

Canada Oil and Gas Act

Territories, the Yukon or the offshore—will have to have a Canadian ownership content of at least 50 per cent. There is a built-in encouragement for companies to go much further than that. In fact, the ideal ownership content is 75 per cent. Basically, there is a formula being followed to give companies the incentive to improve their Canadian ownership content, and it works something like this. If a company is 75 per cent Canadian owned, it will be reimbursed 85 per cent of its development costs, in cash, by the federal government, or from you and me, Mr. Speaker, because of that bite in our pay cheques. If the company is only 50 per cent Canadian owned, it will be reimbursed only 35 per cent of its development costs. So the obvious goal is not a 50 per cent Canadian ownership content; if one wants to be in competition in the north and on federal lands, one must really have 75 per cent Canadian ownership.

I hope that the provincial premiers are aware that the government is also stating that if a company is drilling in conventional lands, meaning the provinces, if it is a 75 per cent Canadian company it will be reimbursed only 35 per cent of its development costs. Of course, that is designed to lure away those companies which have not already packed up and left our country for the United States. It is trying to lure them away from the conventional areas, from the provinces, to drill in the north.

It has gone further and said that of that 50 per cent Canadian ownership, 25 per cent must belong to the bureaucrats, to government itself. The measures which are contained in this bill will provide that in cases where the company had less than 50 per cent Canadian ownership after the back-in, the agent of the minister would just simply confiscate the rest or the difference. In other words, Chevron Canada Limited is, I believe, a wholly-owned subsidiary of Standard Oil of New Jersey. The minister would back in with his 25 per cent, and it would still be 75 per cent foreign owned. If it could not find a Canadian partner, the minister would just simply confiscate 50 per cent.

Companies can now apply for leases in the north. If one understands the oil business, one knows that particularly in the high risk areas where the technology is not yet known—for instance, the technology required to bring oil under the ice-pack of the Arctic Ocean to shore and to deliver it to some other places—companies have a tendency to take in many partners and to sort of spread the risk involved with these kinds of new ventures. Because of that, the 25 per cent Canadian or government ownership content will, in almost all cases, mean a majority content. Therefore, the government will not only have the ownership and the window into the industry, but it will be on the hook for the whole scheme. That is all right when it comes to divvying up the profits, but what about when it comes to assuming the risks associated?

What concerns me most about the energy program, and even some of the more stubborn socialists to the left agree, is that Canada will always have to share some of its resources with other countries. I happen to think that because we will always be in a position where we will have to share some of the

resources with other countries, the risks associated with developing new sources of energy and new technology to bring oil from the tar sands and from underneath the icepack should also be shared. It is good that Japan has made a deal with Dome to share the risk of bringing oil out of the Beaufort Sea.

We should invite other highly industrialized countries which are desperately in need of our resources to share in the risks and the high costs associated with developing these new sources of energy. The Canadian taxpayers are not in a position, as the bite out of their pay cheques is not that big, to come up with the \$300 billion to \$500 billion required to gain energy self-sufficiency by 1990. I do not believe that Canadian taxpayers have that kind of resource available, as their pay cheques are not that big. I do not even think that Canadians have that kind of credit in other parts of the world. Instead, we should be recruiting new investment, inviting others to help us share in these incredible risks. Of course, they will not do that unless we also let them in on some of the profits. Some industrialized countries do not measure profits in dollars but, rather, in a share of the resources which will eventually flow.

We are experiencing a very crucial and difficult time. We have to bridge some sort of a gap of about 40 or 50 years, after which time all of us throughout the world will be able to develop much more exotic sources of energy, such as solar power, wind power, thermal power. However, we must find enough oil and gas in the meantime to bridge this gap.

I am glad the minister is in the House. I hope I have been able to demonstrate to some of my friends that it is not all gravy. Any business into which one enters has certain associated risks. We should all be aware of what we are doing and understand that not only will we increase the benefits by having Canadians sharing the development of new energy and its sale and marketing, but we as taxpayers will also share in the risks.

Dome Petroleum will report to us in a very few days concerning the resources that it has discovered in the Beaufort Sea. If, as we all suspect now, all the optimism associated with this billion dollar scheme was not warranted and that, in fact, there is not the amount of oil that everyone expected, then we will have a demonstration of what it means to share in the risks. Although we have hundreds of millions of taxpayers' dollars invested in the scheme, there are many private people who have had faith in Dome and in the Beaufort Sea who will be losing their shirts.

Miss Pat Carney (Vancouver Centre): Mr. Speaker, I would like to begin by saying how pleased I am to have the opportunity to participate in the debate on Bill C-48. It is a customary opening phrase, I know, but in my case it is a very heartfelt one. It may seem strange that I, as the representative of Vancouver Centre, should take such a keen interest in this debate. Discussions about royalties, Petro-Canada, the government's back-in clause and the Canada lands sound very distant from the concerns of residents in the heart of Vancouver, whose concerns I normally devote my time toward; but they are not at all remote to me.