

Petroleum Administration Act

the private sector, which will elucidate more details in this area.

The oil industry in Canada and, indeed, elsewhere is fiercely independent, and taxes are never popular, but to provide the national government with necessary revenue there will be increases in the taxation of the petroleum industry. Our government believes that the companies which benefit directly, the companies whose profits rose 54 per cent, to \$4.7 billion, last year alone can be asked to contribute to this national interest.

The opposition has attacked our Canadianization initiatives. Hon. members opposite have cried, "nationalization, confiscation, expropriation". Their wailing is pure desperation. They cannot attack our energy program, so they attack another supposed program which simply does not exist. Certainly we intend to purchase a major foreign-controlled oil company, but we will pay fair market value for it. Despite such acquisitions, Petro-Canada will not have more than a limited share in the total Canadian market. Within ten years, the cash flow of the private sector in the Canadian petroleum industry is estimated to increase four times.

Canadian-controlled petroleum companies will form an even more prosperous industry than today. Among the small Canadian firms there are many potential candidates to lead the industry into the 1990s, buoyed by our incentives. Canadians will be major shareholders in many more firms. That is not nationalization; that is Canadianization.

Some hon. Members: Hear, hear!

Mr. Lalonde: Tories don't know the difference.

Mr. MacLaren: On Canada lands, the lands in the north and offshore, lands which the federal government holds in trust for the people of Canada, the federal government will pay one-quarter of exploration costs. This will offset the 25 per cent Crown interest. Depending upon the level of Canadian ownership of the companies, companies will be eligible to receive the additional benefits which I have already noted. How can the government expropriate lands which it already holds?

As others have noted, we have not moved as far as Britain, where the Crown had first claim of a 51 per cent share of North Sea production. Having obtained the benefits of that particular policy, the British government has now replaced it with a higher taxation level in order to obtain a greater proportion of petroleum revenue.

We have not moved as far as Norway, where its state oil company takes up to 50 per cent in every field and has an option to increase its interest to 70 per cent. We have not moved as far as Australia, where foreign oil companies must have one-quarter of their equity owned by Australians—and they must pledge to increase this to more than one half, and a majority of their directors must be Australian. No, in Canada we have moved cautiously, we have moved with moderation but we are moving with determination.

Let us look at our policy as it will be reviewed in 1990. With our dual program of conservation and additional supply we shall not need foreign oil in 1990. Canada will have achieved energy independence in the full sense of the word. More than 90 per cent of secondary industry demand, excluding transportation, will be satisfied by energy sources other than oil. Oil will decline from its present 43 per cent share to about 27 per cent of our total energy needs. The use of natural gas and electricity will increase dramatically as a result of our program. The contribution of renewable energy will more than double.

To achieve energy independence our energy equation must balance. This means that while domestic supply will have to increase, demand will have to be restrained.

I shall not take the time of the House to cite examples of the many initiatives outlined in the energy program which will ensure that both in the domestic and in the industrial area Canadians will be encouraged to shift from the scarce resource of oil to the more plentiful sources of energy which we enjoy.

Elsewhere in Canada we shall develop new sources of energy, renewable sources, thanks in part to the creation of a new Crown corporation, Enertech, which will take a lead in assisting the private sector in renewable energy and conservation technologies.

● (2150)

There is much more that could be said about the demand side of the equation, but in our discussions in this House the tendency, unfortunately, has been to concentrate almost entirely on the supply side. I assume that since the opposition has said little about the demand side of the equation, they find little in our policy with which to disagree. Let us turn for a moment to the supply side.

Contrary to a common myth, Alberta's remaining established oil and gas revenues are larger now than they were ten years ago. While their reserves of conventional oil have declined, their potential in natural gas and non-conventional oil has increased dramatically. Our program will promote investment and exploration activity where it is needed most: in tertiary and non-conventional projects in Alberta, and in frontier and offshore areas such as the Beaufort Sea and Hibernia where the bulk of future oil supplies will be found.

For natural gas, the only problem our producers have is in finding the markets. So we approved the southern portion of the Alaska gas pipeline, despite the opposition of the NDP, and we shall extend the natural gas pipeline eastward, now to Quebec and soon to the maritime provinces, giving producers a much larger domestic market and consumers a less costly energy alternative. We shall drop the price of natural gas in relation to oil from its present 85 per cent to 67 per cent by 1983, providing a strong incentive for Canadians to convert from oil to gas. If producers still cannot sell enough gas, we shall buy it and we shall bank it. We have set aside \$400 million in our program for a natural gas bank. For oil produced by enhanced recovery methods, a supplement will be paid to producers, a supplement which will be additional to the