

*Natural Resources*

quoting for the record and for the edification of members of the official opposition the purposes of the act:

The purpose of this Act is to establish within the energy industries in Canada a Crown owned company with authority to explore for hydrocarbon deposits, to negotiate for and acquire petroleum and petroleum products from abroad to assure a continuity of supply for the needs of Canada, to develop and exploit deposits of hydrocarbons within and without Canada in the interests of Canada, to carry out research and development projects in relation to hydrocarbons and other fuels, and to engage in exploration for, and the production, distribution, refining and marketing of, fuels.

About a week ago another member of the official opposition, the hon. member for Calgary Centre (Mr. Andre), raised a question during question period which suggested that the Crown corporation, Petro-Canada, did not have a mandate for the acquisition of other companies. I draw his attention to the objectives, powers and duties set forth in the Petro-Canada Act. I quote paragraph 6:

The objects of the Corporation are

- (a) to engage in exploration for and the development of hydrocarbons and other types of fuel or energy;
- (b) to engage in research and development projects relating to fuel and energy resources;
- (c) to import, produce, transport, distribute, refine and market hydrocarbons of all descriptions;
- (d) to produce, distribute, transport and market other fuels and energy; and
- (e) to engage or invest in ventures or enterprises related to the exploration, production, importation, distribution, refining and marketing of fuel, energy and related resources.

The mandate of Petro-Canada is very clear in this area, although the official opposition may not be very clear about it.

On July 18, 1975, the government promulgated a new set of principles for international business conduct. It might be worth referring to those principles because they have not received the attention they deserve. These principles in July, 1975, served notice on companies doing business in Canada that there were certain expectations which the government had with regard to their conduct. I quote the preamble:

Foreign-controlled businesses in Canada are expected to operate in ways that will bring significant benefit to Canada. To this end they should pursue policies that will foster their independence in decision-making, their innovative and other entrepreneurial capabilities, their efficiency, and their identification with Canada and the aspirations of the Canadian people.

There are 14 separate principles set out. I wish to refer to Nos. 1 and 9. The first one reads:

Pursue a high degree of autonomy in the exercise of decision-making and risk-taking functions, including innovative activity and the marketing of any resulting new products.

Number 9 reads:

Create a financial structure that provides opportunity for substantial equity participation in the Canadian enterprise by the Canadian public.

The next move that was taken was a year ago in August. This is a significant one. Again there has been very little reference to it by the official opposition. I refer to the new regulations that were established for the exploration and development of oil and gas on federal lands. There were three particular principles which were set out at that time and which are now operative.

[Mr. Gillespie.]

The first one provides a preference for Petro-Canada with regard to Crown lands. We gave Petro-Canada an option to look over the then existing Crown lands which were not out to permit or to lease, and to choose from those lands 25 per cent.

The second preference was that Petro-Canada could select up to 25 per cent of any lands surrendered back to the Crown by other oil companies. This is over a period of seven years following promulgation of the regulations. In those two ways regulations have been made to give Petro-Canada a preference in the development of Crown land under federal control.

The third regulation promulgated at that time had to do with the back-in provision for Petro-Canada when a permit came up for special renewal. This special renewal is not an automatic decision on the part of the administrative authority. It is a discretionary one.

The government at that time introduced a back-in provision which in effect stated that if there is no more than 10 per cent Canadian ownership in a particular project, Petro-Canada would have a 25 per cent right to back in and then pay its way from then on in. If there is 35 per cent Canadian participation in a project, Petro-Canada would not have any right to back in.

There was a heavy emphasis on getting Canadian ownership into that particular phase of the exploration cycle. If Canadian ownership was already there, Petro-Canada had no right up to 35 per cent. However, between 10 and 35 per cent the Crown corporation would have special rights.

In January, 1976, Petro-Canada started up. In August, 1976, it acquired the assets of ARCAN, which was the Atlantic Richfield subsidiary operating in Canada. As hon. members will recall, that corporation was not able to hack it with the Syncrude project. It was the withdrawal of ARCAN which created the condition of near disaster for that project, and the governments of Alberta and Ontario, as well as the federal government, had to move in to salvage this project for the benefit of Canada.

The assets were acquired in August, 1976, by Petro-Canada. I do not recall the official opposition raising any objection at that time. If they did, I am surprised that they did not remind us today. It is another clear example of the inconsistencies and inability of the official opposition really to decide how they are going to treat the Crown corporation.

**Mr. Mazankowski:** When did you discover heavy oil?

**Mr. Gillespie:** I would like to carry on. I am sure the hon. member opposite will have an opportunity to make his remarks.

Early this year we gave first reading to the Canada Oil and Gas Act. That act provides further Canadian ownership opportunities in the sense that it will require 25 per cent Canadian participation in producing facilities under the new oil and gas regulations. This is not 50 per cent, but it is an important step toward that objective of increasing Canadian participation in the oil and gas industry under federal jurisdiction.