

We should be participating in a discussion on the world energy. How are we going to see to it that all of the areas of the world will have sufficient gas and oil, which is the fundamental energy that drives the industry and keeps the market system moving? I have difficulty coming to a figure in terms of where we are, because it is not that easy.

For example, if we consider that today we are very wasteful of energy, we would say that our needs over the next several years will be so much. At the same time, I would recognize that some scarcity every now and again might move us faster into the development of alternate energy sources. It might make us turn down our thermostats. I do not want to see us preserving the level of use that we have now, because it will not only be bad for us but it will be bad for the rest of the energy-consuming world.

When we have the resources that we have—nature gave us a lot—we feel it is our right to waste it, because it is ours. It is not that simple. That is why I cannot answer the honourable senator's question directly.

**Hon. H.A. Olson:** Honourable senators, I should like to say that I am going to be very brief, perhaps less than five minutes. I have to tell Senator Kelly that it is exceedingly tempting to rebut his speech. There are many things to which he asserted in his speech that recent history in the last 15 years has proven absolutely wrong.

**Senator Frith:** Partisanly wrong or non-partisanly wrong?

**Senator Olson:** Absolutely wrong. If we privatize Petro-Canada and sell off the one Canadian company left that is large enough to carry out some of the projects that we know have to be carried out in Canada if we are going to have a respectable amount of gas and oil production in Canada from Canadian resources—

**Senator Barootes:** Such as Hibernia.

**Senator Olson:** Yes, Hibernia, the Beaufort Sea and the tar sands are the three major resources that we have left in Canada to develop. The western Canadian sedimentary basin is still producing respectably, but it is starting to decline. There have not been any major finds of additional oil. There have been some gas finds recently, but there has not been what the industry refers to as an elephant—that is a big oil field—in the last 15 or 20 years. That is a fairly good indication that we have probably found all there is.

There will be many small oil fields found, which will help to keep up the production. However, the production of oil out of that basin is declining at approximately 100,000 barrels per day per year. That has to be made up somehow.

Honourable senators, we know that we have the resources in Canada to do it. We have Hibernia, the area off Nova Scotia, and particularly the Beaufort Sea. Even more important, there are the reserves in the tar sands of Alberta. We know there are 900 billion barrels of oil there; but it takes large investments of capital for the processing plants, along with a long lead time, to bring that oil into the consumer stream. No one in the oil business would argue with that.

[Senator Kelly.]

There are only three oil companies left in Canada that are big enough to take on these jobs—Imperial Oil, Exxon or Shell. It requires an investment of \$5 billion to \$6 billion at a time, and that \$5 billion or \$6 billion has to be invested with a lead time of at least six years from the time the decision is made to go ahead with it until oil is coming out through that processing plant. They are not doing that. How are we going to get this done unless we depend on some international or multinational—whatever you want to call them these days—oil companies to do it? There certainly are not any Canadian companies besides Petro-Canada that are large enough to take on those kinds of investments, along with the risk.

That is why I believe we should keep Petro-Canada in its present form. Senator Kelly gave the excuse that it has not been used as an instrument of government policy for the last seven years—not since 1984 anyway. That does not say there is anything wrong with Petro-Canada and its capability to do that. That is a mismanagement policy on the part of the government. Right now we should be building tar sands processing plants. We should be bringing one on about every 18 months, with a capacity of something over 100,000 barrels per day. We have not brought one in since 1984. We have not even started one since 1984. That is not a good reason; that is just fobbing off mismanagement by the government to develop Canadian resources.

I know that that oil is more costly than buying offshore oil at the present time. Senator Kelly has a point of view and says that we are better off to buy offshore oil. He must have forgotten what happened in the crunch of the late 1970s and the first year of the 1980s. We were pleading to get some of these countries to sell oil under the quotas they had to sell. I remember that. The price went up and there was real concern in this country that we were not going to have enough. So we did embark on a policy of developing more Canadian resources.

We need a Canadian oil company. We need one that can properly be used as an instrument of government policy to bring on the resources in Canada.

• (1450)

I should just interject here to say that the minute we sell any shares, even the 15 per cent that is called for as the first tranche in this bill, then that will be the end of using it as an instrument of government policy. The shareholders would very properly expect the federal government not to use it for that purpose because their purpose is to make some earnings on their investment.

In conclusion, I just want to say that it is a serious mistake, one that I am sure we are going to regret sometime in the future, whether it is five years or ten years down the road.

The other thing is that you cannot put together another one because there is not enough left of the Canadian oil and gas structure, even if you were to get a lot of little Canadian companies together to try to organize a large company. We have Exxon or Imperial Oil out there, along with what they acquired of Texaco. They were the two biggest and now it is