

Let us talk about some of the history of the oil industry and go back to where it started. Our problem commenced in 1973. At that time we had a minority Government propped up by the NDP which decided, as a temporary measure until January 1, 1974, to put a freeze on the price of oil. They do not do that with cod fish, zinc, cars or lumber, but the minority Liberal Government of the day, aided and abetted by the NDP, did that to oil.

• (1700)

I am in the oil industry and saw the result of that. From the time that temporary measure was introduced in 1973 until it was taken off by the Progressive Conservative Government in 1985, \$56 billion of revenue was lost. That money would not go only to the oil companies. In the Province of Alberta 81 per cent of the mineral rights are owned by the province. For every barrel of oil which comes out of the ground on which the province owns the mineral rights, it gets a percentage. From 1973 to 1975 the NDP-Liberal coalition stole \$56 billion from the people of Alberta.

As a small oil producer I felt like a second-class citizen in my own country. I could sell a barrel of oil for only half as much as someone else would get. Oil came on to the Montreal market which was produced for the benefit of a dictator in North Africa who got the full price for the oil. He took his money and marched his army into Chad. He had hit squads running around Europe, which is well documented. However I, as an oil producer, and everyone like me, were second-class citizens and could get only half as much as that person. It is just unbelievable.

The next step was the national energy policy. On October 28, 1980, a day of infamy, they continued the low prices. If we were supposed to get \$20, they would give us \$10. They had a bunch of new taxes. There was the petroleum and gas revenue tax, the petroleum compensation charge, the natural gas and gas liquids tax and the incremental oil revenue tax. There was a whole basket of nomenclature, bureaucracy and paper shuffling to tax this resource. No other resource was taxed like this. Essentially they chose one segment of Canada and treated it differently because it produced that product. We got hammered. The PGRT alone took \$10.5 billion, and that was only one of the taxes.

These geniuses said that the price of oil was going to continue to go up and up and up. In 1980 they said that they expected that the price of oil would be \$63.20 today. It is \$24.87. It is less than 40 per cent of what they thought it would be. That was not good enough. A year later they said that it would be \$77.50 today, and it is less than \$25.00.

There was no flexibility in the system. They expected something to happen which did not happen. Instead, as my hon. friend, the Member for Crowfoot (Mr. Malone) mentioned, the rigs left. There were lost jobs and opportunities. In 1984, Alberta and all of Canada repudiated these socialists and put the Progressive Conservative Party into government and we started cleaning up.

Supply

Within half a year of being in power we signed the Western Accord which got rid of the incremental oil revenue tax, the petroleum compensation charge and the natural gas and gas liquids tax. The Government set up a phase-out for the infamous PGRT. It also allowed oil to be sold at the market price, which was something new. In the fall of 1985, a little over a year after taking office, we began to deregulate the gas markets, and are still in the process of doing that. The national energy policy taught us that Government is not smart enough to make these prophecies. That is a perfect example of what these people did in 1980.

As my friend from Cape Breton—The Sydneys pointed out, in January, 1986, the price collapsed. By February the price was down to about \$25, and on April 18 it was less than \$16. It went down from \$40 to \$16. The Member said we did not do anything. In fact we addressed the problem by increasing the tax credit. As you know, Mr. Speaker, the tax credit meant that producers did not have to pay the first \$250,000 of tax. The Government increased that amount to the first \$2 million of tax. It was the smaller companies that benefited. We decreased the number of companies paying this tax to 45. The Member said we are sitting on our hands, but we did all of that within three months. In less than nine months, by October 1, we removed it entirely, which added hundreds of millions of dollars to the cash flow of the oil industry. We recognized the problems.

We also retroactively changed the PGRT on royalties, which helped the smallest and most Canadian entrepreneurial start-up companies. Six million dollars went back into the pockets of the smallest Canadian companies. They were happy and very thankful.

What does all this lead to? I will refer to *Oil Week*, which is one of the bibles of the western oil patch. I recommend that the socialists take a look at it once in a while. They might learn something. This is the issue of *Oil Week* from May 11, 1987. It says:

A surprisingly bullish projection for the level of exploration activity in the last three months of 1987 has been made by analyst John Lloyd-Price of brokerage house Gordon Capital Corporation.

Lloyd-Price says—the rig count could hit 200 in the third quarter and 450 by the fourth.

He says further:

—if 450 (rigs) are put to work that will probably mean the industry will be fully operational.

• (1710)

We also implemented the Canadian Exploration and Development Incentive Program on April 1 of this year. That measure will help the smaller companies, compared to the PIP grants under the national energy policy of the Opposition, which did not help the little guys but assisted the big companies like Dome. Dome received subsidies of \$1.28 billion in taxpayers' money under the Petroleum Incentives Program.

According to our initiative, no company can receive more than \$3.3 million, so that it will benefit the smaller companies.