

Introduction

On June 21, 1989, the Standing Senate Committee on Energy and Natural Resources received an Order of Reference from the Senate of Canada to the effect:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the extent to which Petro-Canada has met its original purpose, and to evaluate this purpose with respect to Petro-Canada's evolving role in the Canadian energy scene; and

That the Committee present its final report no later than 31st March 1990.

The Committee requested this mandate because of the widening public and political debate about the future of Canada's national oil company. Committee members considered it important on two grounds that an assessment of Petro-Canada's past activities and future operations be done: (1) because more than \$4 billion in public funds has been invested in the operations and acquisitions of Canada's state-owned oil company and it is important to evaluate what that investment has accomplished; and (2) in the event that the federal government introduces legislation to privatize Petro-Canada, the Committee has provided a body of analysis against which such an initiative can be judged.

As events transpired, the Government of Canada announced in its budget presentation of February 20, 1990 that "...the time has come to allow direct public ownership of Petro-Canada" and that legislation to accomplish this will be introduced during 1990. As the Honourable Michael Wilson, Minister of Finance, expressed it, "We will continue to privatize Crown corporations and sell investments where government ownership is no longer needed to meet public policy objectives." That issue – whether Petro-Canada should continue to serve any public policy function – has been a prime concern of this study.

As the announcement of Petro-Canada's intended privatization and the release of the Corporation's new 1989 and restated 1988 financial results (arising from a changed accounting practice) required modification of its report, the Committee asked for an extension of the reporting deadline to accommodate these new developments.

The Committee initiated its study of Petro-Canada with public hearings in Calgary on November 16, 1989, and continued with a series of hearings in Ottawa. In total the Committee heard ten witnesses on the subject; a larger number of prospective witnesses declined invitations to appear. The witnesses who appeared before the Committee are listed in Appendix A.