Starting with its equity financing of Petro-Canada's first major acquisition, the purchase of the assets of Atlantic-Richfield Canada for $342.4 million in 1976, the Canadian government built up a total equity of about $4 billion in the company. Last year this equity figure was slashed to $2.8 billion by a convenient change in bookkeeping methodology. Along the way the company has also incurred long-term debt of about $1.2 billion, less than half of which matures before 2000, and other debt of about another $1 billion.

The company declared $8.6 billion in total assets in 1988, but, in the same bookkeeping adjustment which resulted in that 30 per cent decrease in government equity I just noted, the adjusted figure for total assets—adjusted in preparation for privatization—was reduced in 1989 to $6.8 billion.

So, the question which confronts us is this: Is Petro-Canada really lumbered with debt to the point where it cannot borrow any more? The answer is no. In fact, Petro-Canada's long-term debt of $1.2 billion compares favourably with that of other such industry notables as Imperial Oil with a long-term debt of $3.8 billion; TransCanada PipeLines Limited with a long-term debt of $2.2 billion; and Nova Corporation of Alberta with a long-term debt of $3.6 billion.

More to the point, Petro-Canada's long-term debt to equity ratio at 1:2.2 is well within industry standards. Many industry players have ratios similar to or worse than Petro-Canada's. Among them are: Canadian Occidental Petroleum Limited at 1:3.3; Alberta Energy Company Limited at 1:1.5; Norcen Energy Resources at 1:1.2; Total Petroleum (North American) Limited at 1:2.9; and Pan-Canadian Petroleum Limited at 1:4.1. They remain active participants in the industry and all enjoy long-term debt to equity ratios comparable to or worse than Petro-Canada's. Indeed, the two oldest, best-established multinationals in Canada, Shell Canada and Imperial Oil, have long-term debt to equity ratios of 1:3.4, which is only marginally better than Petro-Canada, and 1:1.9, which is considerably worse, respectively.

In an attempt to forestall needless quibbling from across the way, let me note that the entire array of bookkeeping methods are present in these examples. The choice of individual methods seems more a matter of convenience and advantage, than determined illumination in the best of instances, regardless, Mr. Speaker.

Given these figures proving Petro-Canada's relative fiscal health, it was no real surprise when last December the well known New York rating agency, Moody's Investor Service Incorporated, gave Petro-Canada a triple *A* rating on about $400 million of newly-filed debt securities. As *The Toronto Star* observed in its report, "Such a rating, a shade lower than the highest designation for debts of the federal government, suggests strong borrowing status." Quite.

It would seem by all standards that Petro-Canada could comfortably assume a great deal more debt than it has now and still remain a healthy and vigorous player in the Canadian petroleum industry. In fact, as the Moody's rating shows, while in the public sector the company can support greater debt, because of lower service costs occasioned by its status as a federal treasury-backed Crown corporation, than it could as a private sector player.

Okay. But what about the other side of the capitalization coin? What about all that money to be made for Petro-Canada from a huge stock issue? Sorry, unless the federal government is willing simply to give away money to the company by continuing to plough the proceeds of share sales back into Petro-Canada as the shares are sold, Petro-Canada will not get that money at all. The taxpayers of Canada, depending on whose estimate you want to accept, have ploughed between $6 billion and $10 billion into Petro-Canada during its life. The balance sheet says we have only $2.8 billion worth of equity in the company from all that investing. But God help the government that tries to return from the market with significantly less than at least the company's net worth of between $4 billion and $4.5 billion.

• (1700)

As we know, the government is apparently planning to give back to the company the proceeds of the first offering, again that 15 per cent of the total, between $500 million and $700 million. Presumably, Mr. Speaker, it would have serious political difficulty pursuing such wonderful generosity further, especially at a time when it is cutting back on health care, education, and social services, because of the fiscal holy crusade against the deficit. So that leaves the energy equity markets having to absorb a subsequent issue of $3 billion to $3.5 billion, all of which has to go back to the federal treasury before Petro-Canada can haul in so much as one more loonie.