

Canada Oil and Gas Act

given? I do not accept that statement and I do not think our friends abroad accept that statement. Nothing in the original exploration conditions indicated that the government would take 25 per cent of any successes. When the government gave permits to search for oil in Hibernia, the Beaufort Sea and Arctic Islands, it never said that in ten years it would come back and expropriate 25 per cent of the winners. The government does not want any part of the losers, but it will take 25 per cent from the winners.

The compensation does not reflect the value of the reserves stolen. All the government intends to pay for is the small permit of successful companies and nothing for the companies which end up with dry wells. Compensation is totally unfair with regard to the reserves found. If the government were honest with itself it would, at the very least, pay the fair market value for the reserves taken.

The compensation is to be made on an *ex gratia* basis without acknowledging any obligation whatsoever. The government has, in effect, admitted that this compensation is nothing more than political expediency in response to the criticism of the legislation originally planned which was going to give no compensation for the land expropriated.

Canada cannot live as an island unto itself. We must trade for our livelihood. We require large sums of foreign investment capital to develop our industry and resources. Above all, Canada needs some friends. I do not call anybody who steals from me a friend. I do not think the Canadian people want a government which steals from others.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I would like to speak in favour of Motion No. 21 in the name of the member for Etobicoke Centre (Mr. Wilson). This motion clearly sets out a major difference between the main parties in the House. It clearly combines the Liberals and the New Democrats as a party who hold themselves out to the Canadian people as being in favour of state ownership and control. They are saying to the Canadian people that we can have a bureaucracy in Ottawa and a state-controlled company which can find oil, produce it and sell it to us at presumably competitive prices, if not cheaper. Canadians should understand that I am talking about two parties that believe the means of production in Canada should be owned by the state. That is their philosophy.

In contrast, the Conservative party believes those assets should be owned directly by Canadians. That is what we want for this country, for every Canadian to have a direct share in ownership.

When our ancestors came to this country and they owned a quarter section of land, they felt they owned the country directly. Now, with over 90 per cent of Canadians living in cities, the only way they can own anything directly is to buy shares.

Mr. Waddell: How many people own shares?

Mr. Thacker: Canadians cannot even afford to buy houses any more as a result of this government's economic policies.

They cannot keep the homes they already have. Our party believes Canadians should own shares directly. That is the real choice Canadians now have to make.

Clause 27 of Bill C-48 provides for the government to confiscate 25 per cent of any oil and gas found from both non-Canadian companies and Canadian companies. That 25 per cent will be vested in our state oil company, that paragon of virtue, Petro-Canada.

I would like to give a quick history of Petro-Canada for the benefit of members of the House. This may allow them to come to a better conclusion as to whether or not we should put our confidence into state-owned companies—whether it be Petro-Canada or some other Crown corporation—controlled by bureaucrats. Let us examine Petro-Canada to see whether it justifies our trust and confidence.

Petro-Canada was formed in 1976 as a Crown corporation. In a Crown corporation, all shares are owned by the Government of Canada rather than by individual Canadians. It is a company owned by our Prime Minister (Mr. Trudeau), who is advised by his cabinet and the bureaucracy. They make the decisions. When Petro-Canada was originally set up, the government, already in a deficit position, decided on behalf of Canadians to borrow \$210 million at the going interest rate and buy Petro-Canada shares. It received preferred shares and we should understand what preferred shares are. They do not only represent ownership, they also pay a dividend, assuming they are that type of preference share. The shares that the government takes are non-cumulative dividends. At the end of the year, if Petro-Canada does not pay a dividend, it is lost forever. Canadians therefore will get no return on that money.

We have a company, Petro-Canada, with a 15 per cent interest in Syncrude and a 45 per cent interest in Panarctic Oils. It has a president and staff. What did this company do? Did it start to search for oil and develop the technology to find the oil under the land? No. It went out and bought an existing company. It took the money we paid for our shares and bought Atlantic Richfield. It paid \$342.4 million and renamed the company Petro-Canada Exploration. It took over a staff of 300. It obtained existing leases and property. That did not add one barrel of oil to the Canadian market. All it meant was that money left the country.

At the end of 1977 it had net earnings of \$3.3 million from an investment of \$383 million. That represents a rate of return of about 1 per cent. It did not pay a dividend so Canadians did not receive one cent. This continued through 1977. Petro-Canada presumably went out to explore and drill but it was unable to make a find and was getting into trouble. So the government gave it another \$154.5 million—more preferred shares, non-cumulative dividends. It still needed help. Therefore on December 7, 1977, the government passed the Canada Oil and Gas Act. That act gave Petro-Canada preferential treatment in obtaining leases.

When leases were being granted in this country, which company got first choice? Petro-Canada. Why would that be? It would have to be because when we set up a government corporation, we cannot have it fail. If it fails, that reflects on