

Energy

the net value of every barrel of oil. The private investor, government investor or equity share earns roughly 25 per cent of the total capital invested. That satisfies the risk takers that they are going to get a good return if they have a successful operation, and it also leaves a great share to the people who own it, the people of the United Kingdom. If a socialist government in Great Britain can adopt such terms and regulations, so can we in Canada.

Our own government used this philosophy last year when they announced the oil and gas regulations. If you look at the new oil and gas regulations announced in parliament, you will find that in all new discoveries of oil and/or gas in the far north under federal jurisdiction the costs are all accumulated under the parameters or boundaries, and when they are paid off a certain proportion goes to the risk taker and the balance, on a sliding scale, goes to the federal government on behalf of all of the people of Canada, who are the owners at the present time. This particular philosophy—paying off your capital debt quickly so there will be more money left over to divide among the people who have a right to it—is accepted in so far as our oil and gas regulations are concerned in the territories.

● (2042)

We put that through last year. I am suggesting here and now that it would be more statesmanlike and economically sound if the Minister of Energy, Mines and Resources, (Mr. Gillespie), with the support of the Minister of Finance (Mr. Chrétien), were to call in the companies interested in these consortiums and ask them how the proposals affect their interests and whether they would be willing to go along with them. When you are dealing with an oil sands plant you are not dealing with the risk of finding oil—you know it is there. The risk is in the tremendous cost and the difficulty of getting the oil into a form which can be used for refining. There is also the difficulty of having to go deeper and deeper for it over the years ahead.

I think the companies would respond positively. Two or three years ago I wrote letters to all of them. One replied that if the government would agree to that kind of contractual proposal they would not have any trouble getting the money. They also claimed they could bring it in at 7 per cent instead of 10 per cent because of the fast payout. These are mostly international oil companies and their primary interest is to gain access to oil for distribution purposes. They are content to give all the equity to Canadians. What is the matter with equity for Canadians, Mr. Speaker, if under contractual arrangements they are pretty well guaranteed a 25 per cent return? Certainly there will be a period of eight or nine years when there is no return, but as compensation for that delay the going rate is about 25 per cent.

I said the world price of oil was not set by OPEC but by the cost of producing oil from the oil sands of Canada. These are not my words, Mr. Speaker. These are the words of the men who drafted the OPEC agreement. Dr. Zuhayr Mikdie has been in Canada many times and knows more about the cost of developing these things in Canada than many Canadians do.

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

He is one of the men who brought the oil companies together first in APEC and then in OPEC and he has written two definitive books on OPEC. According to him, they are going to continue to watch the costs we incur in the development of oil from the oil sands. We must not let these costs get out of hand because of lack of research and new technology, or lack of nerve to use new technologies—because some do require some nerve—or through the old fashioned technique of financing that we have followed for the last 50 years on the North American continent. Naturally they know what that price will be. If we can get our costs down we will still sell oil to consumers at world price, but we will know the profit is going to the people of Canada. That is the point I am trying to finish off with.

This is not a kooky proposal, it is sound in every way. I have tried it out on the best minds I can find in the business world as well as in the more theoretical areas of finance, and there is agreement. The federal government is going to get nothing at all out of Syncrude because, as this bill indicates, there will be no profit. Through this proposal, however, the federal government has the possibility of about \$90 million each year for the next 25 years. The province of Alberta will be the big winner because they own the resource. It is their capital that is being sold off, so why should they not be the winners? Those people who take the risk, whether private companies, provincial governments or big institutional investors, want access to the resource and they will get a return as good as they could get any place else in the world.

I remind hon. members again and again that, for the safety of this country and in order to secure our supply of oil, we must build one of these capital intensive enterprises every three years to keep up with the growing demand for oil. If we can shift home heating and much of the industrial heating into renewable resources, economically it will be of great benefit. This must be done by individuals, however, which makes things difficult because individuals must be persuaded to spend capital on the equipment necessary to get access to cheaper renewable resources. In effect, what they are doing is replacing with one capital payment now a lifetime supply of free solar energy through the technology we already have. I am not referring to direct heating from the sun but to the stuff that is in the economic ballpark now. We have the economic capacity, the research facilities and the technology to heat all our homes, businesses, and high rise buildings a lot cheaper than at present. This would relieve the pressure on oil. In spite of this, however, a new oil sands plant will be needed every three years to keep up with the market demand.

It is therefore a matter of national security, when this bill goes through, that we make sure the government know that if they want to be competitive and keep the world price from rising they must assume the responsibility. It will not be difficult to persuade business that this type of structure is a good idea. The difficulty would be to persuade someone to take the lead, and the obvious person to do that would be the Minister of Energy, Mines and Resources.