

Canada Petroleum Resources Act

The Canada petroleum resources Bill is another piece of legislation developed as an integral part of the progressive energy policies which Canadians elected us to deliver.

Some Hon. Members: Hear, hear!

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, I listened with interest to the Parliamentary Secretary to the Minister of State for Mines (Mr. Fretz), a Member of Parliament for whom I have a very good deal of respect. However, I must say that I have very little respect for the energy policies of the Government.

The Government's new approach to energy is to let the private sector do it. When it comes to security of supply, the Government says that we should trust oil companies to go out and find new sources of oil and gas. When it comes to Canadianization, the Government says that we need more foreign investment and that Canada is open for business. When it comes to fairness to consumers, the Government sends a telex to oil companies asking them to lower oil prices, pretty please, and to give consumers a break. Canadians deserve much more than this from their Government, especially when it is dealing with our energy future.

The new frontier energy policy as stated in Bill C-92 provides a 25 per cent exploration tax credit. It is applicable to all wells in Canada with costs in excess of \$5 million. For those companies which do not pay taxes, the tax credit will be refundable at the rate of 40 per cent. Under existing legislation there is a benefit of 80 per cent for Canadian companies in the energy sector which do not pay taxes. We are now in a position where Canadian companies which do not pay taxes will not obtain the 25 per cent exploration tax credit but will only receive the refundable 40 per cent of the 25 per cent, or 10 per cent. They will go from an 80 per cent benefit to a 10 per cent benefit.

The Government complained that the Liberal Government was discriminating against foreign companies and that it was giving Canadian companies an advantage. We in the Liberal Party do not apologize for giving Canadian companies an advantage, not in the least; certainly not Canadian companies which have steadfastly explored frontier areas and have taken advantage of the incentives provided by the Liberal Party when it was in Government. We are not apologizing for our interest in furthering frontier exploration by Canadian companies.

What will they now receive? There is a complete breakdown in the frontier areas; the industry is abandoning exploration. The only companies which are exploring at the present time are those with grandfathering rights under the Petroleum Incentives Program. There are very few of those. Even with the grandfathering provisions, which could have been fairly significant to the end of 1987, the Government decided it would retroactively cut back the drilling rights of some of the companies. The new exploration tax credit simply does not go far enough in encouraging exploration on the frontiers. Even before the world price of oil fell drastically and put all energy

projects under review there was much doubt about the future of energy projects on the frontier. That is unfortunate because so many areas of the country depend on frontier exploration and so much of our energy future depends on it.

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The Independent Petroleum Association of Canada has been asking for changes to the exploration tax credit. It feels strongly that smaller Canadian companies need help to get through the transition period which they must go through to adjust to the new regime which the Government is recommending in Bill C-92. Canadian companies are being put under the gun which will strangle the initiative given to companies on the frontier by the former Liberal Government. The Government is relying on the promises of the major oil companies to look after our energy future.

On March 29, 1985, the Minister of Energy, Mines and Resources (Miss Carney) said: "Companies involved in the drilling ventures told me personally that the removal of the petroleum and gas revenue tax would be one of the greatest incentives to continue drilling on the Scotian shelf".

If you were to fly over the resource areas where the reserves of oil and gas exist off Nova Scotia, Mr. Speaker, you would see one or maybe two wells being drilled. If you checked the records of the Department of Energy, Mines and Resources, you would find that there were very few new wells scheduled to be drilled off the coast of Nova Scotia. Yet, on March 29, the Minister stated proudly that companies involved in the drilling ventures had told her personally that the removal of the petroleum and gas revenue tax would be one of the greatest incentives to continue drilling on the Scotian shelf. She added at that time that she had received assurances of the reinvestment of \$800 million a year from those companies working in the Atlantic off-shore, and that the removal of five different taxes meant that they will "invest more money in the East Coast".

Why is Nova Scotia down to one or two rigs when there were nine in 1984? It is a national disgrace that the Government is jeopardizing and jettisoning a policy of frontier exploration which has kept the country in such good stead and has held so much promise for the future of our energy security of supply.

When the Minister made a statement introducing her policy entitled Canada's Energy Frontiers, which led to the introduction of Bill C-92, she talked about the existing legislation. She said that it robbed Canadians of opportunities and very seriously impaired the economic and energy potential of the country. There was a great deal of activity on the frontiers under the legislation brought forward by the Liberal Government. As I mentioned, nine rigs were drilling off Nova Scotia alone. Discoveries of resources were made off the coasts of Nova Scotia and Newfoundland and in the Beaufort. These were very promising discoveries which were brought about by the policies which this Government wants to jettison.