

Canada Petroleum Resources Act

it is unfitting that he should label me for repeating a direct quote which originates from a leaked document from his colleagues. It certainly does not start this session of Parliament with the civility about which his leader has preached.

Hon. David Crombie (Secretary of State): Mr. Speaker, I clearly meant to use the word in a non-legal way. I was not aware that it was unparliamentary. Now that it has been brought to my attention, I have much respect for this institution and therefore withdraw the word.

Some Hon. Members: Hear, hear!

GOVERNMENT ORDERS

[English]

CANADA PETROLEUM RESOURCES ACT
MEASURE TO AMEND

The House resumed consideration of Bill C-5, an Act to regulate interests in petroleum in relation to frontier lands, to amend the Oil and Gas Production and Conservation Act and to repeal the Canada Oil and Gas Act, as reported (with amendments) from a Legislative Committee.

Mr. Russell MacLellan (Cape Breton—The Sydneys) moved:

Motion No. 7A:

That Bill C-5, be amended by deleting Clause 53.

He said: Mr. Speaker, we in this Party recommend that Clause 53 be removed altogether because it is completely contrary to what the Government says it is trying to do with respect to the Canadianization of the oil and gas industry in this country.

It says that Clauses 45 through 52 do not apply in respect of any production licence that may be issued in relation to a commercial discovery area to which the drilling of the first well that indicated the discovery commenced before March 5, 1982. The fact is that most of the oil and gas finds in the frontier were actually a result of drilling that commenced prior to March 5, 1982. This means that for any drilling that took place before March 5, 1982 and from which oil and gas has been discovered as a result of that drilling, the Government and the country is not obliged to require 50 per cent Canadian participation in the production. At the same time, the Government has been bragging that it increased the Canadianization of the oil and gas industry from 42 per cent to 47 per cent in the first year that it was in office.

Now we are seeing exactly what the Government is doing. It has used the purchase of Gulf Canada by Olympia and York, and the sale of Gulf Canada's downstream assets to Petro-Canada in central and western Canada as a smokescreen for its real intention, which is to make it clear that it does not care who owns the oil and gas reserves in this country. The Government wants to turn the clock as far back as the 1960s

and 1950s when the oil patch was dominated by foreign ownership. That is why we want Clause 53 deleted from the Bill. We believe that it is our duty to future Canadians to ensure that our resources stay in Canadian hands.

Clause 53 gives the Government an escape hatch because, while it appears to be protecting Canadian ownership, Clause 53 denounces those clauses which protect Canadians. The Government is saying that it simply wants to get these reserves off its hands. It does not matter whether the owner is Canadian.

Clause 53 is a clandestine attempt to imply that the Government is interested in Canadianization, saying that 50 per cent of all production must be through Canadian ownership. Yet at the end of the clause on Canadianization it says that it does not apply to any commercial discovery area on which the drilling of the first well that indicated the discovery commenced before March 5, 1982.

● (1510)

Let us look at that. What does it mean? From information gained from core samples and the determination of the terrain under the ocean you can determine whether there are reserves of oil and gas. That is why oil companies drill in certain areas as opposed to others. The core samples indicate whether there is oil and gas in a given area. You do not have to actually strike large pockets of oil and gas to get that indication. You can have the indication in many ways.

We are opening up a tremendous loophole so the oil and gas companies can back away from putting 50 per cent of the ownership of the discovery in Canadian hands. Even if this Government is dedicated to Canadianization, which I am convinced it is not, there is going to be a battle from the time of the initial discovery until the resource is exhausted because the companies concerned are not going to release the portion of the discovery that the Government would like us to believe they are going to have to release to Canadianization. The Government is not interested in Canadianization because this clause removes any thrust towards Canadianization that the Act may have.

Not only do we not have ownership of our oil and gas reserves, we are once again discouraging Canadian companies from participating in their own energy industry. We are telling Canadian companies that they are small, they do not have the big bucks and they cannot participate. We want the major companies to do it because it is not as complicated. We just let them go ahead, take whatever they want, they can leave the country with as much profit as they want, without Canadian participation and without federal government regulation to make sure that the Canadian public benefits from its own oil and gas industry.

Mr. John McDermid (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I listened to the Hon. Member with a great deal of interest. Obviously the Liberals have changed their energy policy yet again. Even