

Canada Petroleum Resources Act

Energy Program. In opposition we said there was a better way to achieve the goals of the NEP, but our views and the views of Canadian workers and business leaders were not taken into account by the previous Government.

We faced an uncaring Liberal Government that talked of fairness but then confiscated property. We were dealing with a Government that promised opportunities, then took steps that cut off investment in Canada's energy sector, sending tens of thousands to the ranks of the unemployed. The Liberals talked about security of supply, then through overly generous PIP grants they promoted drilling for taxpayers dollars and not for oil. To make that situation worse, Mr. Speaker, they imposed punitive taxes that discouraged commercial production.

At their first opportunity, Canadians rejected the Liberal claim of fairness, opportunity and security of supply. Canadians have lived with the NEP's inflexibility for nearly five years and many have suffered from this destructive policy. The Progressive Conservative message of fairness and market responsiveness was heard. It was understood by Canadians in every region. They demanded a change and gave the Progressive Conservative Party the mandate to reverse the economic decline, to put Canadians back to work and to re-unite the country after it had been torn apart by federal-provincial disputes.

As consumers, we felt the National Energy Program cut into our personal revenues as gasoline prices increased. In Ottawa, for example, prices for regular leaded gasoline rose from 29.3 cents a litre in December, 1980, to 51.5 cents a litre in October, 1985. That is a 75 per cent increase.

Crude oil prices are now entirely set by the market, and consumers today are benefiting as price decreases work their way through the system. The past Government did not want prices to fall because it was amassing a national debt. It looked upon the oil and gas industry as its cash cow, but even a 75 per cent increase in gasoline prices could not sustain the massive debt the Liberals created.

Under Conservative deregulation, crude oil price decreases that from time to time occur in the market-place are allowed to work their way through the oil production, transportation and refining systems and to consumers at the gas pumps. Deregulation of crude oil prices is only one feature of our energy policy which has been radically transformed in just over one year by the Atlantic Accord signed in February, 1985, by the Western Accord signed in March, 1985, by the Agreement on Natural Gas Prices and Markets and by Canada's Energy Frontiers: A Strategy for Jobs and Investment.

The Canadian Petroleum Resources Bill is an example of the spirit of consultation and co-operation that are integral parts of our energy policy. The Government understands the important role the north and offshore regions can play in Canada's economic and energy future. We saw the potential for development of our frontier resources, but we also saw the need for new policies; policies that encourage development

rather than smother initiative, policies that replace taxpayers subsidies with private sector investment, policies that pursue the national interest rather than nationalization, policies that respect the rights of others rather than confiscating their property, and policies that are based on the principles of co-operation and shared management among governments.

The Canada Petroleum Resources Bill meets these high standards. It is market responsive, internationally competitive, free of excessive Government intervention and sensitive to regional interests. This approach to energy policy reflected in all the measures we have taken is needed more today than ever before.

As Members know, the industry faces a severe challenge in the form of falling oil prices. Cash flow is dropping, exploration and development plans are being re-assessed and, yes, some jobs are at stake. But this Government is seriously concerned about the situation. The Prime Minister (Mr. Mulroney) announced a tax relief program on April 30 targeted at small producers in order to help maintain their cash flow and short-term exploration activity. The changes to the Petroleum and Gas Revenue Tax, or the PGRT, included an increase in the small producers tax credit from its current level of \$500,000 to \$2 million. A zero PGRT rate for the Sycrude and Suncor Oil Sands projects for the rest of 1986. These measures added \$175 million to the significant tax relief announced in the Western Accord last year. They are consistent with royalty relief measures provided by the Government of Alberta.

This Government will continue to assess the impact of prices on the industry in close consultation with the producing provinces and with the industry itself. The Government has freed the industry from excessive taxation and regulation. Measures such as this Bill and the Western Accord have left the industry better able to do what it does best, respond to the challenges and opportunities of the market-place.

The Canada Petroleum Resources Bill responds to frontier challenge. It recognizes that exploration and production in Canada's far north or offshore carry a higher cost and a greater risk than in the conventional areas. This Bill will replace the existing Canada Oil and Gas Act with a simplified and fair set of rules designed to encourage development of our frontier resources. The Canada Petroleum Resources Bill provides the legislative framework for the Atlantic Accord and for agreements that may be reached between the federal Government and other coastal provinces and territorial governments. The Bill establishes a fair set of ground rules for exploration, development and production of our oil and gas resources on the frontier lands and offshore. Under this Bill the Government of Canada will introduce a simple, competitive bidding system for exploration rights to prospective lands based on a single criterion, one in which the best bid wins. This will ensure the maximum return to Canadians as resource owners. It will ensure fair treatment of companies bidding for exploration rights.