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Task force recommends split role for Petro-Canada

Petro-Canada, the Calgary-based Crown corporation, should be divided into two parts, one to become a private company called Petro-Canada Exploration, the other to continue as a Government agency with direct responsibility for activities that appropriately remain with the Government, recommends the task force on Petro-Canada in its report published October 15.

One of the major purposes of restructuring the organization, says the report, is to contribute to the attainment of "desirable national objectives": one is "the assurance of secure and adequate energy in appropriate forms in all regions of Canada in the most efficient and economical way possible and with the least possible delay; the other is "reduced direct Federal Government involvement in petroleum-related production activities, and a correspondingly increased responsibility on citizens, whether as individuals or organized into business entities".

In the view of the task force, established in September under the chairmanship of Donald J. McDougall, citizens would be better off if their investments in energy lay with a private company. "The checks and balances will be known. The investor will have the democratic right to influence policy through the decisions of the annual meeting, or through the board of directors. As an alternative he can decide to dispose of his investment."

The task force recommends that the "privatization method" would be to distribute all the shares of the reorganized company to every Canadian citizen, as a gift of the Crown, the shares not taken up to remain with the Crown until it decided to make a secondary offering.

The Government agency will be charged with the responsibility of performing those "public policy activities previously vested in Petro-Canada in its role as an instrument of government", states the task force, which was guided by the principle that the public policy function of the organization would be more effectively performed by "persons dedicated solely

to the design of public policy and that the commercial responsibilities will be more efficiently performed by persons skilled in the private petroleum industry".

Petro-Canada's main activities are:

"(1) Frontier exploration primarily through the joint venture route in the frontier areas, which comprise the Arctic Islands and the East Coast offshore including Labrador and Scotian shelves. A large portion of the Arctic Islands program has been conducted through Pan-arctic Oils Limited.

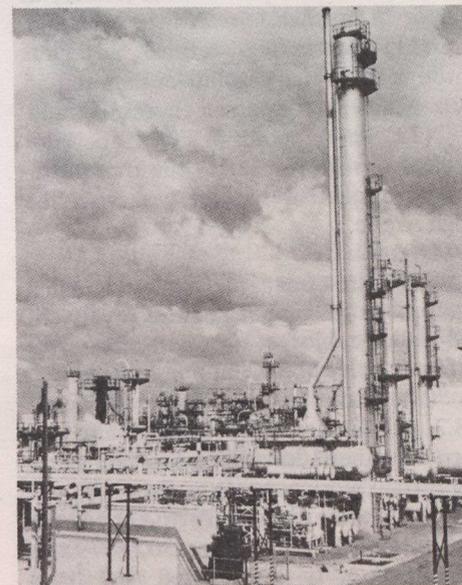
"(2) Exploration, development and production in Western Canada.

"(3) Exploration and developments outside Canada.

"(4) Participation as a joint venturer in the Syncrude oil sands project.

"(5) Participation in the Alsands Project in the oil sands which is operated by Shell Canada Limited and is in the early stages of development.

"(6) Research and development which has as its objective the improving of the technology for the extraction of hydro-



This petrochemical plant is an example of the industrial growth sparked by the discovery of oil and gas in Alberta.

