

Petroleum Incentives Program Act

Mrs. Maily: Stand up.

Mr. Waddell: I am standing up. I will tell you a Friday afternoon story, Mr. Speaker. The first time I ever gave a speech in the House I was sitting way back in the far corner of the Chamber. I was the last Member in the House because my name starts with a "W". Before I went into the House to make my first speech I said to the Hon. Member for Saint-Denis (Mr. Prud'homme): "I need something to make me appear taller in the House," and he said: "Here, take this". It was the Ottawa-Hull phone book. I put it down on the floor and stood up on it and it was just perfect. Then the Hon. Member rose on a point of order and said: "Mr. Speaker, the Hon. Member is speaking on a Liberal platform".

Some Hon. Members: Hear, hear!

Mr. Waddell: Of course, that has changed, has it not?

I do want to speak on Bill C-85, the Bill which ends the PIP. It is a short Bill. The Hon. Member for Cape Breton—The Sydneys (Mr. MacLellan) dealt with the Bill in some detail. I would like to illustrate in a different way how the PIP worked by using a concrete example and illustrating some of the problems that exist.

In committee we dealt with the fairness of the provisions for grandfathering out the Petroleum Incentives Program, the grants to oil companies for exploration in the offshore and the Arctic. I made my position on this fairly clear in the House on Monday, April 19, 1982; on Thursday, June 10, 1982; and on other occasions in the past. On those occasions, I spoke against the Petroleum Incentives Program. Normally I would be in favour of a Bill phasing out the program since I was against the program in the first place. However, the position of NDP Members is that we oppose this Bill. We opposed the program in the first place because it was an expensive means to Canadianize the industry and it was open to abuse.

As reported in Volume 1, page 1:17 of the committee hearings, I asked how much the PIP cost. The answer was that in 1982-83 it cost \$1.4 billion; in 1983-84, \$1.5 billion; in 1984-85, \$1.9 billion and the expected cost for 1985-86 was \$1.5 billion. As well, it was expected that the grandfathering period would end with a cost of a further \$1 billion. That means that almost \$8 billion has been spent on the program. I thought it was too expensive and open to abuse and I will show how it was open to abuse in a moment.

We are going to oppose the Bill, albeit reluctantly, for four reasons. The Government has not given the program a decent burial and is not grandfathering the program honestly. There was one advantage to the program. It permitted medium-sized Canadian oil companies to play with the big majors on the frontiers. The top recipients of PIP grants were Petro-Canada, Dome Petroleum Ltd., Husky Oil, Bow Valley Industries, Canterra Energy, Norcen, Home Oil, Gulf Canada, Scurry-Rainbow and Trillium Exploration. Those grants enabled these companies to go out to the frontiers. We should treat them fairly now that we are ending the program.

I was convinced by the evidence presented at the committee hearings that the Bill is unfair to the Canadian companies that invested and worked in offshore. I would like to read an article from *Oilweek* of February 24, 1986. The article quotes Robert Blair of Husky, probably Canada's leading private oil man. It reads as follows:

"We lowered our sights to seven wells," Blair said. "Now we're fighting for our seven wells." He was referring to separate meetings the day before with the same two ministers in an attempt to confirm that the seven remaining wells would be grandfathered for full PIP grants under C-85. "Through December, 1985, Husky-Bow Valley believed these wells could be fully 'PIPed' if drilled between April 1, 1986 and December 31, 1987," he said. "But, starting in January, we heard the number of wells we could drill would be reduced to two." If true, he said, it would devastate the companies' program.

"As of this morning, we have been assured there will be four fully 'PIPed' wells." This would keep the consortium going for several months but "we still need the seven wells to salvage the program." He estimated the PIP eligibility of the seven at \$290 million.

What we saw in committee, and this is the hub of the problem, is that if a company under these new regulations is brought in to replace one that drops out of a well under the existing drilling program, that company cannot receive PIP grants for its work. We were told by some of Canada's leading oil men who testified before the committee, including Robert Blair, Art Price and Doc Seaman, that they would lose the end of the program and it would be very difficult to restart. As a matter of fact, there would be bad blood between the Government and these private oil companies and the programs could never be started again.

The second reason we are opposed to this Bill is that most of the Bill is in fact in the regulations. Without seeing the regulations, we cannot judge the Bill. We were offered telexes by the Parliamentary Secretary but these telexes were not really of much help. Why should we pass this Bill when we do not have the regulations? We will simply be giving the Government *carte blanche*.

We have passed Bills containing regulations that are to be made later, but in this case the regulations will be so broad and all encompassing that there is really not very much in the Bill itself. All the Bill does is deal with a few definitions and phase out the PIP.

The third reason we are opposed to this Bill is that exploration off the Grand Banks and the Scotian Shelf would be killed too abruptly which would be too much of a shock to Atlantic Canada. There has been a strange silence in committee. We did not hear from the Nova Scotia Government and we did not hear from Petro-Canada, even though we asked them to appear. I think this Bill means trouble for the East Coast. In fact, in my view it means the end of gas and oil exploration activities in Hibernia and in the Venture gas field in Nova Scotia. When this Bill is combined with the lower oil prices, it creates a double whammy and it will end exploration. I think the people of Atlantic Canada are just beginning to realize this.

The fourth and final reason we are opposed to this Bill is that I am not satisfied that we heard the real story behind the PIP grants in committee. I would like to tell the House a little bit about that story and I will dwell on one company, East