

Canada Oil and Gas Act

the work. If you make a profit, I will become your partner. If not, you can have the business”.

That is what this bill says. It is required under the back-in provision that you become a partner right away. As soon as you back in and begin your exploration work, the partners contribute equally to the cost, and share in the benefits of the work. That is what our motion proposes. It is only fair.

Unless this change is made, it will be very difficult to entice anyone to undertake exploration. They will not operate under this cloud of uncertainty that as soon as oil is found, the minister might come in and tell you to start drilling now, regardless of whether you have the resources. Only then does he come in and take his 25 per cent share.

I have spoken about this with regard to the last clause. I am very much concerned about the contingent liability the government is accumulating as a result of this back-in feature and as a result of our policy to achieve energy self-sufficiency by 1990. If you want to achieve energy self-sufficiency, you have to do exactly what the minister says he intends to do under this bill, namely, insist on and order the production of oil wherever it is found in a most expeditious way. When the government becomes an active partner after the production certificate has been issued, the government will then have to pay its 25 per cent of the cost of production. I have questioned the minister. He has not answered this question satisfactorily in committee or anywhere else.

What is the contingent liability if we are to assume that we are going to achieve energy self-sufficiency by 1990? I presume that to mean we will probably have to find a million barrels of oil a day. At present we consume roughly 1.8 million barrels of oil a day, of which we import 400,000. We know that the million barrels a day now being produced from the conventional sources in Alberta will be depleted by 1990. That means we will have to find some new areas for oil. It may be in the conventional area through tertiary recovery, which is very costly. Someone will have to pay for that production.

The minister and the government will be a 25 per cent partner. Some people have estimated the cost of regaining energy self-sufficiency in Canada to be between \$300 billion and \$500 billion. Twenty-five per cent of \$400 billion is \$100 billion, or \$100,000 million. The minister has not been able to tell me to my satisfaction where he intends to get the money that is required to go into these production agreements, the liability that is associated with the order of going into production in some of these areas if the potential is there for the production of oil and gas. Is he going to go to the open market? If so, he increases pressure on the market which is already causing high interest rates and a high demand for money.

One reason for high interest rates in this country is that the government is competing on a daily basis in the money markets for funds to pay the interest on its deficit. It is prepared to pay very high interest which makes it difficult for the private sector to compete.

Is it the intention of the minister or PetroCan to go out in the private market? Is it the intention to raise \$100 billion in taxes to pay the government's share for the production of this new oil? What is the intention of the government? Certainly it will not make \$100 billion in profit from the service stations inherited from Petrofina. I know enough about that business to give that minister advice.

There is not that kind of money in the service station business, nor does the government have any role to play in it. It would have been much wiser for the minister to look at what the oil companies have traditionally done in the way of marketing petroleum products. They understood very well the value of free enterprise in connection with many aspects of their operation.

I know of no multinational oil company that would own its own seismic rigs. It usually hires them from private entrepreneurs. There are people who service the drilling rigs. They are entrepreneurs. Small businesses, which operate in Canada by the hundreds of thousands, rely totally on the oil sector. They have trucks, very sophisticated equipment and the know-how to service these rigs and do the seismic work. Only when the oil is produced does the multinational oil company take it into its refineries and produce all kinds of interesting products.

The oil companies have traditionally insisted on a high component of private enterprise in the distribution of petroleum products. Traditionally in Canada only a very few service stations were operated by oil company employees. They were the Esso and Chevron dealers who stood behind the bench at the junior TV hockey club. The private entrepreneur who leased the facility from the oil company made his contribution to the small community. The oil company made sure he had sufficient incentive to work a few extra hours every day and make a few extra dollars. In so doing, they were very efficient in the marketing of petroleum products.

It was only after the government, particularly this government, decided there was something wrong with franchise agreements that the oil companies reacted. They always react to government policy. They very seldom fight because they have very little to fight with. The companies said it is now the will of the government that we have company-owned service stations and self-serve stations. They created a market demand in response to a stupid government regulation.

The oil companies produced television ads. I recall the one where a fellow drives up to the pump and says to his wife, "Did you hear the pump talking to me?" That sounded very exciting. That was the end of the private service station operator. The stations now belong to the multinational oil companies, all because the government wanted that to be so. The companies were simply reacting to government regulation.

There are a lot of unanswered questions. There are a lot of things Canadians should be aware of as we pass the clauses of this incredible bill, which has earned us antagonism and an incredible reaction from our trading partners in the western world. There is a lot the government should look at. The government should look at the amendment we have proposed in connection with Motion No. 25, because it is reasonable and