

Canada Petroleum Resources Act

benefits of lower gasoline and oil prices. It also eliminated a list of taxes, removing both the financial and bureaucratic burden these placed on companies operating in Canada's oil and gas sector.

Last November 1, the Government delivered on another commitment by reaching an agreement on natural gas pricing and markets with the western producing provinces. If you could, Mr. Speaker, you would ask me: What were the results? I will tell you, Sir. Canada's natural gas industry is now free to compete both in Canada and in the United States. Consumers will benefit because the market-place will determine the price of natural gas, and competition will ensure that the prices are market responsive. Industrial users of natural gas can buy directly from producers or brokers, which will enhance their competitive position *vis-à-vis* American industries.

Companies are responding to the opportunity to make deals without the federal Government determining the bottom line. As Conservatives, we believe this is the way it should be, and Canadians are responding. In fact, contracts under the natural gas pricing and markets agreement are being signed all the time between western producers and industrial users.

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We are all aware that crude oil prices have dropped and have dropped dramatically in the past several months. This will provide a direct economic stimulus to many regions of Canada. However, it is causing serious uncertainty in the oil and gas industry. Exploration and development plans are now under review and jobs are being threatened. It is important to understand that this negative impact will be felt not only in western Canada but in other regions of the country as well. Many suppliers in central Canada depend on orders from the oil and gas industry. People in Atlantic Canada and the North depend directly and indirectly on the industry for their jobs.

Canada's job-creation record since the Government took office has, I believe, been nothing short of phenomenal. Almost 600,000 jobs have been created since we took office. In absolute numbers, we have created more jobs in this nation of 25 million people than all the western European countries combined, countries with a population 16 times ours. That is the phenomenon.

The Government is not complacent about its job-creation record even though it is proud of it. It is concerned about the state of the industry and the impact on jobs right across the country. On April 30, the Prime Minister announced changes to the petroleum and gas revenue tax worth \$175 million to the industry between now and the end of the tax in 1988.

I would like to cite the changes that were included. First, there was an increase in the small producer's tax credit from \$5 million to \$2 million for the life of the PGRT. Second, there was a zero rate of PGRT for the Syncrude and Suncor oilsands plants to the end of 1986. These changes are targeted to small, active, independent producers who have created thousands of jobs in western Canada and are particularly hard

hit by declining oil prices. The assistance will improve the industry's cash flow and will help to maintain short-term exploration activity in western Canada. The changes are consistent with previous tax relief announced in the Western Accord and with provincial royalty relief provided by the Government of Alberta.

The Government of Canada will continue to monitor the impact of world prices on the industry in close co-operation with the Governments of the producing provinces. The energy policies of the Government of Canada have freed the industry to meet the challenge of lower prices. These are tough times for the oil and gas industry but it must survive in a highly competitive domestic and international market. Can you imagine, Mr. Speaker, the state of the industry if it had to deal with the National Energy Program's excessive taxation and the suffocating regulations that were imposed on the industry? We would not have had an oil and gas industry. It would have been gone.

The Canadian petroleum resources Bill is entirely consistent with our approach to energy. It is market-responsive, and that is important. It is internationally competitive, and that is very important. It is free of excessive Government intervention, and that is something for which we fought. It is sensitive to regional interests.

We know that drilling for oil in Canada's far North and offshore carries a higher cost and a greater risk than drilling for oil in the conventional areas. The Canada petroleum resources Bill responds to the challenges that our frontier regions offer us. The Canada petroleum resources Bill will replace the existing Canada Oil and Gas Act with a simplified and fair set of rules designed to encourage exploration success in Canada's frontier regions.

I believe that the Canada petroleum resources Bill is an important legislative element of the Atlantic Accord, of a revised agreement which we are seeking with Nova Scotia, and of agreements that may be reached between the federal Government and other coastal provinces and territorial Governments. This Bill sets the rules that will guide Governments and the petroleum industry in the exploration and development of Canada's frontier and offshore resources.

At the exploration stage, the Government may issue rights in the form of an exploration licence. If a company's exploration effort is successful and results in the discovery of significant accumulations of oil or gas, the company then will have the right to a significant discovery licence. The significant discovery licence will then allow the operator to continue exploration in the area for an indefinite period of time. If the economics and technology justify commercial production, a production licence will be issued at that time. The production licence confers the exclusive right to produce oil and gas from that area for as long as it is capable of commercial production.

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