

in the House a short dialogue which I saw on television during which the head of the people's oil company, Petro-Canada was asked how the idea to take over this particular company came about. He was musing, and said it was a matter of meeting over a cup of coffee and a drink and somebody saying, "Would you be interested in selling your oil company?" The response was, "Sure, for \$150 a share we might be looking at it." The discussion concluded there. After a few weeks there was a telephone call and whoever it was said to the head of Petro-Can, were you serious when you talked about the takeover of our company? The answer was, well, yes, we are always looking around. We have a mandate under the government's program to assert ourselves and to assume a higher degree of Canadian ownership, and that of course is government ownership. He said, we are interested but it would not be for \$150 a share. That was something which was kicked around over a cup of coffee. Why don't you make us an offer? I have been paraphrasing what went on in those discussions. I suppose the directors met and they came up with their offer of \$120.

As I said last night, it would be the same way you would sell your son's motorcycle which had not been used since he left for university. A person would ask if you were interested in selling the motorcycle and you would agree. This went on, and there was not really any valuation of the assets of this particular company and there was really not any valuation particularly of the assets this company has in the area of production, in the area of development of new sources of energy. If there had been an assesment of that, surely the conclusion would have been reached that this is not one of the companies which should be the first or the next to be taken over by the government.

I have taken a critical look at the company's portfolio and its financial statements. It is true it has a small interest in the tar sands activities. Its main activity in our country is in the retail field. It has a refinery in Montreal which will add to the refining capacity of the people's oil company. Reports tell us that the refinery is rather antiquated and is out of date in relation to new and modern facilities.

What we are buying is a number of service station outlets in Quebec and other parts of eastern Canada so we will have the opportunity to put the Petro-Canada sign on a number of properties to show Canadians we are in the oil business.

There should be a response by both the minister of energy and the chairman of the board of Petro-Canada as to why this acquisition is being made and how it will advance the government's strategy.

You know, Mr. Speaker, there is this myth that we are opposed to government's energy policy. We all agree that energy self-sufficiency is a laudable goal. In fact, it was a main component in the Speech from the Throne and the budget speech of the former government, energy self-sufficiency by 1990. That is where the phrase came from. We are also interested in achieving a higher degree of Canadian ownership. Where we drift apart is in the area of how we define Canadian ownership. In the minds of the people over there it is not Canadian ownership unless it is government ownership, unless

Borrowing Authority

the cabinet can say directly how things are managed in a particular Crown corporation. Our scheme was something much different than that, because of our firm belief that freedom of choice is an important component in a democratic society such as ours.

Canadian ownership would have been the ownership by Canadian citizens and not directly by the government. That is a very important distinction.

● (1600)

Apart from that, how will this particular acquisition help achieve these two serious objectives with which we all agree? Mr. Hopper said that Petro-Canada would take over this company, that it has made significant profits and that all these profits will be plowed right into Petro-Canada's exploration efforts in the north and particularly in frontier areas. Let us take a look at what are these profits which will be plowed back into these efforts. As I said, I have looked at the financial statements of Petrofina. We have interim unaudited figures for 1980, but after taxes in 1979 the company made \$61.587 million in profit. That was from its Canadian operations. That is a significant amount of money which could be plowed into exploration and development. The company paid \$39.441 million in income taxes. Of course, if we just took over the company and operated it as it is, that amount could be added to that \$61 million. Or it really should be deducted because the government already had \$31 million, and it is now after that other \$61 million which the company kept for itself at the time.

Before we get all excited about re-investing these profits, let us look at what actually has to happen as a result of the acquisition. We know that the government does not have the \$1.47 billion it takes to acquire the company. It has to borrow that money. If it had the money, we would not have a borrowing bill before us asking us to give the government permission to borrow \$14 billion from foreign and domestic sources. The money has to be borrowed. Even at preferred interest rates, to which the government would certainly be entitled, we have to figure on at least 15 per cent interest, and for a loan of \$1.47 billion that would require an annual interest and debt charge—hold on to your seat, sir—of \$220 million. That is what it would cost us to acquire this company in the first year. We are getting \$61 million in profits. That leaves \$159 million which we will not have next year to plow into research and development. We would have had that \$159 million—or at least that much borrowing power—to put into research and development.

The minister says we will not give these people a cheque, that we will not pay for this in one year, that we will not pay for it right away.

When we talk about foreign companies and multinationals, we usually refer to companies which have their base in the United States, such as Exxon, Standard of California and all those big multinationals which have asserted themselves in such an aggressive way throughout the world. This little company, Petrofina, was actually started by Canadians right