

Economic Council was proposing 85 per cent of world price and the premier of the province of Alberta has proposed 75 per cent of world price.

It is important to look at what is happening in other countries of the world when we decide how to proceed with very expensive offshore development in Canada. Other countries do not have to contend with icebergs and short drilling seasons. Canada has to, as we all know. The result is that Canada's objective of self-sufficiency has not been moved forward. In fact it has been set back by the provisions of Bill C-48.

There is one other element to which I referred in passing when I was talking about the offshore development on the east coast. This is very strategic as it relates to Canada's supply position. We are relying on the Middle East, Venezuela and Mexico primarily for imports of oil. By taking oil from those parts of the world, security of supply is uncertain. This has been particularly so in the last two or three years. My colleague, the hon. member for Kingston and the Islands (Miss MacDonald), will be discussing this point further in the debate. However, I will comment that Canada has been given a heaven-sent opportunity to free itself from offshore dependency. Other countries would move quickly and aggressively to capitalize on this opportunity. But in Bill C-48 nothing like that is proposed. My initial observation is that the greed of the federal government for revenues and control is likely to set back this very exciting development.

If we are to err, I say let us err on the side of early and full development, to protect ourselves and our future so that we can free ourselves from offshore supplies of oil and thus secure the independence which Canada so richly deserves.

I have stated that we have no problem as far as the 25 per cent back-in for the Crown is concerned. I believe that it is a positive element to have a working interest rather than a carrying interest. I support these two provisions of the bill.

However, I have a very strong disagreement with the retroactive nature of this back-in aspect as it relates to exploration and development in the way it has been done to date. In 1977 the Government of Canada, in order to encourage exploration in these unknown areas of Canada and to understand what we had in the north and in the offshore, introduced a super-depletion allowance and it introduced certain back-in rights for Petro-Canada. These back-in rights would allow Petro-Canada to take a 25 per cent interest if there were no significant discoveries and less than 35 per cent Canadian ownership.

What has been done in this legislation is unfair, confiscatory, and immoral. On reflection, what the government has done is to say the success of the Beaufort Sea and Hibernia is too much to handle. The government has said it must have a part of it, and have it without payment. What happened is that \$5 billion has been spent by the various companies in exploration over the years.

**Mr. Lalonde:** The Canadian taxpayer paid for it.

### *Canada Oil and Gas Act*

**Mr. Wilson:** This amount of \$5 billion has been spent, and now Petro-Canada is being given the right to take a 25 per cent share on a retroactive basis without compensation. This is equivalent to a theft of \$1.25 billion from these companies which have been operating in good faith.

**Mr. Lalonde:** Try Norway.

● (1610)

**Mr. Wilson:** The consequences I see are negative as far as the impact is concerned on existing companies which have been exploring in the Beaufort Sea. It is immoral and it is an embarrassment to this country. We are acting like a banana republic in our relations with people who have operated in good faith.

Let us step back and look at the long-term implications of this.

**An hon. Member:** Start acting like a Canadian.

**Mr. Wilson:** If you are going to take things away on a retroactive basis, I ask you to consider for a moment that you have an RRSP. Think what the fellow next to you is going to do about it because it is the same consideration—there has been a tax write-off, the government feels you have received too much and is going to take some of that back after it said you could have it. That is the position these companies are in, and it is totally unfair.

**An hon. Member:** Gross imagination.

**Mr. Wilson:** There is no gross imagination there whatsoever. It is there in black and white. It is going to affect us not just in this one area relating to oil exploration and development in the north, but also will affect international confidence in government action of any sort as it relates to foreign investment, and it is going to set back economic development in this country because of that. We have received a black eye in the eyes of the rest of the world and it is bound to affect us in the years to come.

The government has changed the rules in another portion of this bill, and has done so on a retroactive basis. Bill C-20, although it was not legislation, was regarded by the industry as the ground rules under which they would be operating. It allowed for a three-year royalty holiday on production coming from reserves which were proven prior to December, 1982. The purpose of this was to encourage production and exploration in that part of the country. The government, having encouraged that exploration, has shortened the time, making the date December, 1980—which is only three weeks after the bill was introduced. The development programs which had been planned for a period leading up to 1982 have to be cut short. These programs could have been compressed into a tighter time-frame in order to take advantage of the royalty holiday. With only three weeks left, that is impossible to achieve. It is another example of the trickiness of this government.

Let us look at the other primary objective of the National Energy Program, and that is Canadianization. We on this side