• (1250)

The Government does not confiscate property retroactively. Thus, the Canada Petroleum Resources Bill does not have a Crown share. However, this Bill does provide for 50 per cent Canadian ownership in frontier production projects. The Bill will require a company applying for development approval with respect to a pre-1982 discovery to submit a plan showing how it will attain a 50 per cent Canadian ownership rate by the time the production licence is issued. Unlike the previous legislation, the provisions in Bill C-92 are non-retroactive and non-confiscatory and emphasize private sector solutions. The Canada Petroleum Resource Bill respects the rights of companies regardless of their nationality.

This Bill does not give preferential treatment to Petro-Canada. The Minister of Energy, Mines and Resources (Miss Carney) has instructed Petro-Canada to operate as a private sector company and to deliver the best possible return to its shareholders, the people of Canada.

The proposed legislation provides for the fiscal measures outlined in the frontier policy statement. These changes will limit the royalty burden during the early stages of production, but will ensure an equitable sharing of revenue between Government and industry after the investment has been recovered. A 25 per cent investment royalty credit will be applicable to eligible costs of up to $5 million for new exploration wells. The credit will be applied against royalties otherwise payable within the region. This royalty credit will provide conventional onshore frontier exploration with reasonable fiscal incentives. A 25 per cent exploration tax credit will be introduced in separate legislation. It is part of a broader energy strategy that allows the industry to respond to the marketplace. It was the approach Canadians wanted. It is why they elected a Progressive Conservative Government.

It has been a pleasure for me to speak in support of Bill C-92 and I look forward to seeing it go to a legislative committee as quickly as possible.

Mr. Caldwell: Mr. Speaker, I would like to ask the Hon. Member from Calgary a very brief question. Her expertise in the oil business is, of course, known across the country. What price does she believe oil would have to reach in order to really stimulate exploration?

Mrs. Sparrow: Mr. Speaker, I would have to discuss conventional exploration versus frontier exploration. With regard to conventional, which would take place in the producing provinces such as Alberta and Saskatchewan, and to some extent B.C., as well as north of the 60th, the figure I have been given is about $18 to $20 U.S. a barrel. As my hon. colleague knows, yesterday the posted price was $17.30 to $17.40 U.S. per barrel. It is, therefore, gradually, escalating upward. It is, of course, far more costly to explore and develop in the frontier regions. In order to be economically feasible to produce in the frontier the price must reach $23 to $25 U.S. a barrel.

We must realize that in order to achieve a viable oil and gas industry and security of supply, all Canadian consumers will have to participate. The Government is communicating and consulting constantly with the Governments of Saskatchewan and Alberta with regard to conventional lands. The Government is looking carefully at the Beaufort because it has tremendous possibilities.

Mr. Foster: Mr. Speaker, I want to ask the Member from Calgary a couple of questions about the approach taken by this Bill with regard to petroleum incentives for the east coast offshore. Does she agree with the proposal contained in this Bill that we go to a 25 per cent exploration tax credit in such a rapid way? The Member talked about the Bill not being confiscatory with regard to Canada Lands and the percentage of federal Government ownership and so on.

In view of the tremendous investments which have been made by companies like Husky Bow Valley which has invested hundreds of millions of dollars in exploration and development equipment, does the Member feel the Government has treated them fairly by cutting off the Petroleum Incentive Program grants? This Canadian-owned company made massive investments on the basis that it would be treated fairly by the Government. Now the Government is cutting off those Petroleum Incentive Program grants. It had an agreement to drill eight or ten wells and is suddenly only going to be able to drill one or two.

The Hon. Member heard the concerns of these companies before the Committee on Energy, Mines and Resources, which she chairs in a very distinguished way. It is great to get to the development stage and, fortunately, the Bill does not take away 50 per cent Canadian ownership at that stage. However, does she really think it is in the best interests of the country to take away the assistance which was committed to these Canadian-owned companies, especially in view of the massive investments which they have already made with a view to the completion of many wells rather than only one or two which will be the result?

Mrs. Sparrow: Mr. Speaker, my colleague mentioned 10 wells which were "typical" with regard to Bow Valley and the East Coast. That is not the right number. My colleague will also remember that at committee stage when we were discussing the grandfathering of the typical well, which the Minister of Energy, Mines and Resources handled so well, companies were allowed to maintain grandfathering on four wells off the east coast under the energy agreements. We must realize that all wells must be based on geology and economics rather than dollars and cents. We must have the economics and geology to explore.

It is very interesting to note that prior to the National Energy Program and prior to the implementation of the Petroleum Incentive Program there was far more activity off Hibernia. The discoveries were made long before PIP grants were in place. We put the onus back on the resource companies