

Third, the company was to be Canada's agent in state-to-state negotiations.

In the 1990s, it is clear that government ownership of Petro-Canada is no longer required to achieve such public policy objectives. Canada has a much clearer perspective on the extent of our frontier reserves and their potential development.

Additionally, we have the agencies and instruments in place. We have the Canadian Oil and Gas Lands Administration and the National Energy Board. Therefore, we have the public agencies in place to do the things that Petro-Canada was to do.

In short, the reasons for state ownership of Petro-Canada are no longer valid. We will leave the debate about whether they ever were to historians.

Today, Canadian energy policy embraces the reality that Canada's economy is part of the world market. Efforts of previous governments to insulate us from that reality simply did not work. Today, we recognize that energy markets must be allowed to respond to changes in supply and demand conditions.

This approach works for Canadians because it leaves a foundation for both expansion of our resources sector and competitive pricing for consumers. When the government has intervened, it has been to act to facilitate the development of large energy projects where the costs and risks are significant impediments to private investors.

Petro-Canada has a role to play in the development of Canada's energy reserves, not as an instrument of government policy, of course, but as an active and competitive private sector company. As a chairman and chief executive officer of Petro-Canada has stated publicly, unless the company gains additional funds to shore up its capital base, the company cannot get on with the job of developing our energy reserves without raising its debt to dangerous levels.

Let us talk a bit about Petro-Canada. Based on Petro-Canada's 1989 annual report, the company has proven reserves of 3.3 trillion cubic feet of natural gas and 527.3 million barrels of crude oil. Petro-Canada's share of Canada's proven reserves is 4.3 per cent of natural gas and 6.7 per cent of crude oil. Petro-Canada estimates that it can spend in the order of \$2.5 billion over the next five years for its exploration and develop-

### *Government Orders*

ment expenditures. Certainly, it is going to need money to do that.

Without new equity then, Petro-Canada will not be able to contribute to the important development of exploration in this country in the way that we all think it should, and we want them to.

First, I suppose what we could do is just ignore the problem and hope that it will go away. This would leave Petro-Canada with the decision to either risk financial instability, sell assets and change the profile of the company or cut back on this important exploration and development that we would all like to see them do.

Second, the government could find the money to secure Petro-Canada's financial future. That would mean either increasing the federal deficit even further or by raising taxes or cutting out some other government programs to free up the funds.

Third, we can invite Canadians to take a direct stake in a company through a public share offering, as was suggested with this bill. By offering Petro-Canada shares to the public, the government is giving individual Canadians the opportunity to take a direct stake in this great Canadian oil company and share in its important future.

Even more important, Petro-Canada will give a new source of equity that it simply cannot obtain as a wholly-owned Crown corporation.

The company's current financial position underscores the need to access more funds and equity, as we mentioned. Petro-Canada's 1989 performance reflects an emphasis on improving efficiency in order to position the company to benefit from the potential opportunities available in the Canadian oil and gas industry.

With respect to the first half results for 1990, the chairman has indicated that their efforts must be redoubled in order to improve the company's performance. These are important facts and statements from the people who run the company, the Crown corporation, as it is now.

As the Minister of State for Privatization has stated, both the company and the taxpayer can be better served by allowing Petro-Canada to raise new equity directly from investors rather than relying on the Canadian taxpayer through the federal government. When one examines the alternatives before us, I believe Canadians will agree that the intelligent decision is the one of privatization.