

*Canada Oil and Gas Act*

He knows probably better than any of us—certainly most members of the House—what it is like in a colonial atmosphere, and I make no apologies for using the term “colonial” when I refer to our northern territories and certain territories in the northern parts of our provinces. The hon. member knows what it is like when a company, a government agency or an agency of any kind operates with special privilege or under special licence and not in competition with other companies in an area, and not as a competitor but as a regulator. He knows what it is like when a company like that becomes not only an economic entity but also assumes the role normally played by certain minor governments, such as municipal or regional governments.

What the hon. member said is not farfetched. I experience the same thing in my constituency. I could name a few single industry towns in which there are literally two classes of citizens. There are those who work for some department or agency of the government or those who work for a Crown corporation, and then there are the ordinary people who just simply happen to live there and find work in a small service industry, in trapping, in farming and so forth. They live in the same area but do not enjoy the same privileges enjoyed by people who operate with special licences in such areas.

I recall when the British Columbia government decided to build a dam on the Peace River. Engineers came. All or most regulatory provisions were waived because this project had to go ahead. Environmental conditions especially were waived, and we barged ahead. Engineers were flown in from Vancouver and all over the world to settle there and begin this project. One of the managers of the project became the municipal leader. He told the government what he required for the work force in terms of schools, paved streets and water and sewer, and there was never any problem. I happened to be the mayor of a town just 40 miles away from there, and my town was competing for many of the things which are the basic essentials required to make a town or city liveable. Incidentally, these are things that people in central Canada have been taking for granted for the last 100 years. We in the producing and new frontier areas of the west still have a lot of catching up to do. I am talking about essential municipal services. I travelled to Victoria to compete for some of the dollars that were available to put these services in place but, of course, I did not stand a chance. The people from B.C. Hydro had their connections through their minister and through the premier, and the roads were paved and water and sewer facilities were installed.

One fellow came up with a rather unique idea of building a new school. It was a brand-new concept for educating young children. It was a type of open air concept. The school was built like a tent. It is still there for anyone who wants to go and see it. What a brilliant idea! I think it was the manager's wife who had the idea and sold it to the premier. The school was built—at great cost to the taxpayer—and, of course, it did not work. The problem was that when the dam was finished and all the engineers, social planners and all those fellows with all the weird ideas left the community, the people who had settled

there and lived there for the previous 50 or 60 years were stuck with paying the bill for all these schemes of extravagance.

I was taken with the comments made by my colleague, the hon. member for Western Arctic, because he knows and can tell of similar experiences. However, this probably takes us away from the motion, which really has to do with the Crown share and when such a Crown share should become active. It must first be pointed out that it is one thing for the agent of the minister to go north, to back into economic schemes, be they foreign or Canadian, and confiscate a 25 per cent share. We have heard enough about that. We are being criticized by our trading partners all over the world. Companies appeared before the committee and told us how seriously they consider this Draconian measure of simply confiscating private assets, whether they be of a fiscal nature or intellectual capital accumulated with respect to a lease in the north. However, it is quite another thing to keep that asset sitting without actually making it active.

In other words, for the moment we are nothing but a silent partner. We go in, we look at the books and see what is going on, we tell them to keep their exploration efforts going and to spend millions of dollars to do all the things which will ready us eventually for drilling and oil production. As we all know, in most cases that point is never reached. Exploration efforts result in dry holes. In many areas it is discovered that there is no potential for oil and gas.

Until the point of production the agent of the minister remains a silent partner, but it is then the desire of the minister to accelerate the production of the oil and gas because, after all, we have a deadline of 1990 to meet. The agent of the minister will have looked at the books and charts and seismic results, and then he will decide, “Here is an area we really want to get at”. He then serves notice on the company that he wants to start producing, and he tells the company how many wells to drill. He sets out a time frame within which the drilling has to proceed, regardless of the company's financial position and regardless of the constraints which are usually placed on a company with respect to the market. Money has to be raised somewhere, but the minister simply says, “You will now go ahead and drill.” He will not be required to ask any questions related to the liabilities of the business. Once the production certificate is ordered and issued, according to this bill the minister will then become an active partner. All the front end work will have been done, and we will know that all that is necessary is that a hole be punched in the ground. Oil will come out, and then we will become active partners.

• (1630)

You would have to put yourself into the shoes of a businessman. It is not necessary to go up north to do that. Suppose a person wants to start any kind of a business anywhere in Canada. The government may come in and say, “You can start this business, build your little store on the corner, but I will be your silent partner without contributing anything to the cost of the building or the preparation of business. You do all