

been raised and to review the intent of government policy in several areas.

First, it is necessary to define clearly what we on this side of the House mean by Canadianization. We mean Canadianization as being conducted both by the private sector and by the public sector. We look for one half of the oil and gas industry to be controlled by Canadians by 1990. As I have indicated in this House before, for us Canadianization means giving Canadian oil and gas companies, Canadian investors and indeed all Canadians, an opportunity to participate in their own petroleum industry, and an opportunity for Canadian companies to grow more quickly than in the past. Canadianization is not intended to force out foreign companies or make their operations in Canada unprofitable. For example, under the National Energy Program, the net cost to foreign-controlled firms exploring in Canada will remain lower than comparable costs in the United States.

● (1650)

Before the announcement of the National Energy Program a year ago tomorrow, an unforeseen ramification of one government policy was increased foreign ownership in the petroleum industry. I refer to our resource taxation policy. Companies already in the industry and with the largest production received large windfall profits due to skyrocketing oil and gas prices as the result of the OPEC increases. Most of these companies were foreign controlled. They were the main beneficiaries of the earned depletion allowance since that deduction from taxable resource income was available only to firms whose principal business was resources and who had existing resource income. Under the old policy, there was a built-in guarantee that foreign-owned firms would become larger. That dilemma was not faced by any other country and clearly was not one that would be tolerated by any other country. Things had to change, Mr. Speaker.

By 1980 the massively foreign-owned and controlled Canadian oil and gas industry accounted for almost one third of the non-financial sector profits in Canada. The government came to the logical conclusion that too much power was destined to reside in the hands of non-Canadians. Unlike the policies of many other countries seeking to redress a similar situation, this government offered profitable inducements to Canadianization, not expropriation, measures. The operations of foreign firms in Canada are very profitable. To the extent that they increase the opportunities for Canadians to participate with them, they can be even more so under the National Energy Program.

Unquestionably, some of the guidelines for companies in the oil and gas sector have changed but the changes are both fair and equitable. The program gives foreign companies an incentive to seek Canadian shareholders and partners. To the extent that they do, they can benefit from the same higher exploration grants that companies which are Canadian controlled already enjoy. Many foreign-controlled companies, recognizing the real concern of Canadians with respect to their own energy future, have begun to rearrange their affairs to take

advantage of the benefits of the program. In doing so they are prospering under its conditions.

Canadianization is working. Since the National Energy Program was announced, foreign ownership of the petroleum industry has declined by about six percentage points and foreign control by about ten percentage points, to 67 per cent. Endorsement of Canadianization by the government of Alberta, the government of British Columbia and most recently by the government of Saskatchewan illustrates the strong support which the national government's position has gained in this regard.

In the agreement reached with Saskatchewan and announced on Monday of this week, the Premier of Saskatchewan and the Prime Minister (Mr. Trudeau) noted that energy developments in Saskatchewan should proceed rapidly. They went on to say:

The two governments, working in co-operation, will ensure that Saskatchewan will play a significant role in contributing to the attainment of Canadian energy security and further Canadian ownership of the oil and gas industry in this decade.

Such a development is to be warmly welcomed, as is the imaginative and leading role that Petro-Canada has been playing in the Canadianization of our petroleum industry.

Last Saturday I had the pleasure of opening the first Petro-Canada gas station in Ontario in the splendid riding of Etobicoke North, an area of Toronto noted for its progressive thinking! I did so partly in honour of the hon. member for Vancouver-Kingsway (Mr. Waddell), who claims to be from Vancouver but in fact is from Etobicoke!

By mid-October this year some \$6.7 billion had been spent on acquisitions of foreign companies in the over \$100 million price range. Besides those acquisitions, however, there have been farm-ins by Canadian companies on foreign-leased land and the formation of new exploration companies with foreign and Canadian participation combined. Those types of activity are expected to increase once the Petroleum Incentive Program has been adopted, but I want to make it clear that the majority of Canadianization will be done by the private sector.

I should like to turn now to a point that has been raised in the course of discussion this afternoon. I refer to the question of the 25 per cent Crown share which is to apply to all oil and gas rights except those where commercial production has already been attained.

One must place the 25 per cent Crown share in its proper context. The provision is but one part of a broad and comprehensive new oil and gas regime in the Canada lands. As such, the Crown's share cannot be viewed in isolation from the larger package.

Individual portions of the new oil and gas regime do not replace particular aspects of the previous anachronistic system; rather, the present legislation extinguishes the present system in most of its aspects. In place of the old system, Bill C-48 makes available to current lease and permit holders, as well as to new players, an entirely new package which includes as one element, a 25 per cent Crown share. The new system, includ-