

Canada Oil and Gas Act

able to vote. If there is a discovery, under Clause 35 the minister may direct that PetroCan become the operator. The minister may direct that PetroCan take over and henceforth control all the wells and production facilities. In other words, it can spend all the money necessary without being accountable to anyone.

● (1750)

These companies which have taken all the risk will suddenly find themselves holding a tiger by the tail. They have to keep paying out their share of the money, but PetroCan is the operator. The company which put up none of the money will then spend the way Crown corporations spend.

The industry has a long history of dealing with the situation where an operator does not work out or the partners want to change. There is a standard contract used universally to deal with this situation. Why does the government not make use of this global experience and employ the same procedure? What kind of perverse, idiotic mentality would lead them to say that the government cannot depend on the worldwide procedure for changing operators and put in language which says the minister can direct the Crown corporation to take over as the operator?

There will be no new development in Canada's Arctic area with this kind of rule. No small businessman or multinational with any common sense would put money into a situation which carries PetroCan as a voting partner even though it puts up none of the cash. Second, this company which you have been carrying and has put up no cash can take over as the operator. It can decide if and when you are going to develop, where you are going to sell and at what price. Who in their right mind would make that kind of investment? No one.

The only people who will carry on in Canada lands are those who are there and are stuck, those who spent millions of dollars over the past few years in good faith, thinking that a democratic country like Canada would never come forward with this type of legislation. How wrong they were. They are paying the price now, but they will not make that mistake again.

We will not have the development which this country needs. The government claims it wants development. I do not believe that. It is a sad commentary on where we have come to in this country. It is very disappointing that our system works so poorly that a handful of people in the minister's office can produce such an incredibly badly thought out piece of legislation and program. It counts on the blind, deaf and dumb support of government members in this House to shove it through.

This is a sad commentary on our system. Nevertheless, we in this party keep trying by repetition, talking and going over the matter, hoping that in some magic way enough people will take their responsibility to Canada seriously and will reconsider what they have been doing thus far and vote in favour of motions such as No. 27 which negates clause 35(1) which is so detrimental to the future of this country.

Mr. Maurice Foster (Algoma): Mr. Speaker, I wish to say a few words on Motion No. 27 of the hon. member for Calgary Centre (Mr. Andre) which concerns Clause 35 of the bill. He went into great contortions to describe his concern about their being no exploration or development with such a clause in the bill, yet this clause, or one very similar to it, was in the original bill that came out last year.

The clause was put in for a very clear reason. The government has a great deal at stake in the development of any well because of the petroleum incentive program grants of a minimum 25 per cent, or higher. There have been instances in the past where the operator was a foreign-owned multinational. It would have been much more in the country's interest to see exploration or a delineation of wells carried out to prove their geological structure. Perhaps because of these circumstances that particular operator's global activities, whether it is Mobil or any other multinational corporation, would take place in some other part of the world, activities involving exploration and development. Because of our climatic conditions, often exploration can only go forward during the summer months. Canada must sit and wait while the foreign-owned multinational carries out its exploration and focuses its activities in another part of the world.

From the point of view of the individual companies, that is fine. In some cases private enterprise feels no responsibility to Canada. Therefore, this is a good safeguard. We have the capital investment through the petroleum incentive program. Perhaps in some cases the grants are even higher. Sometimes strategic well drilling in one area may go on to other structures in the area. If we lose one or even two years, it is not in the long-term interest of the country.

The hon. member for Calgary Centre stated that with this clause in the bill, no exploration can take place. When we were dealing with this bill in the standing committee, impressive figures were placed before us forecasting petroleum exploration expenditures on major Canada lands. During 1979, before the bill was introduced, the projected figure was \$550 million. The projections by the department for 1980 and 1981 show those figures rising dramatically. In 1980, the first year before this bill was introduced, the expenditures were \$345 million. In 1981 they rose to \$630 million, in 1982 to \$830 million, in 1983 to \$1,035 million and in 1984 to \$1,140 million.

If we look behind the hon. member's arguments, we find that the projections of expenditures and the number of wells that will be drilled in the next few years under the National Energy Program rise dramatically, doubling the 1979 figure by 1984 and almost quadrupling the 1980 figure by 1984. I do not think we should take the hon. member's argument too seriously in this regard. It is a most worth-while safeguard for the national interest to have this clause in the bill.

The Acting Speaker (Mr. Blaker): The Chair is not clear as to whether the hon. member for Algoma (Mr. Foster) has completed his remarks. He indicates he has. Perhaps it is appropriate at this time to inquire whether hon. members wish the motion to be put.