

Petro-Canada

out, and no conclusion was drawn one way or the other. I think that this fairly reflected the government's position at the time.

I need hardly remind the House how much things have changed since then. The physical limitations of commercially-accessible energy resources in southern Canada have become even clearer. The economic, technical and environmental problems of developing the energy resources in our geographical and technical frontiers—the north, the oil sands and the offshore—have if anything been magnified by the passage of time. The terms and channels of access to overseas oil and energy supplies to meet deficiencies in our domestic resources have sharply changed. Fresh uncertainties have arisen as to the physical security of those supplies in certain circumstances. And we have experienced, and still face, huge increases in the real cost of our energy supplies, whether from the domestic frontiers or from abroad.

[*English*]

Our published analysis of the pros and cons of public enterprise in the petroleum industry was carried out towards the end of a long period of tranquillity, and apparent stability, in domestic and international energy affairs. The changes since then in circumstances and outlooks have been radical and, for the most part, permanent. It is the extent and nature of these changes which have in our view tipped the balance decisively in favour of federal entrepreneurship in the oil and energy industries.

This does not mean that the government finds that Canada has not been well served by private enterprise in the petroleum industry. Private companies, whether Canadian or foreign-owned, have generally worked vigorously to develop our oil and gas resources, to create transportation systems for them, and to refine and distribute efficiently oil products. The privately-owned Canadian oil industry has a good record of technical and managerial innovation.

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The concerns which have led the government to propose establishment of a national petroleum company have much more to do with the future than with the past. These concerns relate principally to matters of energy supply, particularly the supply of oil and gas.

The government does not feel assured that the private sector can be relied upon to mobilize all of the enormous amounts of capital which will be required to secure energy development consonant with Canadian needs over the longer term. Nor can it be certain that, faced with attractive investment opportunities and geological possibilities abroad, the private oil industry will be able to concentrate as much effort on our own petroleum prospective areas over the next decades as our needs require.

There are uncertainties, too, in respect of arrangements to import the oil which we need to supply consumers in the eastern part of our country. Oil resources in overseas exporting countries are quickly coming under the ownership and control of state-owned petroleum companies. As I will elaborate later in these remarks, circumstances could well develop, in such a way that oil imports could more advantageously be made by a nationally-owned Canadian

corporation than by the private companies which have so far served us in this area.

The compelling reasons for creation of a national petroleum company relate therefore primarily to security of supply—from our domestic resources and also possibly from abroad. Besides providing a new focus for mobilizing capital and skills in the service of necessary resource development, the company will bring to the petroleum sector the social benefit to Canadians of the pride, satisfaction and confidence of owning a portion of this critically important Canadian industry. I firmly believe that a majority of Canadians desire such a presence and a broadening of Canadian ownership in this industry.

As this enterprise develops, we can reasonably expect to reap a number of side benefits. A degree of knowledge and insight will be available which simply cannot be acquired by other means. This insight will extend to a first-hand experience of the effects of our own and provincial government's policies, and thereby to the appropriate design of those policies to the benefit of all parties. The national petroleum company may also be able to play an important role in regional development. Also within what might be regarded in part as a "social function", the company will be expected to pay special attention to education and training of native peoples in the petroleum sector. Finally, the company would be expected to carry out research into problems of petroleum development which are peculiar to Canadian circumstances.

Let me now exemplify how we envisage the company will be able to serve the national interest in terms of expanding our domestic supply potential, improving our access to overseas resources, and reaping a number of other benefits for the country as a whole.

We have chosen to set the national petroleum company in a corporate business framework as a means to better achieve our goals. In its organization and business methods, the company will be subject to the basic disciplines of an operating statement and balance sheet. 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 would 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-con-