

Petro-Canada

Canada so they would enjoy some return on these bountiful resources.

The key regulation dealt with a sharing. In the month of February, 1970, five years ago, the government of the day put this regulation in abeyance, and today none of us know what the government officially has in mind to share these resources. Two years ago this allowed rumours to begin that the government had sold out to the oil companies and would give them all these resources, and all that we were going to take back was 10 per cent. I never supported those rumours because I could not believe any government of any name would do such a terrible thing to the people of Canada. That was 1972. This is now 1975, and they still have not restored that cause. All I can gather is that they cannot make an agreement with Newfoundland, and that therefore the development of our oil and gas in federal lands waits until they solve their dispute with Newfoundland over who owns that oil.

I suggest that if the minister would use his considerable influence, and force his colleagues to a decision on what will be the sharing between the people of Canada and the oil companies, we would have much better results for the people of Canada than we would get by this posturing device of Petro-Can. The minister knows, from remarks I have made in committee and in the House, that with the capital intensive cost not only of the oil and gas industry but of all its related industries, the government will have to change its system of financing.

I would like to put to the minister these proposals I officially made here in the House on January 30. Before I made those proposals I gave a copy of a hypothetical cash flow for an oil sands development to the Minister of Finance (Mr. Turner). I suggested he study them. I suggested he take those proposals to the provinces and to private industry and let them study them.

For nearly 25 days in that budget debate we could not get an answer from the minister. Then on the last day he turned down the proposal on the ground that industry was not in the habit of financing this way. If ever I have heard of a reactionary attitude on the part of any responsible minister, that takes the cake. Just because it has not been done before, we cannot do it in the future! He sounded like a bank president. This is what killed our banks; they would not take any new ideas.

I put this to the minister: that if we are going to have development of our oil pools and gas pools in the north and offshore, if we are going to finance these tremendous capital intensive undertakings, he, as the defender of the peoples' rights in all these resources, must take the lead in finding a new way of financing them whereby over half the money or the value of those resources does not have to go to the payment of interest but instead comes back to the people to help pay the costs of government and give us the quality of life we should have.

Just to make certain that it is understood that this is not a one man idea, two weeks ago the United Kingdom accepted this type of proposal. In their North Sea developments the government has told the oil companies that it would charge only 12½ per cent royalty and then give them a 150 per cent immediate writeoff, which means that if the oil companies have invested over \$2 billion in an oilfield, they can pay that off in four or five years, and the

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

150 per cent represents return of capital, return of all interest and pre-production costs.

Then, after this capital is repaid, the government of the United Kingdom representing the people of the United Kingdom steps in and puts on a petroleum revenue tax of 45 per cent which, added to the 12½ per cent, gives them roughly 50 per cent or 55 per cent of the gross returns, almost the same as the figures we put into effect in 1961, where it was roughly 60 per cent. The oil companies will accept that in the North Sea, and they will not suffer because they will get their money back with interest. Afterwards they get an amount which has the effect of giving them 25 per cent on their investment.

● (1750)

Under one of the proposals I made to the Minister of Finance the oil companies would get along with about 19 per cent, but within that range. To say that we are going to have a big Canadian national petroleum company that will be able to buy gas and oil much cheaper, is pure posturing. We should forget about that and think about the needs of the people of Canada. If we do that we must come to the conclusion that they instinctively know that these resources we have had all these years will eventually be needed by the world, and that will be our opportunity. In fact the time is now. As a person who has been interested in this for many years, I am deeply hurt when I see a minister fumbling with something that is so important to Canada.

If the minister wants to do something simple and in the best interests of the Canadian people he should shuffle aside Petro-Canada and ask the Minister of Finance, the Prime Minister and his other colleagues to give the Canadian people, as individuals, a chance to own this country, starting with the oil industry. That would be better for the Canadian people than Petro-Canada. The arguments that can be advanced to end such an institution can also be advanced for other institutions that are already in place or are going to be put in place.

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, the continuing change in the basic philosophy of the Liberal government could not be more starkly illustrated than it is in the structure which it is proposed to impose upon Canada in the form of Petro-Canada. The multitude of reasons given in support of the proposition by the minister are really pretty hollow. All the things that he claims could be done with the vehicle of Petro-Canada could be done by a concerned government with the vehicles that are already in place.

I agree that all this has been said before, but I would add that Canadians must recognize the philosophical change in the Liberal Party as illustrated by the present Liberal government. That change, of course, is the belief that no Canadian knows how to handle his own money, his own resources, or maybe even his own family as well as the paternalistic, philosophical group that sits on your right today, Madam Speaker.

As an illustration of this I should like to draw to the attention of the House clause 7(2) of this bill which reads: