

As an Instrument of Public Policy

Under the former Liberal Government, Petro-Canada was charged with several policy functions. Foremost among these were: (1) to enhance domestic energy security through increasing the supply of petroleum available to Canada; (2) to provide government with a "window" on the petroleum industry, thereby assisting in the formulation of appropriate energy policies; and (3) to help increase the Canadian presence in the domestic petroleum sector. Petro-Canada's Chairman, Wilbert Hopper, acknowledged in his testimony before the Committee that these were the "three key thrusts" in government's use of the Corporation as a policy instrument in its earlier years (Canada, Senate, Standing Committee on Energy and Natural Resources, 16 November 1989, pp. 8-9). To these primary functions the Committee has added Petro-Canada as a vehicle for distributing petroleum-related, bilateral foreign aid (through its wholly-owned subsidiary Petro-Canada International Assistance Corporation), and for promoting and performing energy research and development (through its former subsidiary Canertech and through its in-house R&D work).

(1) Security of Energy Supply

Using Petro-Canada to promote Canadian energy security through petroleum (oil and gas) development involved several distinct activities.

Petro-Canada's Role in Frontier Petroleum Exploration and Development

Petro-Canada was directed by the former Liberal Government to promote petroleum exploration and development on Canada Lands ("frontier" lands north of the 60th parallel and in the East Coast offshore). The Corporation's extensive activity on Canada Lands has provided information not obtainable in any other fashion. Although the exploratory effort has not been as successful in adding petroleum reserves as had been hoped, knowledge was gained about the occurrence of hydrocarbons in the high-risk Canada Lands and about the geology of these areas. Information is still information whether promising or discouraging and, because of Petro-Canada's activity, we have a better understanding of Canada's frontier petroleum resource potential than would otherwise be the case.

Petro-Canada as an International Petroleum Explorer and Developer

Petro-Canada's success in developing foreign petroleum reserves that could be contracted for Canadian markets is potentially an element in securing our future supply of conventional crude oil. Although the company's success has been limited to date, the accomplishments of Japan National Oil Corporation demonstrate that such activity can contribute to domestic energy security. The Committee considers Petro-Canada's foreign activities to be an appropriate although high-risk extension of its exploration and development work. Mr. Hopper acknowledged that this had indeed