

majority of people in Canada do not understand the operations of the oil and gas industry. That is a problem which not only Members of Parliament and those people involved in the industry for 40 or more years have to face, but it is also a problem for the industry and its employees. They have over the years done relatively little in the way of educating the public at large as to how their operations work. Then when we are faced with the NEP, faced with a government which has used this industry as a whipping boy for everything that they find people mistrust about capitalism, it is very difficult to put their views forward as to the proper operation of their industry, what alternatives there were to the public Canadianization of the industry, and the kinds of incentives and taxation procedures necessary to take away some of the excess profits of the industry as world prices went up, and yet at the same time not destroy the industry.

The drilling industry, for example, was faced not only with the NEP, but at the same time it was hit with high interest rates. They were drilling at a very high rate and finding lots of natural gas, if not so much oil. They were then faced with an oversupply of natural gas with the resulting low cash flow because they could not market the gas. Then there were the uncertainties involved in a lack of agreement between the federal and provincial governments on taxation. In addition, there was the problem that it has taken over a year to define the National Energy Program by way of legislation. We now find a reluctance on the part of investors, domestic and foreign, to invest in the drilling industry and so we are faced with some very serious difficulties in obtaining the funds to get the drilling industry going again.

Now, in addition to that tremendous lack of knowledge which I spoke of about how the industry works, we have here in Ottawa a group of public servants and deputy ministers along with the minister who, I feel, at that time knew very little about how the industry evolved and how it had been so successful in finding oil and gas. In fact, through natural processes much of the industry was being bought and taken over by small Canadian firms.

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That is the way we should have proceeded with a national energy program. But here we had a minister supported and pushed by his public servants to bring in his National Energy Program which has hurt the nation so badly. Think of what has happened to the goal of energy self-sufficiency. Think of the number of jobs lost, rigs lost, the severe damage to small companies, and the increasing number of small Canadian companies declaring bankruptcy. When the program was put in place it affected many more people in this country than the minister or his public servants who supported him could ever imagine. They had no idea of the effect their program would have on this country. Perhaps they were prepared to take the risks because of a feeling that Alberta was doing too well or that the western provinces were doing too well as far as oil and gas revenues were concerned. Maybe it was thought that with drilling taking place offshore on the east coast as well as the Beaufort Sea, some capital should be moved into those areas

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and by doing that we would have some success and it would all be worth it.

However, that has not come about. The people who have been involved in the industry and the provinces so affected by the oil and gas industry cannot trust this government to put forward an objective picture of the oil and gas industry. Many companies, provinces and Members of Parliament have recognized this. Television and newspaper ads are now being placed by the Independent Petroleum Association of Canada, the Canadian Petroleum Association, and other independent companies to show how industry works. These ads show the types of employment the industry creates and the opportunities available to young Canadians for work. There are opportunities to take over parts of companies to a large extent now foreign owned so as to achieve greater Canadian ownership. These kinds of ads and education procedures are continuing. At the same time people are being told about the devastation which has taken place in the industry.

Those of us who represent areas which produce oil and gas are receiving hundreds more calls from people who are being laid off. We are receiving calls from companies that just a year ago were looking at a bright future but are now bankrupt. We realize that we have to do a lot more to educate our colleagues about how this industry works. We have to get across what kinds of alternatives there are in order to see the vision that we wish as far as Canadian ownership is concerned. At the same time we must not create the dilemmas now being faced in the oil and gas industry.

There are alternatives to this bill which introduces the Canadian ownership rate. Some alternatives were put forward in the 1979 budget that was defeated. In it an offer was made to Canadian citizens to invest in oil and gas companies. In return some capital gains relief would be given. There was also a provision for directing the incentives program to the small Canadian-owned oil and gas companies are respecting the taxation procedures to be used as far as profits of the large companies were concerned. Those were the alternatives that were available, but instead the oil industry was used as a whipping boy by this government. It was used to foster Canadian nationalism in the sense of nationalization of companies run by Canadian governments and Crown corporations.

In reply to a question yesterday, the minister in defence of the National Energy Program said that in the last year we have gained 6 per cent more Canadian ownership. That is probably true. If one looks at the acquisitions of Petro-Canada and Dome Petroleum, some large companies were bought out. But what was the cost of doing that? Canadian taxpayers have put over \$1.5 billion into Petro-Canada. Petro-Canada itself has borrowed in the billions of dollars in the private sector to buy out some foreign-owned oil companies. They have not found much more oil. All that has been accomplished is the purchase of more oil already discovered.

Another cost of the National Energy Program was lost jobs, about which I will go into detail in a few minutes. Also as a