

Eldorado Nuclear Limited

formation of one corporation. It does not apply to Radiochemical Company, Air Canada or Petro-Canada. Those are entirely different matters.

The fact is that this is not strictly a business proposition. This deal is obviously loaded in favour of the Province of Saskatchewan, which is receiving a multimillion dollar package, courtesy of the federal Government. Our Party is not opposed to millions of dollars going to Saskatchewan, but the arrangement should be identified for what it is. It has been very generous to Premier Devine for his position on free trade and his position on Meech Lake. The fact is that Eldorado Nuclear has been undervalued.

For the purposes of this transaction, the assets of Eldorado Nuclear are placed at \$915.9 million, while the assets of Saskatchewan Mining Development Corporation total \$973.2 million. The Government of Canada will have a 39.5 per cent share of the new company while Saskatchewan will have a 61.5 per cent interest. We must also take into consideration the fact that the new company will issue promissory notes valued at 40 per cent of the fixed assets to cover all of the debt owed to the Saskatchewan Government and \$230 million of the \$570 million owed to the Government of Canada.

While the promissory notes cover all of the debt of the Province of Saskatchewan they will not nearly cover all of the debt of the Government of Canada.

Furthermore, it is significant to note that after this company is rolled over into one corporation and eventually sold to the private sector, the Province of Saskatchewan will hopefully recover all of the debt and its losses that it has in the Saskatchewan Mining Development Corporation. But the Government of Canada will still be out by about \$100 million.

We spoke to a representative of Burns Fry Ltd., the company which is assisting the Government in this sale. He has said that there are some difficulties in placing a value on the Saskatchewan Mining Development Corporation and Eldorado. The two companies were evaluated from a discounted cash flow basis rather than an asset basis. Saskatchewan Mining Development Corporation had a lower operating cost, partially as a result of lower royalties. Eldorado was also determined to be lower in value as a result of its less profitable refinery business. Burns Fry stressed the point that the refinery business was a detriment to the value of Eldorado Nuclear.

That is a very interesting observation because the two Governments state that one of the advantages of this merger is having uranium processed in-house. They state: "A merger with SMDC will result in a company with an improved balance between its mining and refining capacities". How can that refinery which will be brought in to the merged company through Eldorado Nuclear be a detriment to the actual value of Eldorado?

There are a number of questions about what the federal Government will be paying in this arrangement. Clause 9(1) of the Bill states:

The Minister may, pursuant to the authority of an appropriation Act and with the approval of the Minister of Finance, pay to Eldorado or to a subsidiary of Eldorado such amounts as may be necessary to enable Eldorado or the subsidiary to pay or discharge any debt or liability, whether incurred before or after the completion of the transactions referred to in subsections 4(1) and (2).

Clause 9(2) states:

The Minister of Finance may, on behalf of Her Majesty, in accordance with such terms and conditions as the Governor in Council may approve, enter into agreements or other arrangements with any person in respect of obligations or liabilities of Eldorado or a subsidiary of Eldorado for which Her Majesty in right of Canada is liable and for that purpose may borrow money and issue and sell securities as defined in the Financial Administration Act.

Therefore, we do not know exactly what the Government will put into this new company. It states the value of Eldorado Nuclear, which our Party believes is too low. The Bill also states that the Government of Canada shall be liable for any debt or liability of Eldorado.

What will such a blanket provision cost Canadians? What liabilities exist for which Canadians will have to pay?

It is important to consider these clauses more closely in order to determine the actual cost of the new company to the people of Canada.

Clause 11 states:

The Minister, after consultation with the President of the Treasury Board, shall cause such adjustments to be made in the accounts of Canada as are required as a result of any transaction authorized or required by this Act.

I suggest that this involves a continuing obligation with regard to liabilities which may have been incurred by Eldorado Nuclear.

Perhaps the Minister could inform us whether there will be mirror legislation in Saskatchewan that will give the Saskatchewan Mining Development Corporation the same back-up liability protection from the Government of Saskatchewan as Eldorado Nuclear is receiving from the Government of Canada. That is a question which certainly deserves an answer.

Clause 16 allows for investments by trust companies pursuant to the Loans Companies Act or the Trust Companies Act. I believe we should consider who will be investing as a result of this legislation. Is the Government encouraging trust companies to invest through pension funds?

● (1610)

If the Government is doing that, I think it has to be ensured that it is going to be a good investment for the people of Canada. It should not just go out and tell the people of Canada: "Here is a great opportunity to invest. Please come and help make this company a success by investing", because I think there is an obligation. Only the Government can really say whether this is going to be a sound investment. I think the Government has an obligation to the people of Canada