

Taxation

lems. However, the hon. member may recall that many enterprises operating in other industrial sectors are also experiencing financial difficulties, so that instead of saying that the petroleum and gas revenue tax is causing the temporary financial difficulties of certain companies operating in the sector and that this tax is the specific cause, I feel the hon. member should take a closer look at each individual case. He should also realize that if we look at the National Energy Program, there are many incentive measures—also mentioned in the bill now before the House—which are aimed at helping companies involved in oil and gas exploration and development and are indeed helping them to step up exploration and development activities and thus improve their financial position.

[English]

Mr. Thomson: How can the minister stand up and say that the government is trying to help the oil and gas business to find oil when we have 55 rigs running in western Canada today and prior to the National Energy Program we had 455 rigs working? Would you not say that that is ample evidence of the fact that the National Energy Program is not working and not providing an incentive? The government has taken all the cash flow away from the industry so there is nothing left for them to explore with. In spite of the fact that the government may be giving a 30 per cent PIP grant to encourage an oil and gas company to search for new oil and gas in western Canada in the conventional areas, the companies still have to come up with 70 per cent of the cost themselves. The problem is that they do not have the 70 per cent, so it does not matter what the government is prepared to give them.

Furthermore, even in the frontier areas where the government puts up 80 per cent of the grant, if a well costs \$40 million in the Beaufort Sea and the company has to put up 20 per cent of that, that is \$8 million. Has the government made any study of the number of companies that are in a position to put up \$8 million to explore in the Beaufort? In the case of a \$70 million well in Hibernia, how many companies can put up \$6 million? Has the government made any study of that?

[Translation]

Mr. Bussières: Mr. Chairman, I must say I am somewhat surprised. Allow me to turn the question around. If the hon. member were to analyse the Petroleum Incentives Program, he would realize that a grant of up to 80 per cent of exploration costs will be given to this enterprise. Assuming that a similar refund or grant were available to other industrial sectors, I wonder whether the latter would not see this as an incentive to invest in and develop their business. I may also point out that the bill before the House today, especially the second part, implements an agreement negotiated between the government of Alberta, among others, and the federal government, and that according to the terms of the new agreement, the oil and gas pricing system will, in fact, make it possible for oil companies to increase their income and thus have access to

greater cash flow for continuing their exploration and development activities.

[English]

Mr. Thomson: Mr. Chairman, the proof is in the pudding. The fact of the matter is that oil and gas exploration is at an all-time low. Would the minister tell me why companies are not looking for oil and gas today? I can tell him the reason. They do not trust the government. I do not see what bearing the fact that an agreement was reached between the government of Alberta and the federal government has to do with the issue. The fact that the federal government and the Alberta government took the lion's share of the pie and left nothing for the industry is the reason why companies are not looking for oil. Would the minister comment on that?

[Translation]

Mr. Bussières: Mr. Speaker, I think the hon. member can probably try to find all kinds of causes for the fact that there is, or there may have been, a slowdown in some operations in the oil and gas industry. However, I may remind the hon. member of what I said earlier, namely, that the economy in general is in serious difficulty, and that not only investment but also the actual operations of businesses in general have slowed down considerably, and that is caused by a drop in over-all demand which has effected the general state of the economy. I may also remind him that there has also been a decline as far as energy is concerned. There has been an unexpected drop in world oil prices, and there has also been a substantial decline in energy demand. So, instead of trying to prove that the National Energy Program has caused a slowdown in some areas of oil and gas exploration or development, the hon. member should look at the measures the Program contains to stimulate investment and the exploration and development of our natural resources, namely, oil and gas.

● (1530)

[English]

Mr. Thomson: Mr. Chairman, I have examined the National Energy Program in depth ever since it was presented. With all due respect to the minister, I would suggest that I know more about the National Energy Program than anyone on the other side of the House, including the Minister of Energy, Mines and Resources.

Some hon. Members: Hear, hear!

Mr. Thomson: The Minister of State for Finance is standing here in the House, trying to tell the Canadian public that the reason the Canadian oil and gas industry is not going out and exploring is the price. That is what he said, that the world price of oil has declined. That is true, except that we still do not happen to be anywhere near or even close to 75 per cent of world price in Canada, so I do not see how that has a bearing on it.

He also said that general economic conditions are the cause of the decline in the oil and gas business. That is simply