

*Energy, Mines and Resources*

I wonder if the hon. member could inform the House when Motions Nos. 62, 63 and 64 which have been on the Order Paper for the last ten months, will be brought before the House?

**Mr. David Smith (Parliamentary Secretary to President of the Privy Council):** Madam Speaker, I have conveyed the request of the hon. member to the minister involved on previous occasions. I will be happy to convey his request again.

**Madam Speaker:** Orders of the day.

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**GOVERNMENT ORDERS**

[English]

**DEPARTMENT OF ENERGY, MINES AND RESOURCES ACT**

MEASURE TO AMEND

The House resumed from Tuesday, April 6, 1982, consideration of the motion of Mr. Lalonde that Bill C-102, to amend the Department of Energy, Mines and Resources Act, be read the second time and referred to the Standing Committee on Energy Legislation.

**Hon. Sinclair Stevens (York-Peel):** Madam Speaker, I notice that the minister is running out of the House as we commence further debate on this bill. As we know, he just tabled the Petro-Canada annual report and said that he was very pleased that there was black ink in the report rather than red ink. I have had a few moments to review the annual report. I can understand why the minister would hightail it out of the House before this matter could be reviewed and discussed. As we take a look at the annual report, it is very clear how the government has been able to arrive at the so-called black ink.

● (1540)

I direct the attention of hon. members to certain highlights in the report. For example, on page one it is pointed out that net earnings before preferred share dividends of a subsidiary owned by Petro-Canada were \$203 million. This sounds very impressive until we calculate what those earnings are a percentage of in terms of total sales, and we find that the earnings figure is actually a little over 7 per cent on total sales of \$2.7 billion. This compares with last year when the government had less of a finger in this operation and on sales of \$1 billion it earned \$163 million or 16 per cent pre-tax. The fine hands of government and of the minister have already reduced the earnings ratio in terms of sales with respect to Petro-Canada from a 16 per cent return on sales in 1979 and 1980 to a mere 7 per cent return in terms of sales in 1981.

That is only part of the story. As we all know, when we are dealing with government Crown corporations and their annual reports and statements, it is important to read the notes to the statements because that is where auditors feel they must disclose some of the shenanigans of the government in order to

make what appear to be red figures black figures for public consumption.

I refer hon. members of the House to notes 8, 9, 10 and 11 in particular which appear on pages 38 and 39 of the Petro-Canada annual report. I am sure many people in the country who are now inflicted with interest rates of 16, 17, 18, 19 and 20 per cent with respect to business activities will be interested to know that as far as Petro-Canada is concerned the government allowed it to go into a preferred share issue where the interest rate last year was approximately 9 per cent per annum. Think what business people could be doing in this country with money at their disposal at 9 per cent per annum! I am not talking about any small amount of money. I am talking about \$1,250 million which was made available to Petro-Canada at 9 per cent per annum, according to the auditors, for the year ending December 31, 1981.

But again that is only part of the story. If we read further notes, note ten in particular, we find that the government has doctored-up something they call a convertible note. Convertible notes are in fact government loans to Petro-Canada. This is what the auditors say:

The notes, which are non-interest bearing, will be converted into common shares of the corporation. Interest on the revolving-term loan has been reflected as deferreds interest pending conversion of the notes which will create contributed surplus against which the deferred interest will be charged.

Here again we have the typical doctoring which goes on when the government gets its finger into commercial business activity. For obvious political reasons, the government does not like to show the true colours of its operations. Consequently, we doctored statements, such as the ones we see in the annual report of Petro-Canada tabled in the House by the minister just a few minutes ago.

Of course many of us are dazzled by the billions and billions of dollars which the government has launched us into as far as the activities of Crown corporations are concerned. As we know, it is proposed in another bill that the government increase the capitalization of Petro-Canada to something in the \$6 billion range. How many of us realize that even now the government is a very active participant in Crown corporations without the bill that is before us today, without other pieces of legislation.

I am referring to the fact that in total the government has Crown corporations with assets totalling something like \$30 billion at the present time. We did a fast calculation because frankly we were somewhat curious to see what was the rate of return of the Crown with respect to the \$30 billion investment in commercial activities. As I said, the commercial activities have a wide scope. They include things such as the production of pop in competition with Coca-Cola. They are in the fashion business and in a wide range of activities. If I have a chance, perhaps I will read into the record some of the rather startling names of companies which have been incorporated by the government to further commercial activities. On the question of the total impact of the activities, the \$30 billion invested, we find that the rate of return of the government is 6.3 per cent.