

today, subsequent renewals and agreements have been similarly exempted.

This amendment does two things. It extends the timeframe past the current expiration date of 2008 which allows Imperial to plan for long term recovery. The amendment also changes the 1944 boundaries to incorporate the entire field. Changing the boundaries to exclude non-productive portions and include new fringe areas results in an addition of 350 hectares to the old proven area.

• (1740)

Canada and Imperial will not have to determine whether oil comes from pockets inside or outside the former boundaries. This will solve potential administrative problems for royalty and share calculations.

The government undertook numerous consultations when arriving at this agreement. Pursuant to the spirit and intent of the land claim agreement under negotiation with the Sahtu Dene and Metis during the same period, the government initiated discussions with them to ensure that the views of the long term stakeholders would be taken into consideration when contemplating any prospective changes to the proven area agreement.

Most other people living in Norman Wells are in some way directly dependent on the oil and gas extractive industries. Many will leave once oil production ceases, however the vast majority of the Sahtu peoples will remain.

The Sahtu agreed to this amendment at the end of March. It became apparent that Imperial's planned investment of \$30 million for this fiscal year might be jeopardized if concurrence from the Sahtu was not forthcoming. Although it is probably not binding, the Sahtu made their acceptance contingent upon the enactment of Bill C-16, the Sahtu Dene and Metis Land Claims Settlement Act.

I am not generally a cynic, but I cannot help wondering about the timing of these two respective bills in the House. What would happen if Bill C-16 were held up indefinitely or even defeated? Would the government also have to repeal this bill?

I fully appreciate that this represents a significant opportunity for the Sahtu peoples to apply some indirect pressure on the government to proclaim an agreement they have anticipated for decades. But is it responsible of the government to enter into verbal agreements of this nature linking any two pieces of legislation?

Government Orders

The government also consulted with the Canadian Association of Petroleum Producers to seek its views on the principles of the amendment. The government assured CAPP this agreement would not set a precedent for the issuance of rights anywhere else in Canada.

Again the government gave assurances it cannot guarantee, this time promising this agreement would not be linked to decisions in the future. As we all know it is the job of lawyers to find precedents they can use to the advantage of their clients. Governments have also been known to fall. How can this government give a guarantee to other petroleum producers that this agreement does not set a precedent down the road?

Over the past decades the resource based industries have struggled against global recession, depressed prices, unpredictable policy and investment climates and increasing taxation from all levels of government.

Although the Ministry of Natural Resources has just released a report stating that Canada falls somewhere in the middle of the international competitive range with respect to taxation rates in mining, that is not the perception of the industry. The mining industry looks at the high marginal tax rates. Those have driven Canadian exploration and investment dollars overseas to South America. This government has the opportunity to reverse that trend by developing policies to encourage domestic investment.

In the petroleum sector depressed oil prices have resulted in massive layoffs and extensive restructuring of the industry. In the last couple of years we have seen a surge in natural gas prices leading to the current boom, but oil prices remain low and the future uncertain.

The cost overruns at *Hibernia* would not have been debated so strenuously if oil prices were stable at \$50 U.S. a barrel, but they are not. Oil prices have just barely hit \$17 on the heels of a five year low, dipping below \$14.

In this erratic global market, oil companies must make significant investment decisions based on many factors, not just the price of oil. Confidence in government policy is a critical component in those decisions.

This amendment in giving force to the Norman Wells amending agreement signed in April provides Imperial Oil with the security of tenure it needs for long term planning. It has been assured there is time to realize a return on major investments in new technology. These investments are essential to maximizing production from this field.

This amendment is good for Imperial because it provides a stable planning environment. It is good for the Sahtu Dene and other local residents because they can rely on employment opportunities and a cash infusion into the local economy for