

*Adjournment Debate*NATIONAL ENERGY PROGRAM—COSTS OF CANADA LANDS
EXPLORATION—OIL SANDS POTENTIAL

Mr. Jack Shields (Athabasca): Mr. Speaker, last week I addressed a question to the Minister of Energy, Mines and Resources (Mr. Chrétien). I asked him how he could justify spending \$12 billion on PIP grants for development in high risk exploration. I am talking about the offshore, in the tundra and the far north. His answer, as reported at page 2283 of *Hansard* was that:

Helping industries carry out exploration in Canada's North and off the coasts of Newfoundland and Nova Scotia is of fundamental importance to Canada because we must know what our resources are and how much our petroleum and natural gas reserves are worth, if we are to ensure self-sufficiency and security of supply—

I am not denying for a moment that getting an inventory of the oil and gas reserves we have in Canada Lands or on the offshore is of fundamental importance.

• (1800)

Clearly the Minister is evading the question because basically we are not going to achieve oil and gas self-sufficiency. The practise of the Government, through its National Energy Program and the PIP grant system taking taxpayers' money in the form of the petroleum gas revenue tax, and transferring it directly in the form of grants, totalling \$12 to \$14 billion since the implementation of the National Energy Program, is totally ludicrous. To suggest that there is not another way to gather the information and get the inventory in place in Canada Lands and in the off-shore is silly. Activity was going on off-shore and in Canada Lands. The large companies were ready to gamble and take the risk. All we had to do was put the proper incentives in place to allow these companies to go ahead.

In northeastern Alberta we have the Athabasca Tar Sands which contain the single largest known oil reserve in the world. We have that in Canada, and we have the technology in place to extract the oil from those oil sands. We have the qualified people to do it. One single plant would create 30,000 to 40,000 jobs across the country. Why are we not focussing the attention on our oil sands? I made this suggestion to the Minister of Energy, Mines and Resources (Mr. Chrétien). He indicated that he had signed agreements on three small plants in northeastern Alberta, the *in situ* plant at Cold Lake and two others. They are relatively small but work is going ahead, not because of the National Energy Program but in spite of it.

The National Energy Program completely killed oil sands activity. The Minister is now modifying the Program by removing some of the onerous taxes on these plants and is allowing them to go ahead. It has been proved conclusively, by the millions of dollars that are now being expended around Bonnyville, Cold Lake and Grand Centre, on the Wolf Lake and the Cold Lake projects, that when the Government removed the restrictive taxes put in place through the National Energy Program exploration would go ahead.

William Hopper, President of Petro-Canada, announced as recently as last week that Petro-Canada is prepared to go ahead with a mining operation north of Fort McMurray if this Government removes some of the restrictive taxes that are in

place under the National Energy Program. He made that very clear.

I say to the Government, put the incentives in place and the companies will develop the oil sands. I say put the incentives in place and the major companies will explore the off-shore off Newfoundland, in the Arctic Circle, in the tundra and in the so-called Canada Lands.

Let me remind Hon. Members of the original discovery at Leduc No. 1 in 1947. Prior to that major companies came to Canada, invested money, explored for oil and drilled dry hole after dry hole. They were doing what is called wildcatting. They finally struck oil. At that point in 1947 there was not one Canadian oil company of substance in Canada—not one. We did not have drilling companies, seismic crews or companies, mud companies, logging companies, nor any of the multitude of companies that service the oil industry. Today these types of companies are close to 100 per cent Canadian owned because the companies that were encouraged to take the risk had the funds behind them to do so.

I say the Canadian taxpayer should not be paying \$12 billion to \$14 billion over the life of this National Energy Program to drill in high-risk exploration when we have oil sands ready to be developed. The same encouragement should be given to Canadian companies today. It would create activity and jobs across the country. This is just silly. We should be encouraging the majors to do it because they have the wherewithal, not enticing small Canadian companies to go into the offshore and the Arctic. When it comes to production time the small Canadian companies do not have the financial backing to enable them to put the oil onstream if and when they find it.

• (1805)

Hon. Members should remember that we have the largest, single, known oil reserve in Canada in the Athabasca tar sands. We have the people, we know where it is. We need it for energy self-sufficiency, but we are going to lose the opportunity that we have.

Mr. Leonard Hopkins (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, in his question of March 21 concerning the costs of Canada Lands exploration, the Hon. Member for Athabasca (Mr. Shields) referred to expenditures of taxpayers' dollars on high-risk exploration in the amount of \$12 billion by 1986. For the record, I would like to point out that the forecast of expenditure under the Petroleum Incentives Program for the period January 1, 1981 to the end of 1986 is \$8 billion on all lands in Canada. This includes payments under the program for Alberta, financed by the government of that province, which, together with Petroleum Incentives Program payments for programs in other provinces, account for close to 30 per cent of the total program. Consequently, Canada Lands exploration will receive something in the order of \$5.6 billion over the period 1981-1986, not \$12 billion. There will be an equal distribution of the \$5.6 billion between Canada Lands in the north and off the East Coast.