

given notice of intention to authorize a system for production, it can come along and indicate that it now wants to convert it to a working interest.

Turning to Clause 36(3), it reads:

Neither Her Majesty in right of Canada nor any designated Crown corporation to which the Crown share may be transferred under this act is liable for any expense incurred in respect of the relevant interest prior to a conversion under subsection (1)—

For all intents and purposes, this means prior to a discovery of a significant amount of oil or gas. It continues:

—whether that expense was incurred in relation to the exploration for oil or gas on any relevant Canada lands or the development of those Canada lands in order to produce oil or gas or otherwise, and any applicable operating agreement or other similar arrangement stands varied or amended to the extent necessary to give effect to this subsection.

The clause refers to “other similar arrangement” with the prior operator. What we are debating in Motion No. 25 cannot be considered in isolation from its linkage with Clause 36 of the bill and its present wording referring to Clause 34, which essentially indicates that Crown partners can sit on the board of directors, among the partners, to vote without having to take an active interest until 30 days after the minister declares a discovery adequate and agrees that it shall be licensed for production purposes. The Crown operator can vote on all decisions without meeting any relevant share of the cost. This is what it comes down to—how is the government operator or the Crown corporation to pay for its share?

I should like to turn to Motion No. 28, although perhaps it is not quite legitimate in that it will be debated later on. But we in this party feel that the Crown operator should be given some advantage if there must be a designated Crown share. But we have already said that that share should not be rigidly fixed to the 25 per cent figure. We would prefer to have more private operators, more private investment capital in the venture. If there is to be a Crown share under Motion No. 28, the Crown operator, Petro-Canada or whatever Crown Corporation it may be, would have an obligation to undertake to purchase a working interest in that share, and the price of the purchase would be at least a portion of the relevant exploration costs to be set at 50 per cent of those costs as prorated to their proportion of the total partnership equity. In other words, if Petro-Canada had a 25 per cent interest, although under our amendments it could be 18 per cent or 32 per cent, it would be required to pay 50 per cent of one quarter of the total relevant costs incurred in bringing the particular lease to the point of significant discovery, licensing and production.

● (1700)

The point is that it is neither proper nor honest for the government to demand—in addition to all the forms of taxation it is going to assess against these operations at the consumer and production level in progressive royalties and income tax—a piece of the action without paying its share of the cost of participation.

The government would have the people of Canada believe that all this will come about for nothing and that somehow it can take away one quarter of a private production operation

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and convey it to the people of Canada without being required to pay a price for it. We would prefer that the government pay for this directly, Mr. Speaker. If the Crown operator, Petro-Canada or whoever, did pay directly to the extent of 50 per cent of the relevant share of the cost, it would have to borrow from the charter banks. In turn, the banks would probably go to New York or Bonn to borrow foreign money. That is one way in which the government can create the illusion of Canadian ownership, through the back door. In reality, however, it is offering a guaranteed rate of interest to foreign lenders and at the same time creating the illusion that it is protecting the resources for the Canadian people.

Bill C-48 does not provide authority for the government to borrow money or raise money through private contributions from Canadians. It does not invite the participation of Canadians to buy shares in the Crown corporation. Instead, it proposes to steal that 25 per cent interest. It pretends that the Canadian people will not have to pay for that interest but in fact, Mr. Speaker, the people will have to pay. They will pay through buying Canada Savings Bonds. The interest rate on bonds has been set at 19.5 per cent. This will have the effect of soaking the capital that some senior citizens have put away over the years. If you have \$10,000 in the bank, a 19.5 per cent return is pretty attractive, so instead of investing in Canadian oil and gas people will be induced to buy Canada Savings Bonds which are widely advertised by the government and the banks. The government is desperate for capital and that is why the interest rate is so high.

But because the interest rates are so high, Canadians cannot afford to borrow money to invest in private sector ventures, which would have to pay 19.5 per cent or 21 per cent or 22 per cent interest in order to be attractive. I submit that is a hidden tax, Mr. Speaker; it is an inflation tax.

The government pretends that we are taking control of our own natural resources and our industry. It is trying to delude the Canadian people by calling what is really an excess tax, a high interest rate. The government is creating inflation by overspending; its expenditures are 25 per cent higher than its income. The new windfall tax levied on the production of conventional oil and gas is really a tax on all Canadians. All that people get in return are some fancy service stations which are taking business away from small independent oil and gas outlets in some parts of the country. In some small communities the corporation is also getting into the shopping centre business and the convenience food store business, thus making things extremely difficult for the existing service stations. Sometimes the Petro-Canada stations set the price at two cents per litre below that of the private operator, stays open all night and operates on a self-serve basis, taking business away from existing gas stations that have served the community and provided employment for years and years.

Petro-Canada puts up fancy signs and creates the grand illusion that we control our natural resources. This is nothing more than a charade, Mr. Speaker, because we owned them all along. The Canadian people are now being charged for the privilege of having that sign displayed. The high interest rates