

[Text]

At 12:50 p.m., the Committee adjourned to the call of the Chair.

ATTEST:

La greffière du Comité
Line Gravel
Clerk of the Committee

[Traduction]

À 12 h 50, le Comité suspend ses travaux jusqu'à nouvelle convocation du président.

ATTESTÉ:

The Standing Senate Committee on Energy, the Environment and Natural Resources has the honor to present to the Senate its report on the Bill to Amend the Energy Act, the Environment Act and the Natural Resources Act, as amended, in relation to the ownership of production licences for oil and gas in Canada.

The Acting Chairman, Honourable Senator Daniel Whelan, and the members of the Committee, Honourable Senators Anne-Marie Fortin, John Buchanan and John McMillan, are pleased to have the honor to present to the Senate this report.

Mr. Whelan, you have the floor.
Daniel Whelan, Director General, Energy Lands Management Branch, Energy Section, Department of Energy, Mines and Resources. Thank you, Mr. Chairman. I will make a few brief introductory comments on the nature of this legislation, and then the three of us are prepared to answer any questions the committee may have.

This bill is rather brief, as you can see. It mainly removes the restrictions currently in place in Canadian legislation regarding ownership by foreign corporations of licences for oil and gas resources in Canada.

I should mention that the current restrictions apply only to production licences. A foreign company at present is free to explore in Canada, but when it comes to the point at which it wishes to actually produce and lift the oil, it needs an authorization or a production licence. At present, in order to obtain the production licence, the company has to be able to demonstrate that 50 per cent of the value of that licence would be held by a Canadian-owned corporation.

Last year the then Minister of Energy, Mines and Resources announced that the government was abandoning its oil and gas acquisition policy in terms of restrictions on acquiring existing Canadian oil and gas companies, and, at the same time, eliminating the restrictions on foreign ownership of production licences to which I have just referred.

Essentially, there are two types of restrictions in place. The first restriction, a requirement for a 50 per cent ownership by Canadians, was put in place on March 5, 1982, with the Canada Oil and Gas Act. The other restriction has been in place since the early 1970s under the Canada Oil and Gas

Act. It was a requirement that 50 per cent of the ownership of production licences be held by Canadian citizens. This requirement was retained in the Energy Act, as amended, in 1982. The bill before us today would remove this requirement and allow foreign corporations to own production licences for oil and gas in Canada.

The bill also removes the requirement that 50 per cent of the ownership of production licences be held by Canadian citizens. This requirement was retained in the Energy Act, as amended, in 1982. The bill before us today would remove this requirement and allow foreign corporations to own production licences for oil and gas in Canada.

Mr. Whelan, you have the floor.
Daniel Whelan, directeur général, Direction de la gestion des régions pétrolières, secteur de l'énergie, ministère de l'énergie, des mines et des ressources. Merci, monsieur le président. Je vais faire quelques commentaires sur la nature de cette loi, et puis nous sommes prêts à répondre à toute question que le comité pourra nous poser.

Cette loi est assez brève, comme vous pouvez le constater. Elle supprime principalement les restrictions en vigueur dans la législation canadienne en matière de licences de production de pétrole et de gaz en Canada.

Je tiens à mentionner que les restrictions actuelles s'appliquent uniquement aux licences de production. Une entreprise étrangère est libre d'explorer au Canada, mais lorsqu'elle veut produire et élever le pétrole, elle a besoin d'une autorisation ou d'une licence de production. Actuellement, pour obtenir la licence de production, l'entreprise doit démontrer que 50 pour cent de la valeur de cette licence sera détenue par une entreprise canadienne.

L'année dernière, le ministre de l'Énergie, des Mines et des Ressources a annoncé que le gouvernement abandonnait sa politique d'acquisition en matière de restrictions sur l'acquisition de sociétés canadiennes existantes de pétrole et de gaz, et, en même temps, éliminait les restrictions sur la propriété étrangère des licences de production auxquelles je viens de faire référence.

Essentiellement, il y a deux types de restrictions en place. La première, qui exige un pourcentage minimum de propriété canadienne de 50 p. 100, a été imposée le 5 mars 1982, dans le cadre de son incorporation dans la Loi sur la production de pétrole et de gaz. L'autre restriction est