

I would hope that the decisions taken will be accountable for and will help the Government of Canada in its very difficult deficit position.

At this time I would like to thank the members of the legislative committee who co-operated with the Minister and myself to ensure that we could get passage of this Bill.

**Mr. Russell MacLellan (Cape Breton—The Sydneys):** Mr. Speaker, I take great exception to this Bill because I think it will do a great deal of harm. I take great exception to the way the Department of Energy has handled this whole question. It has continued to mislead the public by refusing to state exactly how damaging this is going to be and to admit that the smaller companies for which this program was brought forward have received very little of the benefit of this program. Although it is a program to aid small companies, the smaller companies have received less than 15 per cent of the money. In fact, 90 per cent of the applicants under this program received less than 15 per cent of the funds. This has been substantiated by the Government's own information.

In a news release dated June 20, the Department of Energy, Mines and Resources states: "The Department of Energy, Mines and Resources Monday presented detailed information to the House of Commons Legislative Committee studying the Bill to terminate the Canadian Exploration and Development Incentive Program, Bill C-19, which revealed that 56 per cent of the money available under the program went to small and medium-sized firms and applicants. CEDIP will provide \$1.5 million", and so on. Then the release goes on to say that only 44 per cent will be paid to large companies.

More than 85 per cent of the funds under this program will be paid to large companies. Yet small companies are being used as a scapegoat for the cancellation of this program. If this Government reduced the ceiling from \$10 million to \$1 million under this program, 90 per cent of the applicants could have their applications honoured and the Government would save 65 per cent of the funds. On the one hand, the Government is saying that it will save \$80 million. On the other hand, the Government is saying this program will cost \$1.2 billion. Yet the Government is only saving \$80 million for the rest of the

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term, which would be from April 27 to the end of December this year. This would be 33 per cent of the length of the program if the program were allowed to run its complete course. Why is the Government only saving \$80 million if two-thirds of the program is going to cost \$1.2 billion? There has to be a very big discrepancy.

The Department is also saying that to date it has spent \$663.6 million, which is half of what it proposed the program will cost. I know a lot of companies will have to file later than this particular date, but certainly half of the \$1.2 billion being estimated will not be requested after the actual program is cancelled. The Government is exaggerating the cost of this program. Once again it is putting the blame on the backs of the small oil companies for something that is not their fault and it is not a program under which they will benefit to anywhere near the extent the Government is predicting.

That being the case, what is going to be the situation? We heard from some very good witnesses: the Independent Petroleum Association of Canada and the Petroleum Services Association of Canada submitted briefs. We heard some very interesting remarks and statements which all indicated that activity in the western sedimentary basin is declining at an alarming rate.

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The brief presented by the Petroleum Services Association of Canada indicates that this year, 25,000 people will be involved in the service industry in the western sedimentary basin. In the last two and a half years alone, that is down from a total of between 40,000 and 45,000 workers. In two and a half years, 20,000 jobs have been lost in the service industry in the western sedimentary basin, an alarming decline in activity.

Drillers have told us that in the second quarter of 1989, there will be only 100 rigs in use. That second quarter is almost over so there is not much guesswork involved. That is down from the second quarter of last year when there were 171 rigs in operation. However, the price of oil this year is higher than it was last year. The situation is not a reflection of oil prices, it is a reflection of the fact that major companies are merging. They are getting their reserves through mergers. They are paper shuffling, not drilling or exploring. Yet the smaller companies that want to drill and explore are not able to get the funding from the banks. Now this