

share of production can be directed to domestic markets as considered desirable—an additional option.

The last heading I indicated I wanted to cover with regard to these new and complicated regulations is Canadian participation content. As regards Canadian participation in the petroleum resources under Canada lands, the Minister will be empowered to require a 25 per cent minimum level of Canadian ownership in producible properties, and he will be able to exercise discretion as to the method by which this level is attained. Only about one third of existing permits are now held by parties or groups of parties having a level of Canadian ownership which would meet this requirement. Stated another way, 65 per cent of all the acreage under permit at the present time is held by companies which have less than 25 per cent Canadian ownership. We want to change that.

This provision will help strengthen the Canadian presence in an industry at present more than 90 per cent foreign owned. Another aspect is that the use of Canadian goods and services will be enhanced in a number of ways, for example, as a requirement for granting special renewals for permits; as a provision in new exploration agreements; and during the course of granting approvals for work programs and allowable expenditures.

As is readily apparent, the discretionary powers envisaged under the new regulations will be far more extensive than those under the current regulations. There are many difficult decisions to be made as regards existing exploration permits, in particular the need to establish new requirements for widely differing areas as increasing numbers of permits reach the end of their normal life over the next few years. As regards future oil and gas rights, there are the basic decisions as to where and on what terms and conditions such rights should be made available by way of public tender or in some cases issued directly by order in council. In the former case, choosing successful applicants in the future will not be a matter of simply picking the highest bidder; there will be a number of factors to be considered in the best interests of Canada.

Equally important and difficult will be decisions involved after the discovery of producible oil and gas. The new rental collection system will require the determination of a number of factors involving far more than normal accounting procedures, indeed requiring a high degree of oil and gas expertise. The development of the necessary administrative organization and personnel should, therefore, be ideally within one group and the government proposes to set up a new unified resource management agency. This new agency will at the same time provide the vehicle through which preferential treatment as regards Canada lands will be effected for Petro-Canada, and it will maintain an objective balance between Petro-Canada on the one hand and industry on the other in the implementation of matters under the new regulations.

In summary Mr. Speaker, this new policy which will be presented for parliamentary consideration this fall is designed to meet equally important but sometimes conflicting objectives—increased exploration and discovery, and greater control over the activities of the industry which must carry the lion's share of the exploration risk. We are confident that, following extensive discussions with that industry, as well as with the provinces, we have

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reached the fine balance which will prove to be in the national interest.

Mr. Speaker, with your permission—

Mr. Speaker: Order, please. The minister is indicating his intention to table some documents. Earlier the order was that we would revert to Routine Proceedings, namely, tabling of documents and statements by Ministers in order that the minister might be permitted to table some documents and make a statement.

Mr. Gillespie: Mr. Speaker, under Standing Order 41(2) I should like to table two copies in the two official languages of "Statement of Policy, Proposed Petroleum and Natural Gas Act and New Canada Oil and Gas Land Regulations".

Mr. James Gillies (Don Valley): Mr. Speaker, we on this side of the House welcome the minister's statement today. I might add that after six years absence of any oil and gas land regulations this statement probably deserves some sort of a welcome. The welcome we give today, however, is a mixed one.

It would be unfair to say that during the past six years, when we have had no regulations, nothing has happened. We on this side of the House have watched with not a little amusement as final draft after final draft has been churned out by the departments concerned, and then returned red pencilled by the oil companies. As each one of these final drafts went out, hope would rise anew that this would be the last.

● (1720)

The Minister of Indian Affairs and Northern Development (Mr. Buchanan) would rise to his feet and tell us, yes they will be out this spring, later to say, sorry they would be delayed to the fall, unfortunately they would not arrive until winter, they would definitely be ready in the spring, and so on—the rhythm of the passing seasons. Well, now the industry is presumably satisfied and the country can get down to business. While congratulating the minister on the fullness of his consultations with interested parties, I might add this—nowhere in this seasonal procession was room found for parliament's view. Apparently we are not to be consulted, only informed.

Yet this delay has not been without its cost to Canada. Investment capital abhors a policy vacuum. Hundreds of millions of dollars cannot be invested in an uncertain regulatory climate, no matter how full consultation is. Capital which might be invested in developing our frontier resources has gone to other areas, such as the U.S. continental shelf and the North sea. Indeed it is a sobering fact that Great Britain, where frontier oil development has been more costly than generally has been the case in Canada, will surpass Canadian oil production in two years. This has happened despite the fact that British reserves are at present approximately equal to Canadian oil resources on which the government places a 90 per cent chance of recovery.

In Canada frontier exploration has suffered while the jury was out on these regulations and, parenthetically speaking, while various budgets dispelled any impression of government competence in resource management. Last year, \$332 million was spent on the development of frontier