

Canada Oil and Gas Act

about 65 per cent of Canadian oil prices, whereas under the Conservative budget the ratio would have been 85 per cent and there would have been a direct link with international prices. I am surprised that members opposite have not understood their own budget projections.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on Motion No. 27 in the name of the hon. member for Etobicoke Centre (Mr. Wilson). Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.
And more than five members having risen:

Mr. Deputy Speaker: Pursuant to Section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

The House may now wish to consider Motion No. 28.

Hon. Michael Wilson (Etobicoke Centre) moved:

Motion No. 28

That Bill C-48, an act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, be amended in Clause 36 by striking out lines 35 to 45 at page 21 and substituting the following therefor:

"36.(1) Her Majesty in right of Canada or any Crown corporation to which the Crown share may be transferred, is liable to a maximum of the product of fifty percent of expenses incurred by an exploration agreement holder prior to a declaration of commercial discovery on any relevant Canada lands multiplied by the percentage of the Crown share as determined in Section 27."

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.
And more than five members having risen:

Mr. Deputy Speaker: Pursuant to Section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

● (1610)

Mr. Ian Waddell (Vancouver-Kingsway) moved:

Motion No. 29

That Bill C-48, an act to regulate oil and gas interests in Canada Lands and to amend the Oil and Gas Production and Conservation Act, be amended in Clause 40 by striking out line 38 at page 23 and substituting the following therefor:

"Canada, a basic royalty of twenty per cent of the".

He said: Mr. Speaker, I rise to speak on this motion. What this motion does is to change the royalty structure, raising it from 10 per cent to 20 per cent. It, in effect, doubles the royalties.

This motion should be read along with Motion No. 30, which strikes out a clause that allows the companies to deduct the basic royalty plus the petroleum gas revenue tax, the PGRT, which is now 12 per cent. This motion should also be read along with Motion No. 31 which would take out the three-year holiday tax exemption.

I will be making some detailed points on this motion because it is a very complicated area. It will be necessary to give statistics and facts because these are necessary to back up the argument. My main point is that this royalty is low compared to those in other foreign jurisdictions.

First, I will talk about the progressive incremental royalty, the PIR. The way the royalty regime works in this bill is that there is a 10 per cent royalty, and when a certain income is brought in by the producing wells, the PIR comes into effect. My basic point is that the PIR is ineffective, and since it is ineffective, the basic royalty of 10 per cent, which is a low royalty compared to other jurisdictions both in Canada's provinces and abroad, is too low. That is the gist of my argument and I think it can be effectively proven.

The first part of my argument is that the royalty is low compared with other foreign jurisdictions. When we sat through the long hearings of the energy committee of the House of Commons, we heard testimony from officials of Petro-Canada, as well as officials of Statoil in Norway and other officials, about the regime in the United Kingdom and other places.

Mr. Robert Meneley, vice-president of Petro-Canada, told the committee that the land tenure and rent collection regimes proposed by Bill C-48 are less onerous than those applied elsewhere. The statement which I made that they are less onerous is not just my particular isolated opinion. This was also stated before the committee by the vice-president of Petro-Canada, Mr. Meneley, who I am told has a great deal of experience in this area. He said that Petro-Canada developed a model of the economics of developing a field similar to the recent Hibernia discovery at a wellhead price of \$41 a barrel. That is the current price received in Norway and the United Kingdom and will be approximately the price which Hibernia will come in at when it reaches the production stage in a few years. As a matter of fact, that would be the low end price. It could be higher.

Mr. Meneley of Petro-Canada developed a scheme whereby they compared profits on Canada lands under this bill to those in the United Kingdom and Norway. In a company that had a 75 per cent to 100 per cent Canadian ownership rate, he estimated that the profit over a certain period would be in the