

Canada Oil and Gas Act

of the House fully support that objective and will support the government in any realistic way in achieving increased Canadian ownership of this industry. It is imperative to examine the impact of Bill C-48 on that objective. Will Bill C-48 achieve that objective of increasing Canadian ownership?

An hon. Member: Yes, it will.

Mr. Wilson: Mr. Speaker, I do not agree that it will. We want to examine the witnesses very closely when we reach the committee stage to see how it is affecting the Canadian companies we are looking to take an increased role in this industry. The preliminary indication is that only a limited number of Canadian companies are of the size to participate in the very expensive programs which must be undertaken in the north and offshore. The new economics of the industry under Bill C-48 and under the National Energy Program will not encourage others to participate. There are very high front-end costs, there is tremendous risk and high taxes as a result of Bill C-48.

As I indicated earlier, the pricing regime the companies will have to operate under is not going to be sufficient to attract investment. We had a slowdown in activity before Bill C-48 came into effect. Now with the changes brought in under Bill C-48 and the National Energy Program, I can see a further slowdown in that activity, and signs of that have been indicated already.

My concern is that the approach to Canadianization will lead to a very heavy involvement in the industry by the Government of Canada, either through PetroCan or through some other Crown corporation. The problem is not how to gain greater participation for Petro-Canada in the Canadian offshore. The provisions of this bill provide many opportunities for Petro-Canada to have a very full involvement. The danger of Bill C-48 is that it will result in too much centralization. There will be too much control vested in one central agency. There will not be enough breadth of decision-making so that the decision to move into this or that prospective area of development will be concentrated in one spot, the Government of Canada. That is wrong. Anybody who has followed the development of the oil industry over the years will agree that is wrong, and Canadians will suffer for it.

If Petro-Canada or the Government of Canada has a dominant involvement there will be insufficient diversity of points of view. The oil business thrives on competition and it thrives on different points of view.

I should like to make two proposals which will develop Canadian participation in this industry to a greater extent than will take place under Bill C-48 as it is today. I hope this may be discussed further in committee. The first is to go back to Bill C-20 and consider the approach taken there, and make some adjustments to the approach on how Petro-Canada or the state would have back-in privileges to any developments in the north.

Canada needs all the participants it can get for northern development. I say that because we have to bring to bear the maximum capital involvement as well as the maximum techno-

logical involvement and the differing points of view resulting from a wide range of participants. It will strengthen the Canadian industry and will encourage non-residents to seek out Canadian partners. Under Bill C-48 there is no incentive to make a good effort at expanding Canadian participation past a minimal 25 per cent.

I suggest to the minister that rather than make it a compulsory back-in for Petro-Canada, he allow Petro-Canada to back in if there is not 50 per cent Canadian involvement. Canadian involvement would be encouraged in those projects and we would not have the mandatory imposition of the state.

The second proposal concerns an alternative form of royalty not unlike the case in Great Britain and, I believe, in Norway. It is to allow companies to recover 150 per cent of their total investment and then subject them to a higher royalty, allowing them to get their capital investment back in a faster way. This would improve their investment and allow them to reinvest that money in other development in the north sooner rather than waiting for the very long pay-outs which can take place under Bill C-48 as it stands today. This is an approach which is consistent with the high degree of risk which prevails in the north and in the offshore, as well as the very huge size of commitment. It would be much easier for the less well-capitalized Canadian companies to take a stronger and more active participatory role. The result would be a faster development of the north and certainly would result in broader and more extensive Canadian ownership of the oil industry.

Bill C-48 confirms the Government of Canada's unilateral approach in yet another area of policy, and that is in the area of offshore jurisdiction over resources. Our party believes there is a legitimate right for coastal provinces to have the same rights to their resources as those which have their resources totally underground. We have stated many times we believe this jurisdiction should be guaranteed under the constitution in the same way as the inland provinces.

Some hon. Members: Hear, hear!

Mr. Wilson: The oceans should not be regarded as barriers to these coastal provinces but should be regarded as an extension of their livelihood. This is similar to the position of these provinces as it relates to the fisheries. It is just an extension of that same thought to relate that same principle to offshore resources.

● (1620)

Other colleagues will be elaborating on this fundamental principle, but let me say only that it is essential that this disagreement be settled, and settled as quickly as the disagreement we have with Alberta because, if not, the legitimate development of offshore Newfoundland and Nova Scotia resources may well be delayed for many years, until the companies involved have sufficient confidence to proceed and spend the vast amounts of money required to bring those fields into production.

Let me comment on the economic development we hope will arise out of Bill C-48. We are pleased that provision is made