

Petro-Canada

cabinet consent. In my opinion, the proposed corporation will become nothing but a cesspool of political influence and involvement, all at the taxpayers' expense. So one can see what happens when Crown corporations enter high-risk businesses; they run up \$3.5 billion in debts. If they were companies in the private sector they would have to file for bankruptcy or the directors would be asked to account for the \$3.5 billion debt. But when Crown corporations incur debt, the government writes it off. As I say, what incentive is there to make Crown corporations paying propositions? You cannot fire employees and you cannot fire the president without cabinet consent. I repeat, the proposed corporation will become nothing but a cesspool of political influence and involvement. It will not provide the answer: that is, cheap oil for the consumer wherever he may live in Canada.

What is so sacred about Crown corporations? They always cost the taxpayer money. In the question period an hon. member mentioned the CBC. There were more CBC personnel covering the Olympic Games in Mexico than Canadian athletes participating. Also, many CBC personnel are to cover the Prime Minister's forthcoming tour.

The proposed company is to be given wide borrowing powers. Clause 22(1) provides:

Subject to section 23 and upon the recommendation of the minister and the Minister of Finance, the governor in council may, when so requested by the corporation, from time to time authorize the Minister of Finance to advance to the corporation, out of the Consolidated Revenue Fund, amounts

- (a) by way of loans on such terms and conditions as the governor in council may determine; or
- (b) by way of purchases of preferred shares to which may be attached such rights, restrictions, conditions or limitations as the governor in council may determine.

Clearly, the corporation is to be given wide borrowing powers. Presumably, its debts will be added to the \$3.5 billion owed by the Crown corporations I have mentioned. Corporate mistakes which will be made in exploration, development, processing and refining, buying and selling, will all be charged to the poor taxpayer. The unfortunate taxpayer has not the say nor the power of the shareholders of a private corporation. The taxpayer is kept in the dark and therefore has no direct interest in the matter: he has no say with regard to his money going into the corporation. The government, through the budget or some other means, increases taxes. The moneys from those taxes are loaned to the corporation even though it may make mistakes in exploration, development or processing. Compare that to the corporate structure of the private sector. Therefore, I say the taxpayer is kept in the dark and has no direct interest in the matter. He wonders quietly, to himself, why his taxes are so high and why the budget of Canada has increased sixfold since 1963 under Liberal governments.

● (1510)

Petro-Canada will become a haven for political appointments. In the private sector, when directors are appointed in multinational or other corporations or companies, they are generally appointed because of their ability to operate the corporations efficiently. Presidents and directors of corporations are chosen by the shareholders for their knowledge, experience and ability to operate the corpora-

[Mr. Woolliams.]

tions. They are appointed to deal with the whole, broad spectrum of responsibilities in what is called, sometimes not too politely, big business. The only people they are responsible to are the shareholders. In private enterprise, a corporation must operate for a profit; therefore, efficiency is the criterion, not political hanky-panky.

If this corporation is a failure because it fails to explore and process, makes mistakes and uses bad judgment, what happens? The shareholders cannot call the directors together at an annual meeting and say to the president that they want him and the directors to go and they want the company put on an efficient basis. As I have said, you cannot fire the president or the directors. We have seen that tried in this House.

When financial mistakes are made, bad judgments follow and no dividends are payable. The shareholders, in accordance with the laws governing and regulating public or private corporations, may fire the president and directors. However, we know from experience it is impossible to fire appointees of the cabinet to these lofty positions, people who earn high salaries which are not disclosed to our standing committees under the excuse that it would be against public policy.

In the standing committee we tried to find out about the industrial bank which was set up by an act of parliament with borrowed money. We wanted to know the salaries, and we were told this was against public policy. In the private sector the salaries of the presidents and directors of corporations are public. The shareholders can get that information at the annual meeting or upon writing for it. It is disclosed to the public. When it is said this is against public policy or might hurt the corporation in the competitive commercial world, I say that is nonsense. Politics prevents the necessary disclosures that provide for success and efficiency in industry.

I want to emphasize that this is a high-risk industry. Corporations take years to build up the expertise necessary to comprehend the great risks involved in the field of exploration. What seismographs, in terms of knowledge and expertise, will newcomers to this Crown corporation have? What data bank will they have? Compare this to the expertise and experience of personnel working for the big five companies in Canada and elsewhere. One is a Canadian company, Home Oil. This Crown corporation will be an experimentation very costly to the Canadian people. Five hundred million dollars is a spot of water in the ocean when dealing with the promotion of and the high-risk investment and capital necessary for exploration and development in the oil and gas field.

For example, Imperial Oil drilled 133 consecutive dry holes in Saskatchewan and Alberta before Leduc No. 1 was struck. As I said in another speech, it is a great story, and I might repeat it here. Imperial Oil was about to build a processing plant to make synthetic gasoline out of natural gas. The company's geologists convinced the company to put up capital for one more well. After 133 consecutive dry holes, Leduc No. 1 was struck. With that kind of experience, how far will \$500 million go?

This oil company will be subject to politics. Clause 7(2) on page 7 of the bill reads as follows: