

*Petroleum Incentives Program Act*

way, within certain tolerances. It will mean that private companies will have to file applications and seek the minister's dispensation every time the investment structure of their company changes in any significant way. Furthermore, there are the onerous record-keeping provisions which provide, among other things, that these records will be held in confidence by the minister and may only be released to the courts if they are required in criminal proceedings related to fraudulent abuse of this act. This will, in fact, invite fraudulent abuse because people can play with this schedule, manipulate the system, falsify information, and ministers and political hacks can exercise favouritism to benefit certain people who have access to friends in government.

This is another reason why the oil and gas and related industries have been alarmed by the provisions of this legislation. It is no secret that the value of oil and gas shares in Canada has collapsed since the introduction of the NEP. We have considerable data to justify that statement. I have a rather interesting quote from a very well known executive, the vice president of PetroCan, Joel Bell, who said in December 1981:

Let us look at the stock market, as something of a barometer with regard to whether the Canadian (taxation) régime is appropriate. When the National Energy Program was announced in late October of 1980, the stock market dropped. If you take a period of a year, from October 1980 to October or November of 1981, it has dropped by 22 per cent.

In fact, the oil and gas index has dropped on the Toronto stock exchange by some 1,300 points in 1981 as a consequence of the NEP. This program, along with FIRA and PIP grants, is having a tremendously detrimental impact on the industry, contrary to the allegations of the minister who read selectively from a telegram or letter from one company in Calgary which is friendly to him. The statistics show that this legislation is having devastating effects on oil, gas and mineral exploration. Well completions in the western Canadian basin dropped to 7,200 in 1981 from 9,500 in 1980. Canadian investment in the industry has dropped by 25 per cent, with a corresponding increase of 25 per cent in the United States. Wells drilled to the development stage dropped 28 per cent in 1981. And as we have heard many times in the House, some 226 drilling rigs have left Canada for the U.S. since October, 1980.

These PIP grants, Mr. Speaker really represent a supplementary profit to the oil companies fortunate enough to qualify. Because of the uncertainty involved and the typical delays of government departments in writing cheques and processing applications, the successful companies will have to predicate their investment decisions on the assumption they can make their goal without the grant. In other words, they will have to assume a certain profit on the initiatives they take, whether or not they qualify for these grants. They are, in other words, going to be padding out profits from 10 per cent to 20 per cent to enable them to apply for these incentive grants.

In that respect the companies with the inside track, the larger and well-financed companies, might well go for the program, but we have to remember that in a heavily regulated economy, in any sector, including the oil and gas sector, these uncertainties will ultimately lead to higher costs to the consumer. That will be the impact of these initiatives.

Smaller companies will find, in fact have already found, that the delays and unwieldiness which this legislation represents make the risk just too great to justify the investment. So we will find more and more of the larger Canadian-owned oil and gas companies diverting their investment to the south, as they already have. We will also see the larger companies which have access to the cabinet, those whose presidents can afford to come here in their Cadillac limousines and have lunch with the Minister of Energy, Mines and Resources (Mr. Lalonde), will become top heavy and over-extended to the extent they may well collapse in the not too distant future. I do not need to name them, many of us know who they are. And ultimately the taxpayers will pay the cost.

We debated Bill C-48 in the House a few short months ago, and now the threats of more possible confiscation of exploration interests through that bill and other aspects of the NEP will impair, indeed have already impaired, our ability to achieve energy self-sufficiency. Contrary to everything the NDP energy critic has said, self-sufficiency means oil and gas. Energy experts the world over will concur in that. We have to develop our oil and gas alternatives within the western basin, the frontier lands, and the Canada lands north of 60. Because of the negative impact of the NEP we find an increased dependence on imported oil. Because of certain provisions in the NEP we have excessively inflated compensation charges to the refineries who refine that imported oil, even though they can buy it more cheaply. The point we have to realize, Mr. Speaker, is that when governments interfere with the forces of supply and demand, we are ultimately going to pay more. We saw that in the case of uranium where this government openly participated in an international cartel in order to prop up artificially the price of uranium. As a result, our uranium ventures are shutting down and our CANDU reactors are not selling because we pretended that somehow we could control the price, when in fact ultimately, and by natural forces, those prices will always be dictated by supply and demand.

• (2110)

This bill is ludicrous. In fact, it represents another great Liberal fraud being perpetrated on the people of Canada. On the one hand, this government wants to create the illusion of getting tough with the industry. The government has not allowed us to debate in the House the evidence, in whatever form it takes, on the so-called alleged excess profiteering of the oil and gas industry. The evidence has not yet been heard and the decisions have not yet been taken on all of the matters before the courts. But for some reason the government has decided to create the impression that the oil and gas industry is the great bogeyman within our country and not the important dynamo for maintaining our industrial economy which, in fact, it is.

The government has done this in an attempt to impress the public. But again, this is a point made regularly and rightfully by our colleagues to the left that the government wants to hand grants back to the industry through the back door. The government taxes the companies excessively, it gets tough with