

Canada Oil and Gas Act

to expropriate. The operations of foreign-owned firms are very profitable in Canada. To the extent that they increase opportunities for Canadians to participate with them, they can be even more so under the terms of the National Energy Program.

Undeniably, some of the guidelines for companies in the industry have changed, but the changes are fair and equitable. The program gives foreign companies an incentive to seek Canadian shareholders and partners. To the degree that they do, they can benefit from the same higher exploration grants that companies which are Canadian controlled can enjoy. Many foreign-controlled companies have recognized the legitimate concern of Canadians with respect to their own petroleum future and have begun to rearrange their affairs to take advantage of the benefits of the program.

Obviously, Mr. Speaker, Canadianization is working. Canadians overwhelmingly support it. Since the National Energy Program was announced one year ago, foreign ownership of the petroleum industry has declined about 6 percentage points and foreign control by approximately 10 percentage points. Canadianization of that sort has not only been endorsed by the governments of the producing provinces but by the vast majority of Canadians.

In a recent survey conducted by the Canadian Petroleum Association, 84 per cent of the Canadian public favoured the government's Canadianization policy. Moreover, that same survey showed that 70 per cent of the Canadian public believed, quite rightly, that Canadianization will increase the number of jobs available to Canadians. Clearly, Canadians judge the National Energy Program and its Canadianization aspects as important towards fulfilling the attainable goal of 50 per cent Canadian ownership of the oil and gas sector and energy self-sufficiency by the end of this decade.

Indeed, these objectives, reflecting upon the rate of Canadianization since the announcement of the National Energy Program, are within our grasp. The future of the Canadian oil and gas industry under the provisions of the National Energy Program and Bill C-48 are bright indeed.

Throughout the long course of the debate in both committee and the House of the legislation now before us, considerable discussion has centred on the application of the 25 per cent Crown share to petroleum rights already issued before passage of this new act. Both in committee and in the House we have illustrated that there is a related and significant difference between the current Canada lands regime and that in Bill C-48. Stated briefly, under the present system holders of exploration rights are required to return to the Crown at least one half of their acreage, which in certain cases involves up to 30 per cent of their discoveries prior to obtaining production rights.

I find it difficult to understand the argument of those who contend that the current regime's provision for return of acreage does not present burdens to those exploring, while they see a burden in the new legislation. In fact, Bill C-48 ensures that holders of exploration rights will not face the prospect of returning some part of the lands. The new legislation allows

explorers to retain production rights to the entire area of an oil or gas field.

To ensure that all Canadians can participate, and to give our Canadianization program an early boost, the government decided to increase the size of Petro-Canada, the national oil company. This decision is reflected in Petro-Canada's agreement to purchase Petrofina. That transaction underlined our determination to proceed with our Canadianization goals, but it equally supports our promise that such acquisitions will be under market conditions and at fair prices.

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Canada's national oil company, Petro-Canada, spent \$130 million in the Atlantic offshore in 1979, and \$255 million in 1980 in the search for new sources of oil and gas. Expenditures for 1981 are expected to reach \$400 million.

Of course, as a federal Crown corporation Petro-Canada is committed to the concept of Canadianization, including the growth of our own industrial capacity to provide goods and services for petroleum development.

We are not the only ones who believe in the significance and success of Petro-Canada's role in the industry. A recent study of Petro-Canada by the U.S. General Accounting Office on Petro-Canada selected four principal functions of Petro-Canada as a national energy policy instrument—to act as a window on the industry; to produce oil and gas; to capture extrinsic social or economic benefits for Canadians; and to import oil. The General Accounting Office in Washington concluded, and I quote:

—our study indicates that Petro-Canada has made an important contribution to improving Canada's energy situation, and is likely to play an increasing role in this regard under the Canadian government's new energy policy.

I should like to emphasize the importance of the Canadianization program as it applies to offshore development. As a result of this legislation, Canadian companies will now have a chance to participate, not only in actual offshore exploration, but also in a significant number of offshore supply industries.

The government is helping in several ways to encourage greater Canadian participation in the search for offshore oil and gas. I have already mentioned the petroleum incentives program which will provide direct incentive grants to companies engaged in offshore exploration and development. With this encouragement, private Canadian exploration firms are expected to increase greatly their involvement in drilling and to attain a sizeable share of Atlantic offshore activity.

The National Energy Program also assures that companies engaged in the search for reserves in the Atlantic offshore, as well as in the other areas of the Canada lands, will give a fair competitive opportunity to Canadian suppliers of goods and services. This Canadianization of onshore support facilities will help the Atlantic provinces gain jobs and increase levels of industrial development. As well, the use of Canadian goods and services will lead to the development of technologies that can be exported, thus having a positive effect on our balance of payments.