

Canada Oil and Gas Act

territorial government and native groups are united in opposing large-scale energy projects at this time. They do not want exploration and development to press ahead until there are some guarantees that they will not have to pay the socio-economic costs and reap none of the benefits.

On June 20 of this year the Northwest Territories legislative assembly passed a motion on deferral of the Norman Wells pipeline. The motion stated:

There is a growing consciousness and concern amongst all people in the Northwest Territories about the merits of large development projects which take resources from the north without proper benefit and compensation to residents of the Northwest Territories.

"The National Energy Program" document characterized northern aspirations as legitimate and rightful, and stated "the need for frontier resources is not so great that it must override our social goals and obligations". These principles must be applauded, but I do not believe the Minister of Energy, Mines and Resources (Mr. Lalonde) has ever read them. However, phrases take you only so far. What is required now is some evidence that the government abides by the principles it espouses.

Bill C-48 does not provide evidence northerners require to feel secure in their future. What we would like to see are some provisions that guarantee northerners a share of the resource riches in their lands, and also guarantee some control over development. The federal government movement to strengthen its control over Canada lands jeopardizes the potential for increased northern control. It is ironic the residents of Canada's "energy storehouse" pay the highest energy prices in Canada. This document offers no guarantee that, with the depletion of northern energy resources, energy supplies will be available to northerners at cheaper or southern prices.

It should not be the case that northern interests are sacrificed for the interests of "Canadians". We are Canadians, and as such our interests should be considered as part of the whole. The government can demonstrate its respect and consideration for northern Canadians by including our interests and our proposals when it proposes major policy initiatives such as the National Energy Program and Bill C-48.

Mr. Peter Lang (Kitchener): Mr. Speaker, I am glad to participate in the continuation of the debate on the National Energy Program, in particular Bill C-48, an act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act.

In view of the continuing claim of both Newfoundland and Nova Scotia to jurisdiction over lands off the east coast, it is important to refer the matter of ownership quickly to the Supreme Court for resolution. Uncertainty over the legal control over such areas is not conducive to the early development of resource potential. Discussions with the Atlantic provinces in the past have reviewed revenue-sharing arrangements and the according to the provinces of a substantial voice in matters of direct concern to them including, in particular, the need to minimize social, environmental, and economic disruption in the region. It is imperative that we take these needs into account in the management of offshore resources.

In spite of earnest discussions, most recently in the context of the constitutional talks, this issue has not been resolved. In the north it is necessary to provide strong incentives for exploration, in keeping with our need to know the location, extent of resources and development proposals. It is especially so for those which involve export of resources, that might otherwise offer a safety net for Canada's energy future. These will be critically examined in view of their anticipated social, environmental and economic effects.

The purposes of this new legislation are to establish a modernized, regulatory regime for the management of the Canada lands; to ensure active development of oil and gas rights; to increase Canadian ownership; to ensure that a high level of Canadian goods and services is employed in oil and gas activities carried out on the Canada lands, and to ensure that Canada receives a fair share of the economic rent.

Mr. Mayer: You don't know the definition of economic rent.

Mr. Lang: The main elements of this legislation are stiffer work requirements, involving vigorous and sustained exploration efforts to be negotiated through exploration agreements. A minimum of 50 per cent Canadian ownership will be required for any production from the Canada lands. Applicants for exploration and production rights will have to show how their operations will bring industrial and employment benefits for Canadians. In addition to a basic royalty of 10 per cent, a progressive incremental royalty will be established, based upon the profitability of each producing field.

The Oil and Gas Production and Conservation Act will be amended to impose more vigorous requirements for environmental protection, to confirm the responsibility of operators for the costs of evaluating production systems, and to reserve for Petro-Canada, or some other designated Crown corporation, a 25 per cent carried interest, which will be convertible to a working interest at any time prior to authorization or production. Although this 25 per cent interest has received considerable criticism, this quarter interest is not unreasonable if one considers similar arrangements elsewhere in the world which regulate development on the one hand and foreign ownership on the other.

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Four oil producing western bloc nations, Great Britain, Norway, Mexico, and Australia all have more stringent development and foreign ownership regulations than we do in Canada. Great Britain, for instance, has first claim on a 51 per cent share of oil production, subject to negotiation of purchase at market prices. It also takes part in joint ventures with foreign-owned oil companies. But again it retains control of all projects.

Norway is another case in point. Its public company, Statoil, is authorized to take up to a 50 per cent interest in any block of land it does not already hold. It does this after an oil or gas find has been located, and makes no payment for past exploration expenditures. It can also increase its option to 70 per cent at its own discretion.