

Canada Oil and Gas Act

their oil and gas resources" there will be "a basic royalty of 10 per cent, with an additional royalty of 40 per cent of the net profits of a field . . . The emphasis in all leases and agreements will be on active development.

Even though, as was pointed out in "The National Energy Program", Canada may not need its northern resources for domestic markets until the 1990s," most people would agree that "we should press ahead with exploration so that Canadians will know that a secure source of oil and gas is available . . . for the future—"

The emphasis on early assessment of the oil and gas potential of Canada's frontier regions, however, also includes recognition of the fact that the ecology of the north is fragile and there are measures to protect the environment and fisheries and to fund environmental studies.

This bill does provide indeed a large amount of government control, and one can understand to some extent some of the concerns expressed by the opposition. However, it has not been done without notice. It is now ten years since the industry was informed that the regime for the disposition for oil and gas rights in the frontier regions, the offshore and the territories, would be extensively revised. A bill was introduced earlier, the Canada oil and gas act, but it died on the order paper in 1978. The new act is needed, both from the industry standpoint and from the regulatory standpoint. From the point of view of the industry, there are certain advantages in having clear and firm guidelines. Granted that the industry at the moment is not satisfied with what is being proposed, but there is room for presentation of their point of view in committee. Regulations will be important, and it is important that they should not only be fair but that they should be seen to be fair.

Words like "nationalization" have been used in this debate so far to imply that the government is prepared to act in a very harsh way. The word "confiscation" has also been used, but the whole tradition of Canada's dealings with the oil industry has in fact been based on negotiation and on attempts to conciliate. As a matter of fact I notice that our socialist friends consider that the Liberal government has been too easy with the oil companies.

Why are we talking now about more Canadianization? Well, for one thing not enough research and development is now carried out in Canada. Profits and capital are flowing out of the country. No other country tolerates as much foreign control of its resources. Norway automatically gets 51 per cent of profits. In Mexico, the total resource picture is a nationalized one. The British national oil corporation has first claim on 51 per cent of oil production at market price.

One must ask whether Canada's interests are best served from New York, London, or Houston. Of every dollar that we now spend on energy, 82 cents go to foreign-controlled companies and 18 cents go to Canadian-controlled firms. I was a member of this House in 1975 when we had similarly heated discussions about Petro-Canada. Many members opposite predicted dire things if Petro-Canada were established. But, in fact, we have found that Petro-Canada has been able to work

constructively and amicably with the private sector, and has delivered distinct advantages to Canada.

● (1600)

Finally, I should like to talk briefly about the place of the energy policy in industrial strategy. This is of particular importance to me as a member representing an urban constituency in an industrialized area. Surely the province of Alberta, which is interested in increasing secondary manufacturing, must have some similar concerns.

Last February during an election speech in Toronto, the Prime Minister (Mr. Trudeau) promised that if he formed the government again he would capitalize on Canada's energy base in order to build a world competitive industrial sector. The Canadianization measures which are a large part of the National Energy Program will not only increase the percentage of Canada's oil and gas industry owned by Canadians from 25 per cent to 50 per cent within this decade, but must also have some major secondary benefits for Canada's over-all industrial development.

As we retain in our own country a larger share of the profits of the oil and gas industry for our own use, and as our oil and gas sector comes under Canadian control, the traditional linkages between multinational petroleum companies and their foreign suppliers of machinery, technology and equipment, can be changed to the benefit of Canadian business and jobs. In the new legal framework proposed in the bill there are provisions to guarantee that a high level of Canadian goods and services is employed. Applicants for exploration and production rights will have to demonstrate how their operations will bring industrial and employment benefits to Canadians. This will be monitored by the Department of Energy, Mines and Resources and the Department of Industry, Trade and Commerce in order to provide maximum employment and industrial benefits.

Some members opposite have expressed a fear of this amount of government control, but what is the alternative? The alternative would be control by multinationals which have no commitment to Canada and no particular interest in advancing Canada's aims. I am not one of those persons who greatly believe in extensive government controls. Certainly I would like to see these controls put in place with limits, with appeal procedures, and in ways which make it very clear that they are fair, but I think that we cannot quarrel with the aims.

Once again I should like to quote from the February 12 speech of the Prime Minister as follows:

We need to use Canada's resource base as the fundamental building block of a vigorous industrial sector and to revitalize Canada's industrial capacity so that our industrial sector is better able to create jobs at home and be competitive abroad.

Mr. Nickerson: Mr. Speaker, I rise on a point of order. I should like to draw Mr. Speaker's attention to paragraph 309 of the latest edition of Beauchesne's Parliamentary Rules and Forms. Therein it is indicated quite explicitly that it is a rule of both Houses of Parliament that a member must address the House orally and not read from a written, previously prepared