

one. There is Shell Oil out there, and it is a fairly big company. Certainly, they could do it, but they may or may not. I do not think either of those would be willing to take such long-term risks with their capital.

So, we will regret it. However, I hope that the sales between now and when the government is changed will be small enough that we can get most of Petro-Canada back and use it for the purpose for which it was designed, in the interest of Canadians, to have a secure and stable energy system. Thank you.

**Hon. Sidney L. Buckwold:** Honourable senators, if I may be allowed to make a brief intervention, I do not think we have had sufficient discussion in the Senate on what I consider to be a very important element of the committee's report, and that is item 3 which says, "privatization should not be contemplated until such time as energy markets, now disrupted by the Persian Gulf Crisis, have stabilized."

It seems to me that that is a very real concern. When this legislation was proposed, and the whole idea of privatizing Petro-Canada was being developed, there was no immediacy of a Gulf crisis or a potential disruption of world oil supplies, which could have a devastating effect on the whole world and on Canada in particular. It seems to me that it would be very prudent for the government to accept a recommendation, such as proposed in this committee report, to delay, for at least six months, the implementation of this legislation that would end up privatizing Petro-Canada.

Senator Olson has said that 15 per cent does not seem like much, but he is absolutely correct in saying that, once 15 per cent is in the hands of the general public, shareholders of the company will quite properly insist that their interests must be represented, and, as such, Petro-Canada would not be in a position to be an instrument of government policy or to be a stabilizing influence on the energy situation in this country as it potentially could be under its present set-up. For that reason, if for no other, it seems to me that this chamber should support the committee's report. Anything can happen in the next six months. Who knows what the result to energy supplies will be of the hostilities that are occurring in what is probably the most volatile area of the world?

So, in my short intervention, I am asking all senators, perhaps especially those who oppose the committee's report—only because delay seems to me most sensible and most protective for the interests of this country—to accept a delay of six months in the implementation of this legislation.

**Hon. Douglas D. Everett:** Honourable senators, I listened with interest especially to the point made by Senator Olson that what we need in Canada is more of what the oilmen call "elephant hunting", that this situation can only be secured if, indeed, we have a government-owned oil company such as Petro-Canada, and that, for that reason, there should be no sale of the shares of that company.

It seems to me that, if that were true, the mistake that was made was not made at the time that it was determined, I believe in 1984 or 1985, that Petro-Canada should not be an instrument of government policy. The mistake was made at the

time that Petro-Canada was permitted to be an integrated oil company. It was not involved just in the exploration side of the business. It went out with the avowed intent, through the acquisition of other companies, through the acquisition of refineries and through the acquisition and building of marketing outlets, to take at least 15 per cent of the market. At that point it became subject, in my judgment, to the financial disciplines that would apply to any company that is in a competitive retail market. If our intention, when Petro-Canada was first formed, was to secure energy supply and to allow a company with government backing to have enough capital in order to go "elephant hunting", and to go up on to the North Slope or to Hibernia and put billions of dollars into projects, then we should never have permitted Petro-Canada to be in the refining and marketing business. The day we did that, we lost that option. We had to have financial reality determine the policy of Petro-Canada.

Perhaps there is something to be said, as Senator Hays says, for security of supply. I am not sure. It is perhaps just as well to talk about comparative advantage. However, if there is a good argument for concern about security of supply, then I would suggest to honourable senators that Petro-Canada should not be the instrument of that policy. It should come from government policy itself. In other words, it can invite other people and other organizations to come in and take part in joining in the security of Canadian supply.

I do agree with the report's recommendation that better financial information be supplied by Petro-Canada; but, surely to goodness, that will be part of the process of marketing the shares that are going to be sold to the public. I do not think there is any need to delay the sale of the shares of Petro-Canada while that better financial reporting is done. The shares will not sell unless there is improved financial information.

I see no reason for the suggestion, for example, that the new board be in place before the shares are sold. If the company is privatized, then it will be up to the shareholders themselves to determine who is on the board. Far better to leave it until we are at the point where the shares are being sold. As to the loss on the government books by the sale of the shares, I do know something about government accounting and that loss will not show up because we account on a cash basis. The investment in Petro-Canada is gone, written off, not carried as an asset on the books of the government. There will be no cash loss. In fact, in selling shares, there will be cash income.

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We come to the final argument that the reason for delaying passage of the bill is to wait until the energy markets stabilize due to the Persian Gulf disruption. I do not think that is a reason for not passing this bill. That may be a reason for not putting the tranche forward for sale to the public. It may be a reason, but not for not passing the bill. The bill can be passed now; and, if the energy situation in the Persian Gulf makes it uneconomical to put shares out to the public, then that can be delayed until a proper time is available, which I am sure would be determined by the underwriters.