

Petroleum Incentives Program Act

Mr. Garneau: Mr. Speaker, I said a while ago that at a given time there should be some intervention. I have not referred to a minimum price and the Member should know that there are other means. Taxation can be used but I do not want to suggest that this is the only approach. However, if the international price of oil keeps going down, if at a given moment we do not want to destroy something which has been so costly, as you and other Members have said, it has cost billions, of dollars to build up a Canadian oil industry controlled exclusively by Canadians. If we do not want to see that destroyed, there will have to be some intervention. It could be setting a minimum price or something else. This is why at present, I do not want to personally endorse a minimum price, because there could be some other solutions and I would like Government leaders and other authorities to suggest some sort of policy.

[English]

Mr. Baker: Very briefly, as you said, Mr. Speaker, to correct the record, the fact is that American companies are purchasing oil from Canada cheaper than the refineries are purchasing Canadian oil. Canadian companies are then buying back a refined product and selling it in Canada cheaper than Canadian refined oil is being sold to Canadians. That is the bottom line. Canadian oil and gas are being transferred across the border and still end up being cheaper than what Canadians are paying for their own oil and gas. That is the question the Minister of Energy, Mines and Resources (Miss Carney) should have to answer when she speaks to Canadians.

The Acting Speaker (Mr. Paproski): The time for questions and comments has now terminated. Debate.

Mr. Brian Tobin (Humber-Port au Port-St. Barbe): Mr. Speaker, like my colleague, the Hon. Member for Gander-Twillingate (Mr. Baker), I would like to take advantage of this opportunity to say a few words about Bill C-85 because of its profound implications for the country in general and for my home province in particular. What the Government did in its head-long rush to satisfy the whims of people in the corporate office towers and around the boardroom tables a year and a half ago when life was presumably a bit rosier in the oil patch than it is today, was to write an energy policy for them, which essentially made them very happy because it put back into their hands billions of dollars in tax revenues which, up until the election of this administration, belonged to the Government of Canada. At the same time, the Government's policy took away substantial amounts of taxpayer dollars which were being used as an incentive to develop Canadian oil and gas self-sufficiency. I am talking about the Petroleum Incentives Program, which is absent from Bill C-85, which was used to begin exploration on the offshore Hibernia in Newfoundland, my own home province, Venture in Nova Scotia, the Beaufort Sea, and so on. What has happened? When the Government announced its policy to abandon PIP, when it took that first Draconian step to destroy the notion of energy self-sufficiency and the development of frontier oil reservoirs, it said to those

companies operating in the offshore of Newfoundland: "Don't worry. We're going to honour our commitments made in 1983 through to 1987". That was in reference to drilling programs which were already in place, which were contingent upon receiving those Petroleum Incentive Program grants. That is what the Minister of Finance (Mr. Wilson) said. That is how he reassured this House about offshore Newfoundland when he brought in his May, 1985 Budget.

● (1510)

What has happened since? Oil patch people and people concerned with the offshore in terms of development said that although it was not good news, they still had until 1987 to adjust. What happened in the interim? In the interim the Government decided that as of January 1, 1986, it will not honour its commitments through to 1987. It will no longer make available PIP grants to the offshore.

What was the reaction to that announcement in the offshore of Newfoundland? By the time they get around to the offshore drilling season they will be lucky to have any activity left at all. That was the reaction. Every major player involved in offshore activity in Newfoundland and Nova Scotia has told the Government publicly that their programs have been destroyed. They have told the Government that the commitments they made a number of years ago based on the notion that PIP grants would be in place and maintained through to 1987 have been shattered. There will not be a drilling program worth calling a drilling program this year in the offshore of Nova Scotia. The Government has destroyed the offshore play. It has abandoned the notion of self-sufficiency.

What does that mean to an area such as Nova Scotia? What does it mean to a province such as Newfoundland? What does it mean to the riding of Western Arctic where the Fraser is used as a major transportation artery? What does it mean to the towns of Pine Point and Hay River from where goods and supplies are moved into the Beaufort? It is the equivalent of having one's heart ripped out while it still beats in one's breast. That is what it means.

Many people across the country involved in frontier exploration made commitments. These were commitments made not only of heart, fibre, soul and mind—not just commitments to a bright new day, as the Prime Minister (Mr. Mulroney) likes to say—but commitments made in terms of dollars and cents. They were commitments made which involved substantial amounts of money. This money has been spent in anticipation based on the Government's word, which melts like snow in the spring.

In my riding of Humber-Port au Port-St. Barbe, one company, North Star Cement Limited, in anticipation of moving to production in Hibernia, has spent millions of dollars upgrading its plant. It is the only cement plant in Newfoundland. It has spent several millions of dollars developing a terminal on the other side of the island in St. John's in anticipation of being able to participate in concrete form development. What has happened? The Government which gave its word, which set out the ground rules and the promises