

Petroleum Incentives Program Act

The Hon. Member for Humber-Port au Port-St. Barbe—and I suppose it is true for all Members from Newfoundland—saw the great carrot hung out in front of the people in Newfoundland, that is, offshore oil, and saw an announcement made by the oil companies that there will be practically no drilling this year, not even a guarantee of one well, because the oil companies claim that the federal Government has discontinued PIP grants under the Bill before the House. You can then understand, Mr. Speaker, why the Hon. Member from Humber-Port au Port-St. Barbe would speak sometimes as loudly as he does and get so emotionally involved.

As he so correctly pointed out, the Minister of Finance in this Chamber last May presented a Budget. In that Budget the Minister of Finance said—and I am sure if you check the Budget Speech you will find this to be practically exactly what he said—that the Government of Canada will honour all commitments made under the Petroleum Incentives Program and will not phase out those grants until those commitments are met.

We have the major oil companies in western Canada in the news media in the Province of Newfoundland saying “We cannot drill. This is 1986. We had a drilling program up to the end of 1987 but we cannot drill now”. You have 1,000 people working in that industry. Somebody might say that it is only 1,000, but it just so happens that they are well paid people. On thousand families are affected.

The Hon. Member from Humber-Port au Port-St. Barbe also spoke about the business community that made investments. He mentioned the disaster in the offshore while this drilling was taking place.

Newfoundlanders are now asking where is the carrot? Where are the jobs now? People are asking, why, after all of this hoop-la by the Conservative Government in Ottawa and the Conservative Government in Newfoundland, are we looking at no jobs? What about the *Ocean Ranger* disaster? What about all of the statements that were made after that? Some politicians claimed that we had to come to grips with the problem, that that is the danger of working at sea. Some politicians said that these people worked for a great, glorious and bright future for all Newfoundlanders and Canadians. The Bill now before the Chamber, and the decision of the Government, mean that there will be no more drilling. I can assure you, Mr. Speaker, that the majority of Newfoundlanders today know that you just cannot find a job any day of the week, any month of the year, or any year.

● (1540)

They also remember what the Premier of Newfoundland said and what the federal Government said prior to getting elected. The Government promised a great new era of federal-provincial co-operation and that the great offshore would be developed for the benefit of all Newfoundlanders. They were told that there would be enough jobs, that they would not need to work in the seasonal plants, look for part-time work, or count on direct program delivery.

The Premier, the Prime Minister (Mr. Mulroney) and certain Conservative Members complained that the Liberals created jobs for four months of the year paying \$200 a week for 40,000 Newfoundlanders a year. The Conservatives said that they would create long-term jobs through the offshore agreement. They said they would give Newfoundlanders a great and prosperous future.

What is happening today with this Bill? What has the Government done recently? Well, it has done some incredible things. It introduced this Bill and a policy statement saying that it will not honour a commitment made by the Minister of Finance (Mr. Wilson) to honour the PIP grants. It is immaterial whether you think PIP grants are a waste of money, or whether you feel the companies will not drill without the PIP grants because they were actually making money on them, when you consider what is happening in Newfoundland.

The other policy for the offshore which really burns the people in Newfoundland who have read the legislation is the Atlantic Accord which the Government introduced in this Chamber relating to the offshore and offshore drilling. It should be called the Atlantic Discord. The Bill stipulates that the oil cannot come ashore to Newfoundland to develop any jobs. It cannot be used for refining purposes in the Province of Newfoundland. It cannot be used for petrochemical industries in Newfoundland.

Mr. Rodriguez: Why not?

Mr. Baker: The Member for Nickel Belt (Mr. Rodriguez) asks why not. I will tell him why not. There is a clause in the Bill, which I believe meets the Conservative philosophy, which says that if an offshore drilling company has sales contracts for offshore oil anywhere in the world, those contracts must be honoured before any oil can come ashore anywhere in Canada. It says that anything in excess of that will go to existing refining capacity. Quebec is excluded from that Bill. It refers only to existing refining capacity in New Brunswick, Prince Edward Island, and Nova Scotia. The first contracts which must be fulfilled are those for sales anywhere outside of Canada.

Let it be clear on the record that there is to be no drilling because the companies are not going to get any money. Under the new income tax system, the companies will get back about 30 per cent of what they invested. They previously got back 80 per cent. The Canadian oil companies are saying that they cannot drill this year. It is those companies that actually employ people in this country.

The Government of Canada then said that perhaps it would allow them to drill two wells or four wells. When one looks at the contracts of these companies one can see that they must drill five to seven wells in order to retain their rights to the drilling permits. In other words, if they do not drill the wells by the end of 1987, they will lose their leases for over 2 million acres offshore.

This Government and the Government of Newfoundland are like two peas in a pod. They promised so much. If Newfound-