the favoured position which is contemplated for Petro-Can, the average rate of interest paid on CMHC mortgages, as far as Canadians are concerned, would be about 20 per cent less than it is today. These facts form the background of the reason we believe that the amendment we are proposing is fair. If the government insists on capitalizing this corporation with \$1.5 billion, surely as a minimum it should be agreed that those funds would have to bear a comparable rate of interest to other Crown corporations which are active at the present time.

To justify this amendment to hon. members opposite, and particularly to the minister, I would like to touch on this mythical \$1 billion of so-called savings which the government is trying to convince the Canadian public is being made between the November budget, the estimates and the budget of June 23. It is a mirror game, and certainly the President of the Treasury Board (Mr. Chrétien) confirmed that today when he brought in some detail which he said outlined and described the actual \$1 billion which he felt had been reduced from expenditures. If one were to review what the minister indicated, some interesting facts could be found. First, the actual amount he proposes to reduce with regard to Petro-Can is \$40 million. I find that very strange because the President of the Treasury Board, when asked in committee whether there was any amount included in the current fiscal year estimates for Petro-Can, told us, first, that he did not know and, second, that he did not think so. The Minister of Energy, Mines and Resources gave a like response; he was not sure whether any amount was included in the current estimates. The Minister of Finance (Mr. Turner) did not know whether anything was included for Petro-Can in the current estimates. In short, in committee we were told that it was not likely that there was anything included in the current fiscal year estimates for Petro-Can.

On another line of questioning, the Minister of Energy, Mines and Resources in the energy committee stated that he did not anticipate there would be more than \$1 million needed with respect to Petro-Can in the current year for its activation. What is this \$40 million which is pulled out of the air? Where did it come from? I suggest that there never was \$40 million agreed to at any time. The fact is that it was some figure which was suggested during a planning stage with respect to the future spending plans of the government, and the government conveniently