

through agreements with the producing provinces, investments in oil and gas will become extremely attractive for Canadian-owned firms.

Discussions took place between representatives of co-operative organizations—and we are happy to have some of their representatives in the gallery today—and representatives of the Government of Canada over a period of months. The result of those discussions was an agreement in principle signed on December 17, 1981, and tabled in the House on May 17. Bill C-116 is the legislative expression of that agreement.

The credit for this achievement is shared among the members of the co-operative movement who participated in the discussions and supported the idea, and a number of people in the Government of Canada, most notably Senator Hazen Argue, Minister of State responsible for the Wheat Board, as well as the Minister of Employment and Immigration (Mr. Axworthy) whose tireless efforts turned an idea into an agreement.

Twenty co-operative organizations from across the country have so far agreed to participate, including wheat pools, retail co-ops, credit unions, *caisse populaires* and co-operative insurance and trust companies. They are the Alberta Wheat Pool, British Columbia Central Credit Union, Canadian Co-operative Credit Society Limited, Co-op Atlantic/Co-op Atlantique, *Coopérative fédérée du Québec*, Co-operative Fire & Casualty Company, Co-operators Insurance Association, Co-operators Life Insurance Company, Credit Union Central of Alberta Limited, Cumis Insurance Society, Cumis Life Insurance Company, Federated Co-operatives Limited, *Fédération des caisses populaires acadienne*, Manitoba Pool Elevators, Newfoundland and Labrador Credit Union Limited, Nova Scotia Credit Union League, P.E.I. Credit Union League Limited, Saskatchewan Co-operative Credit Society Limited, Saskatchewan Wheat Pool and United Co-operatives of Ontario.

While co-op participation has been nationwide, it should be noted that the western co-operative movement has taken the lead role. For example, Federated Co-operatives Ltd. of Saskatoon and the Saskatchewan Wheat Pool will be the largest shareholders. It should also be noted that the registered offices of the Cooperative Energy Corporation will be in Calgary. The government is therefore particularly pleased to join in a predominantly western enterprise.

Three new organizations will be created. The Co-operative Energy Corporation, to be called Co-Enerco, will be a holding company whose only shareholders will be the Government of Canada and the participating co-operative organizations. There is the cooperative energy investment fund, designated as CEIF. The third one is the Co-operative Exploration and Development Corporation, CEDC.

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The co-operative energy investment fund will sell units to the public through the credit union system. The fund will invest in energy companies and plan a valuable role in increasing Canadian ownership of this sector.

Co-operative Energy Act

The Co-operative Exploration and Development Corporation will be an operating oil and gas company which, through this legislation, will always be completely owned and controlled by Canadians. Among the options open to the CEDC will be joint ventures with established oil companies or the purchase of an oil and gas company. The government does not wish to limit the range of options. The involvement of the co-operative movement in production and exploration will be part of a general increase in Canadian ownership and control of the upstream side of the petroleum industry, which is one of the major objectives of the National Energy Program.

The federal government will subscribe start-up capital to Co-enerco in an amount that matches the capital committed by the co-operative organizations up to a ceiling of \$100 million. This figure makes it clear that although there is a limit to our participation, it is a generous limit. The potential contribution to energy investments by the co-operative organizations and their members is very large indeed. The substantial federal participation is designed to put Co-Enerco on its feet and to make available to the petroleum industry this new source of capital as quickly as possible.

Our half of the start-up funds will be turned over to Co-Enerco immediately. The co-ops have four years in which to supply their initial commitments. So far, the co-ops have committed \$57.8 million, giving the corporation an initial capital of over \$115 million. Further commitments from the co-ops will be matched, dollar for dollar, by the federal government until its contribution has reached \$100 million.

The bill provides that the government share in this joint venture can be bought out by the co-ops in the future. From this and other provisions, it will be obvious that the role of the federal government is limited to assisting the start-up of Co-Enerco. This joint venture does not represent an attempt significantly to increase the share of the petroleum industry that is owned by the Government of Canada.

Although three members of Co-Enerco's board of directors will be appointed by the government, control of the corporation will be in the hands of the co-ops, who will appoint nine members to the board. The government does not intend to involve itself in the day-to-day operations of Co-Enerco. This function will be carried out by the co-ops. It is our view, and I am sure it is shared by hon. members, that they have a solid record of sound and responsible financial management.

For as long as the government is involved financially, major transactions of the corporation will be carefully scrutinized by the government representatives on the board to ensure that the public investment in Co-Enerco is safeguarded. This scrutiny will not be motivated by a lack of confidence in the management team assembled by the co-ops. Far from it. It will be simply a matter of normal prudence in the management of public funds, and it will have the effect of providing a double assurance to individual investors.

Nine million Canadians belong to co-operatives or credit unions. That number is a measure of the confidence that Canadians have in the management of these organizations. For the small investor who is accustomed to thinking that energy