

Two issues have occupied this study. First, the Committee has reviewed the fiscal arrangements, structure and behaviour of the domestic petroleum industry. Second, the Committee has considered the question of energy policy-making in the national interest.

In the past, the petroleum industry has benefitted from a protected market, the result of a policy objective to develop a viable oil and gas infrastructure in Canada. During the 1970s OPEC triggered tremendous price increases, and oil companies found that their reserves were suddenly worth much more. While the National Energy Program imposed a redistribution of income, neither the method nor the result were satisfactory to all involved.

More recently the Western Accord gave over to industry revenues valued at more than three billion dollars. With this came an expectation of jobs and increased investment, a reasonable expectation given the industry's promises and the substantial subsidies it received over the years in the form of super-depletion write-offs, PIP grants and other deductions.

Judging from income statements, the petroleum industry in Canada has matured and is healthier than some other sectors of our economy. The Committee applauds this success. Industry representatives said in testimony that they neither want nor need government grants. The Committee agrees. Special considerations which favour the petroleum industry above others should be removed.

The foreign dominance of Canada's oil industry has been a controversial issue. The Committee supports Canadianization of this industry, believing that decisions made in Canada by Canadians are most likely to serve the national interest.

We recognize the costs involved. We see the frontier as the critical area where Canadian participation must be encouraged. But the Petroleum Incentives Program is no longer the appropriate instrument. A less costly method must be found, and its sole purpose should be to promote Canadian participation on Canada Lands. There is no reason to recommend other federal incentives of any kind for the petroleum industry. If the provinces wish to bolster their regional economies by offering incentives to petroleum activity on their lands, this is a matter totally within their judgment and jurisdiction.

This autumn an announcement is expected about the decontrol of natural gas markets. There are many opinions about what decontrol or "market sensitive" pricing may mean. We hope the solution provides an opportunity for Western Canadian producers to dispose of surplus gas. Exports are one possibility. It is preferable though that distribution systems be extended so