

Gulf Canada

or a transfer of options or warrants or whatever? Is there another arrangement whereby the downstream activities of what is now Gulf Canada will be sold to yet another company, perhaps PetroCan?

Mr. Stevens: Mr. Speaker, as far as the arrangement in which approximately 49 per cent of the total shares is to be sold, firm, with an option on the remaining roughly 11 per cent, I understand the reason it is being structured that way has nothing to do with the possibility of an option being sold to some party, but more for tax planning reasons. There are certain reorganizations which have to be done, and for an interim period the Olympia & York people feel it would be more advantageous to not have a 51 per cent interest but stay at 49 per cent. However, it is certainly their stated intention to us that they want the full 60 per cent.

As to what they may do in any restructuring, to the best of our knowledge there is no agreement to sell to any other concern, either upstream or downstream.

My reference to the exploration and development commitment was that that is where most people are concerned that there be suitable investment in that field. Now, whether as a result of this transaction there are service stations sold to someone, that is yet to be seen. Contrary to what the earlier speaker had to say about employment, if some deal like this had not gone through Chevron was proposing to merge Chevron Canada with Gulf Canada, probably, and that would have resulted in a loss of Canadian jobs. We do not, as the NDP apparently do, want to see that.

Mr. Waddell: Mr. Speaker, let me say that that is absolutely false. We are trying to protect these jobs, and I am pleased the Minister is prepared to guarantee that these jobs will not be lost.

Can the Minister tell me why the minority shareholders could not bid on the deal? Could he also tell me whether the Government of Canada is putting anything into the deal at all, giving any tax breaks or concessions or grants or guarantees as part of the deal?

Mr. Stevens: Mr. Speaker, if any minority shareholder had these kinds of resources, of course they could have put a bid in. There was a very serious alternative bidder who withdrew. To their credit, the Reichmanns saw it through and they have come up with this signed agreement.

As far as any agreements with the Government are concerned, other than discussions with representatives of Olympia & York as to the nature of this deal, what they were hoping to achieve, there has been no contract between the Government of Canada and the Reichmanns or Olympia & York, and certainly no tax rulings have been given at this date.

Mr. Waddell: Mr. Speaker, can the Minister tell me whether or not the \$3 billion will go to the United States to pay off debts? He said in his statement something about reducing debt incurred.

Can he also indicate to us what he means by the reference to there being no effect on foreign exchange? Would he kindly answer those two questions?

Mr. Stevens: Mr. Speaker, that of course is a fair question because every time we contemplate the Canadianization of assets now owned by foreigners it means taking Canadian dollars and using those dollars to pay the foreigner, who in turn will convert the Canadian dollars into whatever is his currency, which in turn puts pressure on the Canadian dollar.

● (1530)

Naturally, finance is always concerned when there are huge amounts involved. We wanted to make it clear that because of the Olympia & York interest in the United States, their liquid assets in the U.S. are sufficient that they were able to call on those assets to the extent of almost half of this \$3 billion purchase, which puts no pressure on the Canadian dollar. As far as the remaining \$1.5 billion that must be made up in Canadian dollars is concerned, Chevron has agreed to stage the payment in a way that there will be a minimum pressure on the Canadian dollar to avoid any foreign exchange problem.

In short, the problem to which the Hon. Member has been referring was certainly contemplated by all parties and, to their credit I think, they have tried to make it as easy a deal as possible as far as Canada is concerned and as far as the value of our dollar is concerned.

The Hon. Member asks where the money goes. When speaking to Mr. Keller, he makes it very clear, and does so as well in his press release, that they incurred quite a large debt in acquiring Gulf America, the U.S. company, and they will use at least part of the proceeds to pay down the debt that they incurred. Of course, that was one of the reasons they were looking for a buyer. We asked them to seek a buyer actively. I was very pleased when they responded positively and agreed to seek a Canadian buyer before the end of April.

At the time it was felt that a Canadian buyer or consortium could not be put together because this is the largest type of transaction in our history. In order to put it into perspective, the total amount involved with the Petro-Canada purchase of Petrofina in a similar equity fashion was \$1.460 billion. This transaction is more than twice the size of the Petro-Canada purchase when it bought Petrofina which, of course, was generally felt to be at a premium price.

Mr. MacLellan: I can appreciate the Minister's concern for the impact on the Canadian dollar. It certainly would be a consideration in a purchase of this size.

Did the Government take this into consideration in the successful bid of Olympia & York and was it one of the reasons it was successful?

If Olympia & York does not pick up the option, will the Minister assure us that he will maintain the same principle of ensuring that Canadian participation will be present in the purchase of the option shares? It is very important to continue this policy of Canadianization. Would he also make the details