

Energy

resources, a figure which is less in real terms than the 1972 expenditure. This country simply cannot afford energy management which marks time for three years while other countries, even Britain with its socialist government, surge ahead.

Having received these regulations we must now decide whether they emanate from a credible source. Let us look at the record of official ignorance in the question of predicting exactly how much frontier oil there is. In 1969 we were told by the government that if we were lucky we could expect to have four billion barrels of oil surplus to our needs in 1985. If everything went wrong we could expect perhaps only 2.5 billion. In 1973 we were told to expect 780 million cubic feet of gas and 100 billion barrels of oil. Today we are told we have no surplus at all. What they did not tell us then they tell us now, that there was a zero probability of those resources existing, which is about the probability that this government's estimates will ever be taken seriously again.

Some hon. Members: Hear, hear!

Mr. Gillies: These regulations come as one more piece of ad hocery in an energy strategy that is held together by guess and wishful thinking. As things stand today we do not even know whether northern development will take place. Judge Berger apparently regards his task as being concerned with this seminal question, and his conclusions are by no means forgone. By the time a decision has been finally reached on the MacKenzie corridor it will be late 1977, or, with the record of the oil and gas land regulations in mind, perhaps 1997 might be more accurate. Once that decision is made we must await the immense lead times required from initiation to production, which today span a decade or more. In the context of the past the idea that we will be burning frontier energy in our homes by 1982 is absurd. It is in the context of these general caveats that we must examine today's statement.

We support wholeheartedly the concept underlying the progressive incremental royalty program. It is natural that we would because an important part of the idea owes its origin to the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) who has been putting such ideas forth for almost a decade. The minister would do well to borrow more of my hon. friend's ideas for Canadian equity participation in frontier development.

Some hon. Members: Hear, hear!

Mr. Gillies: As for the rate of the profits tax and the length of the moratorium, full comment will be made after we have had more time to examine them in detail.

The preferential treatment of Petro-Canada under the regulations raises once again the serious question of the government's competence in resource management. This is not the time to build up Petro-Can at the expense of the private enterprise companies in the north. The Canadian people do not need Petro-Can. What they do need is fuel to move their wheels and heat their homes. It is difficult to see how ceding Petro-Can immense tracts of northern and off-shore acreage which it could not possibly handle will help Canadians with their energy problems. It is a looking glass policy—the government biases the system in favour of a company that manifestly cannot do the job and preju-

[Mr. Gillies.]

duces the system against those companies which manifestly can.

As regards the "challenge to drill system" we do not oppose this in principle. What we do oppose is an unwarranted increase in the arbitrary powers of ministerial discretion that this document entails. The minister should realize that in many cases the major asset that smaller independent oil companies possess is acreage. Legislation which compromises this asset will inevitably reduce the ability of a company to raise capital and thus slow down the pace of development. It is unacceptable that no appeal from this arbitrary power to be assumed by ministers will be permitted. When these regulations come before the House, we shall certainly seek to incorporate some sort of appeals procedure.

The regulations also appear to reinforce the dangerous precedent set by the Petroleum Administration Act of giving ministers the power to abrogate contracts. This strikes directly at principles which are at the heart of the enterprise system. Yet the regulations appear to provide for no compensation or recompense for those who have had their property rights diluted in this fashion and who could suffer losses as a result.

There will be widespread concern about the ministerial discretion involved in the determination of a qualified person with respect to exploration agreement.

Although we find ourselves to be in essential agreement with the requirement that oil companies operating in federal territory be Canadian corporations with participation by Canadian citizens, we feel the planned administration of the principle leaves something to be desired. Surely it makes more sense to apply the requirement to exploration licences, that is, at the beginning of the process, than half way through at the exploration agreement stage. We will also seek assurances that present permit holders will not be classified as unqualified with respect to existing agreements.

As regards the increase of information, we are, for the reasons I have elaborated earlier, fully behind any initiative that will help government get some information to dispel the woeful state of inaccuracy on which it has operated in the past.

In short, it seems to me—and we should not neglect or forget this fact—that the proposed regulations which literally empower the minister to set posted prices, to take royalties in kind other than cash, to order drilling on permits and leases, to order production to begin, to order production to certain markets, to require approval of farm-outs, are, in a sense, an absolute revolution in the operation of the energy industry in this country, a managerial revolution. We have seen a movement of the managerial responsibilities of the energy companies in this country from the boardroom, from the company, to the bureaucracy. This is precisely what these regulations have done. Will this produce more oil for the Canadian people more efficiently? I doubt it. Is it an attempt by the government to move indirectly into the oil and gas industries? Is it another government power grab? Is this really a regulation, or is it the start of the confiscation of this important industry?

Some hon. Members: Hear, hear!