

*Customs and Excise*

tered by the Canadian Oil and Gas Administration would result in exploration activity in total value of \$702 million off the coast of Nova Scotia. It is easy to see why offshore exploration is the hope for the future in Nova Scotia.

I want to give two specific examples of how the offshore activity affects an area like Nova Scotia. The first example is a small company called M & M Manufacturing Company Limited in Fall River in the constituency of Halifax West. It is in business, and succeeding in business as a result of the offshore activity. The President of that company, Melvin Mattie says that business is great. He employs people in that small community near Fall River and estimated that his revenues last year would be \$1.5 million, increasing to \$2 million in the following year. That is an example of a small business that was created and has been successfully operated on the basis of the offshore industry. That is how jobs are created for Nova Scotians in relation to offshore development.

A great issue in Nova Scotia today is the position taken by the various Liberal candidates with respect to the Petroleum Incentives Program. The notion exists that some leadership candidates are not in favour of the Petroleum Incentives Program. Of course, those candidates who are not in favour of this program will receive very few votes in Nova Scotia. What the Government will do in the future with the Petroleum Incentives Program is a matter of real concern. Let me point out that the amounts involved in the government's Petroleum Incentives Program are immense. We are talking about an expenditure of \$4.7 billion over the life of the program. The Government must ensure that these massive amounts of money are converted into real benefits for Nova Scotians and all Canadians. That is why I again refer to the importance of Bill C-16 which hopefully will ensure that the vessels and other equipment used in the offshore industry will be Canadian made.

● (1700)

In that respect I want to point out and underline that we are quite late with this kind of measure. I was amazed when the Minister on introducing this Bill referred to the fact that in some areas there are no suitable Canadian vessels. I can tell the Minister why there are no suitable Canadian vessels. There are vessels that serve oil rigs around the world which have been in existence for a number of years. There is no equivalent industry in Canada. Not having an offshore industry in Canada we did not have the rigs and the service vessels.

If we are going to allow Canadians to participate in this aspect of the offshore oil industry, namely, the construction of rigs and service vessels, Mr. Speaker, then we have to provide some lead time. We cannot take the position that there are no existing vessels and rigs, so we will allow foreign vessels and rigs to be brought into the 200-mile zone to service the Canadian oil industry. We have to stop it now. We have to say "no more foreign vessels". That will allow Canadian shipyards to go to work to construct the vessels and rigs required. Then we will have Canadian vessels.

If I do not make myself clear, let me express it as a self-fulfilling prophecy. If we create an industry where there was no industry, such as the offshore oil industry, we cannot expect to have all the articles of that industry in place. If we make the statement that we do not have and we will not have the equipment, then that prophecy will be fulfilled, Mr. Speaker. In other words, if we do not take steps to allow Canada to gain entry into the industry, it will never happen.

In that connection, I want to underline the work done by the Minister of Development in Nova Scotia, the Hon. Roland J. Thornhill, who has taken a very close look at Nova Scotia's participation in the offshore oil industry, particularly in terms of Nova Scotia benefits. It may be of interest to Members of the House to know that under the terms of the Canada-Nova Scotia agreement, resource companies negotiating exploration and development licences with the federal and provincial governments must submit a benefits plan.

The benefits plan defines the exploration or development activity in terms of the expenditures expected to result from programs, the employment to be created, and the potential socio-economic implications. Employment and expenditures are translated into Canadian and Nova Scotia content commitments based on industry and government experience.

By way of this action taken by the Minister of Development in Nova Scotia in co-operation with the federal authorities we can receive assurance that Nova Scotians and Canadians are going to benefit from these operations. But the way they will benefit most is by keeping the activity in Canada. The way we will benefit most in Nova Scotia from the off-shore energy industry is by building the vessels and the rigs that are used in that industry, and by supplying the services that are required for it. We will only do that if we get the head start I was talking about and if we start the ball rolling right now by agreeing that Canada has to be given the opportunity to get her foot in the door by way of constructing vessels, oil rigs and other equipment used in the offshore industry. During the period when Canada has to get its foot in the door the industries involved need some protection. This has already taken place to a limited degree.

The Saint John shipyards has already constructed an oil rig, *Beau Dril III*, which is now in operation off the coast of Nova Scotia as I understand it, although it sat in Halifax Harbour for several months receiving some final work. There is no doubt about the ability of the Nova Scotia, the New Brunswick and the Newfoundland shipyards to construct the kind of service vessels used in the offshore industry. If we bring in these protections, Mr. Speaker, and we are serious about it and really want to get Canada into this industry by protective measures and the required assistance, then we can participate in a real way.

To give you one example of the difficulties that occur, the amount and value of work that flows out of Canada in the offshore industry is not always realized. All of the statistical material that relates to offshore development is done outside of Canada as far as I know. It is a multimillion dollar item. We have to be on guard to make sure that Canadians get the