untested for energy resources, and it would appear to be in the classification of high-cost exploration risk.

The tax table accompanying the National Energy Program indicates that the after-tax, after-incentive cost for a Canadian company conducting an exploration program would be seven cents per dollar spent on Canada lands against 34 cents in the Bay of Fundy. For a foreign company it would be 28 cents versus 53 cents. The province of New Brunswick is in no financial position to offset this differential if it is to see its offshore resource potential property evaluated. There has been one hole drilled in the Bay of Fundy, but a number of promising structures remain to be tested.

A ship-borne seismic survey by Chevron-Irving this past summer indicates a renewed interest in looking at this important area. I am concerned about the financial incentive to pursue exploration in the Bay of Fundy as a result of the tax program being proposed by the government. I am also concerned about the policy statement of the government that the Foreign Investment Review Agency will vigorously enforce its investment criteria in the energy sector.

Again, the government policy whereby it does not want to see the oil companies use their cash flow to expand into the non-energy part of the economy impacts adversely on the province of New Brunswick.

Over the past decade New Brunswick has received as much as one quarter of its non-hydrocarbon and uranium exploration expenditures from oil companies or their mineral exploration subsidiaries, most of which are foreign controlled. These firms have sufficiently large exploration budget allocations to justify spending a small portion in relatively high-risk areas or to test new exploration concepts in the areas of unproven potential. Following the decline in the role of junior mining companies in the late 1960s they became leaders in mineral exploration activities.

I suggest that oil companies which have established a level of mineral exploration expenditures over the years should not have their continuing participation frustrated and, indeed, if their participation is to be discouraged by the federal government, it should first see in place a comparable alternative financial source to carry on this development in New Brunswick and other areas that suffer from regional disparity.

The federal government's program does not adequately recognize the potential for New Brunswick oil shales to play a major role in the development of alternate energy forms. New Brunswick's capability to finance research and development in oil shale is limited. The extent and potential of New Brunswick's oil shale are attractive. It has not been defined, nor is it generally recognized, but the evidence collected in the only area recently tested in any detail indicates considerable potential. The one square mile drilled by Canadian Occidental Petroleum over the past number of years comprises about .1 per cent of the area known to be underlain by oil-bearing shales. The Occidental work has shown that the principal zone in the one square mile area contains 8 per cent to 10 per cent hydrocarbon, or several hundred million barrels of petroleum.

It is not unreasonable to assume that at least 5 per cent of the oil shales are of comparable or better quality. If this is so, the potential is for 15 billion barrels or more. Surely, a potential of this nature requires exploration, research and development, and this in turn requires that tax incentives be provided by this government. Instead, the government appears to be moving in the opposite direction and discourages exploration in New Brunswick.

● (1700)

Canada has offered Saskatchewan a five-year, $50 million heavy oil research and development program. It allocates nothing to New Brunswick in terms of development of our oil shales. The role allocated to development of the oil shales in the national energy inventory is disappointing because an active exploration program, coupled with the necessary research and development, has great potential in helping to solve our national energy problems and in providing badly needed jobs in New Brunswick and Nova Scotia.

My search for the base data used to arrive at the areas designated for the special 50 per cent tax credit provision mentioned in the bill before us was greatly assisted by the member for Madawaska-Victoria (Mr. Corbin), for whom I have a high regard, when he asked the Minister of Regional Economic Expansion (Mr. De Bané), as reported at page 5288 of *Hansard* of December 3, 1980, if the minister was prepared to publish the base data used in the establishment of the program, and when he further asked him to confirm that the program is being put forward as a pilot endeavour for the next year.

The minister said, in reply, that he would have never dared to make those designations, either on gut feeling or as an arbitrary decision. The minister said he took the 5 per cent of Canadians who are in most need, and in no province could he designate more than 40 per cent. He further stated that all the statistics have been made public.

If the designation of the census divisions eligible for the program was not arbitrary, why were they limited to 40 per cent of the population of Canada? Are not these in themselves arbitrary criteria?

Is the program only, in the words of the member for Madawaska-Victoria, a pilot endeavour for the next year and, if so, will this not make potential investors reluctant to participate in what may be a start-stop program?

Later, in response to a point of order I raised, the minister said he made a commitment to the parliamentary committee on regional development that during the year he would try to refine the designation to try to correct it as such. He said that there were three criteria: the highest family unemployment rate in Canada, the lowest per capita income, and an isolation factor.

Why did the minister not mention the isolation factor in his earlier reply to the member for Madawaska-Victoria, and why is it not mentioned in the information release on the program which says simply, "The program is aimed at the 5 per cent of the Canadian population suffering the most from high family