

Canada Oil and Gas Act

ly as all others in demanding that the Prime Minister hold a first ministers meeting on the economy. They have made their analysis of our economic dilemma quite clear. They have certainly spoken out to the extent that they would speak out on a matter which is not within their own jurisdiction; that is to say, the Canada lands. Second, in so far as the province of Ontario is concerned, I guess it is their business if they want to engage themselves in competition with the private sector.

I have never said that there is no place for Crown corporations in Canada. Many of the Crown corporations which are of the greatest value to this country were initiated by the Progressive Conservative Party. I am talking about the CNR and the CBC. What we are saying is that the government has no right to be involved in every oil and gas initiative on the Canada lands.

Some hon. Members: Hear, hear!

● (2120)

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I see some members of this House are awake. I am glad they are. I hope they are listening as well as giggling. I find it deplorable, when we are discussing a matter as important as this bill, Clause 27 of it and this particular amendment, that not one single member of the press is in the Press Gallery. I hope at least some of them are watching the debate on television.

Mr. Taylor: There is not one minister here either.

Mr. Munro (Esquimalt-Saanich): As the hon. member for Bow River (Mr. Taylor) has just said, there is not one minister here either.

Mr. Breau: What about the minister sitting there?

Mr. Munro (Esquimalt-Saanich): Yes, I apologize. I see the Minister of State (Mr. Joyal) sitting in his seat, but there is not one minister concerned with this bill in the House.

How can one man grab the attention of the Canadian people on a matter as serious as this? There has been a number of excellent speeches made tonight. Many excellent speeches have been made during past days. But the amount of attention that this important matter is grabbing in the press, on television or on the radio is deplorably small. I do not know whether streaking through the House would get any attention, I think it would if certain members did, but tonight, we are discussing what I call the great oil slick trick, the con job of the century, and the government's move-in on the oil fields. The "teapot dome" scandal in the United States has nothing on the scandal of the great northern oil grab. It is surprising that this debate is commanding so little attention from the press. Few letters have been written to editors of newspapers. It is not commanding much attention among members on the far side of the House who like to joke when a serious matter is under consideration.

Have those members who considered this bill when it was in committee discussed it at such monotonous length that they

have dulled the edge of their attack? Has the purpose of the legislation been smothered under a heap of verbiage? I hope not. But if that should be the case, I shall delve into the substance of this particular clause and try, through an illustration or two, to explain exactly and in fairly simple terms what this legislation is setting out to do.

As I have said, I have called it the con job of the century, the great oil slick trick, and the great northern oil grab. Those are three ways of describing the intent of this particular clause.

The bill as written provides the means whereby the Canadian government can confiscate 25 per cent of all operations north of 60 and out to the edge of the continental shelf. That does not seem to stir anyone. But just wait until it happens.

We are looking at the back-in provisions as they have come to be called. I want to be sure we know what that term means. This provision enables the government to back in, retroactively, to the tune of 25 per cent of the interest on land on which leases were originally granted, on the understanding that the interest would be whole, transferable and saleable. The government is cheating the developers. This is a low down, sneaky trick, and that is all it is.

How did this come about? In order to get exploration under way in the north in the areas described as Canada lands, a number of tax inducements were offered to entrepreneurs in the oil exploration business. Leases were auctioned off or sold. The fortunate person who got the lease undertook to develop the land and to plow into that land so much in development funds. It might have been millions of dollars, but the understanding was that the 100 per cent of the interest in any discoveries would be disposable in the normal way, subject always to a royalty and taxation. No one quibbles with a royalty. No one quibbles with the taxation arrangements which might be imposed. But no one reckoned on confiscation.

Money for exploration is frequently raised through dividing up the 100 per cent interest of a particular group by selling shares to others in a similar enterprise and sharing the proceeds of discovery. As I said, any production that might occur down the line would be subject to a royalty, and the proceeds of its sale would be subject to tax.

I must emphasize that a favourable tax regime was put in place deliberately to induce entrepreneurs to come to the rude climate north of 60 in order to get oil and gas out of the ground. Inducements, such as being able to write off expenses at more than 100 per cent were offered, to get oil men looking for oil and gas in those areas. Many responded. The inducements were high, and the risks were high. The promise was good. Some of the entrepreneurs were successful and some were not so successful. But it was understood they would be able to retain 100 per cent of the proceeds of their endeavour.

Having encouraged that form of activity and having welcomed Canadian and offshore investment in the acquisition of leases, the government has now decided at this late date to back in on all these activities in Canada lands and claim 25