

The corporation will be responsible to its shareholders, the people of Canada. I think the directors of the company may, from time to time, judge that short-term profit-maximization is not in the interests of these shareholders, all of whom stand to be affected directly or indirectly by the corporation's actions. That criterion may properly be modified in the interests of long-term future energy supply for Canada, and in terms of job opportunities or the development of particular parts of Canada.

The company will be able to mobilize capital on an important scale, even by the standards of those large private enterprises which characterize the energy business in Canada. The initial capitalization of \$500 million can be supplemented by debt-raising to \$1 billion. I should expect that the Federal Government would stand behind the company when it seeks to raise debt capital. The capital resources which the company will thereby be able to command are substantial and will enable it to play a significant role in our total petroleum investment picture at a relatively early stage in its life.

The Government expects that the most important function of this enterprise will lie in the area of oil-and-gas exploration and development, particularly in our frontier areas. Private investment, both Canadian and foreign-controlled, will continue to play an important role in this area. However, we are looking to the company to increase the Canadian presence in a sector which is of critical importance to assuring future energy supplies. Where possible, the company would seek to operate jointly with both Canadian and foreign firms in development activity.

As the House knows, the Federal Government holds a 45 percent interest in Panarctic Oils Ltd. For the past eight years this company has carried out an extensive exploration program in the Arctic islands. The national petroleum company would co-ordinate Government interests and objectives in relation to Panarctic's future activities.

There may be areas of exploration which are not undertaken by the private sector, either because commercial returns are not easily defined by the corporations involved or because they are deemed to be too far distant. There may also be areas of exploration which are not pursued by the private sector because of the financial burdens involved. These are cases where the company would carry out exploration activities of its own.

This public enterprise will not be restricted to exploration for conventional hydrocarbons. Considerable technological advances remain to be achieved in the field of synthetic-oil and gas produc-