

Canada Oil and Gas Act

al Oil Corporation first claimed 51 per cent share in all oil production and it negotiated the purchase of it at market prices. This was the corporation that was in effect nationalized by Winston Churchill—

An hon. Member: Pardon?

Mr. Waddell:—that great radical socialist. That is true. My hon. friend should look at the history of it. It was Anglo-Iranian. I will pass it on to my friend.

An hon. Member: The British National Oil Corporation is a different company.

Mr. Waddell: The British national oil industry offers participation to joint venture partners, including foreign-owned firms, but retains control of all projects. In Norway, Statoil, the government oil company, can take up to a 70 per cent interest in any block of land it does not already hold. Statoil takes this interest after a find, but before development, and makes no payment for past exploration expenses. Compare this to the Canadian regime we are debating.

In Australia, foreign companies are allowed to explore, but only Australian and naturalized foreign investors are allowed to produce energy resources. To qualify as naturalized, a foreign company must have 25 per cent of its equity owned by Australians, a majority of Australians on its board of directors, and a public commitment to increase Australian equity to 51 per cent. I will deal with the Canadian situation in a minute, but this is one example at which to look.

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Mexico nationalized its oil industry in 1938. It does not have to fiddle around with PIP grants and so on. In fact, it controls its industry fully. But one must be realistic; this will not happen in Canada at the moment. However, there is room for a great deal of expansion of public ownership. I think the government would find that there is a great deal of support among Canadians for it.

Let us look now at Canada. The Minister of Energy, Mines and Resources (Mr. Lalonde) said in New York on November 18, 1980:

Do you suppose that a party proposing to reduce foreign control—

He meant foreign ownership.

—to 50 per cent within ten years would be regarded as anything but cautious to a fault?

Canada is cautious to a fault. We are going for a 50 per cent ownership by 1990. It will not be controlled, not public, but private ownership by 1990 and Petro-Canada will have a 25 per cent carried interest in Canada lands only. The previous owners are to be compensated for this back-in. This is the great radical policy about which our friends to the south are worried and about which our friends to the right get sick.

I should like to give an example of why Bill C-48 is so weak. I gave this example once before. I asked the government to reply to it or to deny it. I asked the minister in committee whether he agreed with it, and he said, "Yes". This is under

the provisions of Canadianization. If Imperial Oil and Petro-Canada were to go into a joint scheme, we would see in development in the north and offshore all these schemes under this new program. The reason for going into it is that they want the grants; there is a grant system. I will deal with the grant system in a minute. They want some very rich government grants. If my friends want capitalism, why do we have all these government grants?

Mr. Andre: They do not want it.

Mr. Waddell: The reason for government grants is that the industry will not go into the area without receiving these huge grants.

Let me look first at how one qualifies for the grants and at the example of Imperial Oil and Petro-Canada entering into a project together, 50-50. We must remember that 70 per cent of Imperial Oil is owned by Exxon, the largest corporation in the world, a large multinational oil company. I use the example of Petro-Canada because it is owned 100 per cent by the Canadian government, it being the Canadian government oil company. If there were to be 100 shares in this consortium of Imperial Oil and Petro-Canada, Imperial Oil would take one half and Petro-Canada would take the other half. I said that Imperial was approximately 70 per cent foreign owned, which means approximately 30 per cent Canadian owned. If the Americans laid claim to the 50 shares taken by Imperial, they would get 70 per cent of the 50 shares, which would be 35 shares—and they would be classified as foreign shares—and the remaining Canadian portion would be 15 shares, which would be called Canadian. If we add that to the 50 shares of Petro-Canada which of course are all Canadian, then we have a project which is deemed to be 65 per cent Canadian owned. This is a Canadian ownership consortium, but in fact it is 50 per cent Canadian controlled and 50 per cent foreign controlled.

I should like to give a second example; the previous one was just a warm-up! This one will show how bad and how phony the system is. Let me take the case where Imperial Oil goes in with 70 per cent. It could be Shell, Gulf, Texaco or any foreign company. If they were put in for 70 per cent and Petro-Canada or any small wholly-owned Canadian company was put in for 30 per cent, this group would receive a production licence and grants and it would be called Canadian owned.

I will indicate how it works. Imperial Oil is 70 per cent owned by Exxon, so 70 per cent of the shares would be 49 shares or 49 per cent. These would be classified as foreign. The Canadian content of Imperial would be 30 per cent of the 70 shares which is 21 shares or 21 per cent. Petro-Canada or the small Canadian company which is in for the other 30 per cent would be all Canadian owned. It would receive 30 shares. In this project in which Imperial has 70 per cent of the action, under this scheme and this bill, 49 per cent would be foreign-controlled and 51 per cent would be Canadian controlled. This in fact is a foreign controlled play. This is Canadian ownership, and Imperial owns 70 per cent of that particular play. It