

*Canada Oil and Gas Act*

With respect to environmental matters there is very little in the bill. The hon. member for Nunatsiak (Mr. Ittinuar) will speak in far greater detail about that important matter. There is no mention of native claims in the bill. Perhaps I did not expect them to be included in the bill, but I did not hear the minister mention anything about them or that they were a priority. The drilling and the exploration will just go on as usual, forgetting the legitimate claims of the native people of the north.

We in the New Democratic Party adopt the principle that oil belongs to the state. We say that nothing will change the importance of oil in the next 20 years. So, it is crucial what we do now with that oil.

I should like to make reference, as did the minister, to what was done in Norway and Britain. I should like to quote from the book entitled "Arguments for Socialism" which was written by Mr. Tony Benn. He was the minister responsible in the Labour government for setting up the control over North Sea oil. Page 74 of this book reads in part as follows:

—our job was to make sure that the resources of the North Sea were exploited for the benefit of the nation as a whole and not solely for the benefit of a handful of multinationals controlled mainly from America.

Bill C-48 ensures that the Canadian north will still be part of the same old regime; it will still be controlled in the same manner.

I should like to compare the manner in which Norway handles it with what the minister is doing in Canada. Even under the new provisions of Bill C-48 we will still have lax rules and requirements. In Norway, special corporate taxes on multinational companies in the offshore mean that the companies pay 85 to 90 per cent of gross revenues in taxes. Despite this and despite what friends to my right say, Shell, Exxon, Mobil, Gulf and Phillips are still drilling in Norway; they are not pulling out. By contrast, Bill C-48, the radical measure brought in by the minister, imposes a royalty of only 10 per cent on oil and gas, compared to 35 per cent for that other radical province, Alberta. Also there is a provision for an incremental royalty of 40 per cent of net profits.

In committee we will be required to go into what "net profits" mean and the various write-offs. Any oil or gas discovered on or before December 31, 1980, is exempt from paying royalty for three years. The 40 per cent tax on net profits, after all these deductions, will be reduced considerably. Past income tax deductions reduced the nominal tax rate of 36 per cent for the petroleum industry to an effective rate of only 10 per cent from 1974 to 1979. Norway's state oil company, State Oil, inherits a 50 per cent ownership in any new oil or gas concession. The equity can rise as high as 70 per cent, and most of State Oil's share of exploration costs is picked up by the multinational oil companies. Bill C-48 provides a 25 per cent interest to be picked up by the federal government through Petro-Canada or another Crown agency. The Crown will not have to pay for previous exploration costs when it exercises this option but would pay 25 per cent of production costs.

• (1650)

Britain's state-owned oil company, British Petroleum, nationalized by Sir Winston Churchill, has first claim to 51 per cent of offshore oil production. The Conservative government in Britain recently levied a 20 per cent surtax on the profitable North Sea oil industry. The industry in Canada now claims that the 25 per cent government interest is a confiscation. But the Canadian taxpayer, in the past, has put up over 90 per cent of the cost of far north and offshore oil exploration.

Under the new National Energy Program the government will give grants up to 80 per cent of the cost of exploration on Canada lands for Canadian companies. I find it incredible that the hon. member for Calgary Centre and the hon. member for Etobicoke Centre complain about the 25 per cent interest when you consider how much money is being put up by the Canadian taxpayer. That is the point, Mr. Speaker—how much will be put up in the new National Energy Program? If you take what will be put up, the 80 per cent of the cost of exploration, this combined with tax breaks means that the taxpayer will put up 93 cents for every dollar spent by a Canadian company, and 72 cents of every dollar spent by a foreign company on Canada lands. Under these terms this 25 per cent interest is a give-away.

There was talk of industrial benefits and industrial spin-off. Norway has strict requirements—the source of supply for the industry must come from Norway. Norway supplies approximately 50 per cent to 60 per cent of all deliveries for offshore development. Their offshore industry now employs 36,000 people, which is 9 per cent of all industrial employment. Rig construction, petro-chemicals and refining have been developed for Norwegians, not by multinationals. Canada has the potential to develop a supply industry. It is only the Davies Shipbuilding Company in Quebec which builds semi-submersible rigs at the moment. Their major equipment components such as draw workers, pumps and large diesel engines are all imported. Our east and west coast industries could be manufacturing ships, pipe, rigs and equipment.

Strict Canadian content rules seem to be necessary and are workable, as is shown in Great Britain and Norway. I could go on and on with this comparison with Great Britain and Norway. The minister raised the subject and that is why I, too, raise it. This is another "lalonding" scheme which gives the illusion of being progressive when in fact it is not.

Mr. Speaker, I wish to say something about the sleeper provision in the bill which needs to be debated in committee. That is the section which defines Canada lands. It defines Canada lands as being lands in the Yukon Territory and the Northwest Territories and those sub-marine areas adjacent to the coasts of Canada. This raises the question of the provincial role in offshore oil and their role and control over resources. Sooner or later the government will have to face this.

It seems to us that the Atlantic provinces are facing economic hardships and difficulties. What Atlantic Canada needs—and I say this as a westerner who can see the real facts around me—is a resource base so that its people do not have to