

Canada Petroleum Resources Act

Mr. Nickerson: I was going to say that I hope so, Sir. I must say that I am not thoroughly familiar with the way in which the Department of Regional Industrial Expansion transacts its business. I know that it has come under some degree of criticism. When I was in my riding the other week a number of people complained to me about the way in which grants had been given. Business people were concerned that, after having paid taxes, this Department of the Government gave a large grant to their competitor on the other side of the street.

As a personal opinion, I have some reservations about some of the things which that particular Department does. I think it would be much worse if it had not been headed by such an Hon. Minister of the Crown who did his best to try to alleviate some of the worst shortcomings of a system of grants and subsidies which has grown up over the years.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am glad to have a chance to say a few words this morning on Bill C-92, a Bill to amend the Oil and Gas Production and Conservation Act which will be known as the Canadian Petroleum Resources Act when it is passed by Parliament. This is a very appropriate time to be dealing with this because never in the history of the energy industry have we faced such a tremendous downturn as we have in the last three or four months. Even government Members talk about it as the most difficult time in the history of the Canadian energy industry. This Bill implements a number of the policies of the present Government which have already had a tremendously negative impact on the country.

In the 1984 election campaign the Minister of Energy, Mines and Resources (Miss Carney) promised in Prince Albert and Halifax that 100,000 to 300,000 new jobs would be created. Recent information and analysis provided by the Canadian petroleum industry shows a dramatic drop, not only in investment, but in jobs. StatsCanada estimates that during March and April nearly 10,000 jobs were lost in Alberta, nearly all due to the downturn in the energy industry. There are projections that the level of unemployment in Alberta may go as high as 16 per cent by August of this year, with even higher estimates for the cities of Edmonton and Calgary which are especially dependant on this industry.

In the first weeks of May there were 39 rigs drilling in the western sedentary basin out of a total of 480 in western Canada. It is estimated that only one or two rigs will be operating on the east coast offshore, and there will be a decided downturn as well in the Beaufort. The most recent estimate of the Canadian Petroleum Association is that there will be only \$6 billion of investment by the industry in 1986. That is down from a \$10.5 billion expenditure in 1985, and a forecast expenditure for 1986 of \$11.2 billion. Of the \$6 billion, half was spent in the first quarter. That means there will only be about \$3 billion to be spent over the last three quarters.

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Obviously we have an energy policy which is not equipped to cope with the current downturn in the price of oil. In both the Western Accord and the Atlantic Accord there is a very small paragraph saying that if there should be a precipitous drop in the price of crude oil, it would be subject to negotiation and discussion with the industry and the provincial Governments. So far we have not seen negotiations or discussions which will have a beneficial impact. Clearly the industry is gearing down and the economic and social carnage throughout western Canada is evident.

We do not have to look just to Alberta. We can look to communities throughout Ontario and Quebec. In my own constituency Algoma Steel is shutting down its tube-making facilities. A staff of about 800, members of the United Steelworkers' Union, have been or will be laid off very shortly. There is a new \$370 million tube mill coming onstream late this year and the prospects for employment there are very negative. According to the front page of the *Sault Star* of Tuesday, May 16, the Algoma Ore Division of Algoma Steel has to reduce its production or develop a plan for an orderly shutdown. Communities like Wawa are facing the possibility of a complete shutdown. Carrying ore from Wawa to Sault Ste. Marie represents a majority of the tonnage carried by the Algoma Central Railway. If it loses that business, the viability of the entire operation will be in doubt.

Even government Members are complaining, saying that the Government has to take action. The Tories, when they were in Opposition, demanded that the PRGT be eliminated. They saw it as a source of additional revenue for the industry to be used in exploration and development. Yet the Government, which spoke so fervently against the tax, is maintaining it at the rate of 10 per cent in 1986, 8 per cent in 1987, and 6 per cent in 1988. At the same time, the oil industry is calling on Alberta and the other producing provinces to reduce their royalties from 30 per cent or 40 per cent to something in the order of 20 per cent or 25 per cent. So far no action has been taken.

Let us look at some projects which were onstream just a year ago and which have now been knocked off the rails. The Lloydminster upgrader was an excellent project, very labour intensive. It would provide a great deal of employment and a secure oil supply in the future. Yet the Government has backed away from the commitments made by the previous Government for some \$50 million upfront and \$750 million in loan guarantees. That project seems to be on the back burner. There is a very limited amount of activity in the Beaufort. Exploration and development in Hibernia is tied up in fiscal negotiations between the Newfoundland Government and the federal Government. Everything was supposed to have been solved with the wave of a hand and a quick handshake, but it is not very clear now whether Hibernia is going to go forward. The Venture and Sable Island projects certainly seem to be on hold and there is not likely to be any action there this year. Canadian-owned companies like Husky Bow Valley were promised PIP grants on some eight or ten wells but those PIP