

Canada Oil and Gas Act

know what is going on down there but it will cost me about \$5 million or \$10 million to drill that hole." Petro-Canada would ask why it does not have its neighbour drill the hole. The minister will ask that neighbour to drill the hole. He can, under clause 45, and Petro-Canada gets about \$10 million worth of free information.

● (1630)

If hon. members do not think that will happen, I remind the House of the fact that the vice-president of Petro-Canada was seconded to Ottawa to draft part of the budget and "The National Energy Program". If hon. members do not think that kind of conflict will occur, I suggest they live in a never-never land.

Under clause 46 the minister may, by order subject to clause 56, make a declaration of commercial discovery. Under clause 48 the minister may require any interest holder to commence production of its well notwithstanding what the company involved may feel in terms of its priorities or its financial situation. The clauses go on until we come to clause 55, which says that if the minister has reason to believe—just reason to believe—that an interest holder is failing or has failed to meet any requirement of this legislation—which means if any company fails to obey these arbitrary powers of the minister—the minister can take away his permit and cancel his interest.

So far there has been a total of \$5 billion invested in Canada's Arctic offshore. A particular company may be one of those which has invested \$20 million, \$30 million, \$50 million or \$100 million, but the minister can come along and say that he wants that company to drill a hole in a certain place. The company might say that it already has its funds committed for the particular year involved. It may be drilling in British Columbia or Saskatchewan and may not feel that to drill where the minister directs would be in the interest of the company.

The company may feel it could find more oil in Saskatchewan than on the property indicated by the minister. The minister can say, "That's too bad," take away the company's licence and say, "You have just lost your investment of \$100 million". And there is no appeal to the courts. The minister has that kind of authority, and there is no appeal. Surely hon. members opposite have some sense of justice and fairness and I ask them if it is moral to vest in a minister the power literally to take away investments without recourse. Accumulatively these investments amount to \$5 billion. Colonel Quaddafi can put in place those types of regulations, but surely that should not be so in Canada. Surely we have not arrived at the point in Canada where we sit by and allow that kind of executive authority and that kind of executive dictatorship.

If the morality of this matter does not bother anybody, then let us think about it pragmatically. Let us remember that we are not talking about nationality. A minister could do this to a Canadian company as easily as he could to a foreign multinational. Companies make investment decisions based on money required, risk, and rate of return. One of the factors in risk—and this is increasingly so in today's world—is political risk.

Heretofore Canada has a triple A rating in terms of political risk. Anybody making an investment in this country did not feel that he faced the threat of confiscation, nationalization, retroactive punitive action or arbitrary discretion on the part of bureaucrats which would cause him to lose a part or all of his investment. Suddenly, as a result of this bill, we put Canada down among those other countries where political risk is a very real thing.

I am sure some hon. members opposite have been reading articles in magazines, as I have, which tell of a new consulting business. It is called assessing political risk for these multinational companies. These consultants try to assess the political risk in countries like Brazil, Indonesia, Tanzania and so forth. Now they will be making their money assessing political risk in Canada. We have the great distinction of joining countries in which there is significant political risk with respect to making investments.

If there is any doubt about these arbitrary clauses which give the minister such discretionary power, the fact that it might be used and the fact that Canada's government is heading in the direction along the lines of the Colonel Quaddafi of the world, we need look no further than the provision in this bill which provides for 25 per cent retroactive seizure of the assets of companies which have explored on Canada lands. My colleague, the hon. member for Etobicoke Centre (Mr. Wilson), pointed out the other day that \$5 billion has been spent on exploration on Canada lands. With this little bill the government has come along and seized \$1.25 billion of that without compensation. I have done as much research as I can in this respect, and there is not a democratic country in the world of which I am aware which has seized private assets without compensation.

With the apparent blessing of the some 145 Canadians sitting on the benches opposite we are now taking the step of acknowledging and accepting the seizure of privately-owned assets without compensation. I really wonder about the morality of that. I am afraid that hon. members opposite will be justifying this with some of the arguments used by the minister. For example, the minister said in his speech as reported at page 5670 of *Hansard* for December 11, and I quote:

In any event, I would be hard pressed to name any area of the world today where a more favourable exploration situation could be found, both from the standpoint of geological promise and investment climate.

In the United Kingdom, for instance, and I will not talk about the recent 20 per cent tax which the U.K. government has imposed on the oil and gas industry in England, one would encounter a far more severe taxation system involving, in fact, four levels of taxation of petroleum production. In addition, there is one U.K. state enterprise empowered to purchase up to 51 per cent of all oil production, and another one with a monopoly with respect to all gas production.

If we believed that, we would say that we are not as bad as the United Kingdom, that the United Kingdom is obviously exploring in the North Sea and that therefore perhaps this is not so bad. I do not know if the minister is just badly advised or distorting the facts, but the real facts are that in the United Kingdom there is a state company, British National Oil Company, which comes in for 51 per cent. However, a private company drilling in the North Sea gets 175 per cent of its