

*Government Orders*

and that leads to the underlying assumptions behind our government's privatization program.

There are basic reasons why your federal government pursues these privatization initiatives. First, the changing economic environment for many Crown corporations. The original objectives behind the creation are no longer valid. Second, there is abundant evidence to suggest that many Crown corporations are not as effective in serving their clients as the private sector. Privatization, by putting corporations under the test of the marketplace, can certainly improve efficiency. Third, public funds. Public ownership of Crown corporations can place enormous demands on government resources to manage and financially support various enterprises.

Public institutions use taxpayers' money to operate. The recognition that a Crown corporation is responsible for public funds often leads to slow, deliberate decision-making and occasional aversion on the part of management to risk taking. What about fairness and equality? Petro-Canada and other corporations compete directly with the private sector. The Canadian government's approach to privatization is based on specific objectives designed to confirm the appropriateness of public institutions while encouraging a vibrant and vital private sector. Should governments do everything? Again, a resounding no. Canadians saw the enormous price that had to be paid when governments of all sorts got involved in every manner of human endeavour in Canada.

Our government believes in the individual. We believe in the private sector. We believe in creating wealth through entrepreneurial initiative and competition. We believe in creating opportunities for small business persons, for workers, for women, for the disabled, for the corporations and for everyone. That is why we see so many countries turning to privatization regardless of the prevailing political philosophy, privatization is results-oriented and deals with the real need of a nation.

Because of our sparse population in Canada and peculiar and expensive geography, there are times when the private sector could not properly meet an important public objective. Crown intervention was one way to accelerate or enhance the growth of our young nation. Many of our Crown corporation earn the loyalty of

Canadians as they served as pioneers in resource development, manufacturing and the transportation sectors.

Something happened sometime in the sixties when suddenly the accepted norm of Canadian mixed public policy, the creative mixing of public initiative with private enterprise, became unbalanced. Everything seemed to go one way, to public intervention in Canada. Suddenly the prevailing thought was that government should and could do everything. Governments went in search of needs to fill, of hurts to mend, of inequities to overcome.

Government became big business in Canada or perhaps more realistically, just plain big. Because the business part and the rationale for Crown corporations in the first place got lost, many Crowns began operating like government departments themselves, pursuing an array of public objectives but virtually obliterating many of the business components of their mandates: products, client service, profit and return on investment.

Here is what the Auditor General of Canada said in 1982. He talked about "a problem of accountability, massive in its dimensions" and "In the aggregate, Crown corporations represent a hole in the taxpayers' pocket, resulting, as they do so often, in a consistent negative return on investment."

The reasons for my support are simple and clear. State ownership of Petro-Canada is not necessary for the company to achieve public policy objectives.

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The company needs capital to develop our oil and gas reserves, and a public share issue is a better way to raise capital than a higher deficit or raising taxes.

Let me discuss the public policy role of Petro-Canada. At the time Petro-Canada was created in the seventies, we were told by the previous government that a state-owned oil company was needed to achieve three basic objectives on behalf of the Canadian people.

First and foremost, the company was to work to increase the petroleum supplies available in Canada by exploring new sources of oil and gas, especially in the frontier.

Second, the company was charged with being a window in the industry to help the government formulate a national energy policy.