

with the industry on this particular grandfathering clause in the PIP regime.

Some companies have expressed concern that it is not enough, that they would like to do more exploration and they would like more money in that period of time. That is only natural. When a program is about to close everybody wants just a little more. I can remember when it was announced that the CHIP program would all of a sudden close a year early there was a mad flurry of applications. That is human nature. People tend to put off things until the very last moment and then all of a sudden they want more and more and more. I understand that, that is a way of life. I put off renewing my licence till the very last possible day, until my birth date. I know I am being chastised by the Hon. Member for Ottawa-Carleton (Mr. Turner) for doing that, but I think it is human nature and that is what we have seen here.

We feel we have struck a fair deal with the industry on the grandfathering clause, that there will be activity in the frontier and this will cushion that period of time until we get into our new regime of exploration on the frontier. I am sure that my colleague from Cape Breton-The Sydneys (Mr. MacLellan) will have more to say on that when he makes his contribution to the debate on third reading of this Bill.

With your permission, Mr. Speaker, I might thank the Hon. Member from Cape Breton-The Sydneys as I know that in order to be here this morning he had to make some special arrangements, and I do appreciate him doing that. I trust that he will take my best wishes back home to his mom, who I know is not feeling well. I am hopeful that she will be up and around in the not too distant future.

We are pleased with this Bill. It fulfils the campaign promises made by this Party before the election, and the policies of this Government regarding energy and dismantling the National Energy Program and to bring in a new energy program. We feel it is going to be far more receptive to the warrants and the requirements of a very vital industry. We are going through a period right now of low prices, a matter of great concern to this Government, which is affecting adversely one province especially.

I can tell the Hon. Members here that what we are talking about is frontier exploration. We are talking about bringing supplies onstream, probably four, five, six years down the road. As James Schlesinger, the former Secretary of Energy, said recently in Ottawa, projections are difficult, especially if they pertain to the future. What we have to do at this particular time is project what is going to happen in the world of energy, in the world of hydrocarbons, four or five years down the road. The industry is doing that. They have confidence in the frontier and have assured us that they are continuing their exploration and their development work.

I conclude by saying that we are extremely pleased that we have brought Bill C-85, the Petroleum Incentives Program Act, to this stage. We are seeing it pass through with grandfathering clauses in place to take care of those signed commitments that were in place at the time of the Western Accord. It is part of our over-all package which will be continued with

### *Petroleum Incentives Program Act*

Bill C-92 in the not too distant future. I look for speedy passage of this Bill so that we can send it on to the Senate and Royal Assent. Thank you very much, Sir.

**Mr. Russell MacLellan (Cape Breton-The Sydneys):** Mr. Speaker, first of all I would like to thank the Parliamentary Secretary for his kind comments regarding my mother, and I appreciate it.

Mr. Speaker, Bill C-85 is one that, as the Parliamentary Secretary has said, has gone through first and second readings and through committee. This Party has not agreed to the Bill. It feels that the Bill is particularly harmful to the energy sector and to the people of Canada. Not only that, this Bill is harmful to the credibility of Governments in general. I think we have a situation where this Government is not honouring commitments made by the former Liberal Government. It is going to speak very badly for continuity of investment in Canada if the energy sector and, indeed, the business community look upon Canada as a place where you have to get in and get out before the Government changes. That is going to be very unfortunate, but that is what is happening, and that is what foreign companies, multinational companies, and Canadian companies are looking at.

This Bill also does a great deal of harm to frontier development. I will speak considerably more about that as I continue in my speech. What we are doing is really very harmful for the future. We are literally sabotaging our security of supply of oil and gas in this country. We are going to be very sorry and we are going to regret the day that we allowed this Act to pass.

What is going to happen to the very important question of Canadianization, to Canadian companies that under the Petroleum Incentives Program were able to receive 80 per cent funding even if they were in a non-taxpaying position? Under this Bill they will only get 10 per cent financing. We are going to have Canadian companies that will not be able to participate. It is a very serious situation. I would like to just go through, if I may, some of the things that were discussed in committee, some of the points that this Party feels must be made so that this Government if it passes the Bill is forewarned that it is passing something completely unpalatable to this Party, unpalatable to the energy sector, and I think unpalatable to Canadians who know about the situation.

● (1230)

One company in particular, Husky-Bow Valley, filed a drilling program with the Department of Energy, Mines and Resources in 1983. It believed at the time that, on the basis of that plan and its acceptance by the federal Government, it could drill the wells it anticipated. In the belief that it was assured of these wells, that it had an agreement and the support of the federal Government, Husky-Bow Valley took upon itself to build two drilling rigs that would be designed exclusively for East Coast drilling, although they could be used in other parts of the world. These two drilling rigs cost the Husky-Bow Valley consortium \$430 million, which they paid in anticipation of being able to drill the proposed wells it laid out in its program, and to which the Government agreed.