

*Petroleum Incentives Program Act*

are being treated unfairly and this program should be phased out differently. Therefore, it is consistent for me to say that and oppose this Bill.

**Mr. Baker:** Mr. Speaker, a moment ago the hon. gentleman said that he felt his Party owed it to the companies. I think perhaps he meant they owe it to the workers in the offshore and the companies which keep those workers employed.

In view of his party's position, does the Hon. Member believe—Mr. Speaker, I would ask the Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. McDermid) to listen to the questions and answers because he would learn something. It is unfortunate that questions were not allowed after his speech because that would have been a most enjoyable ten-minute experience after hearing the statements that Member made in the Chamber this morning.

**Mr. McDermid:** Mr. Speaker, I rise on a point of order. I would be happy to answer any questions the Hon. Member may have. I was in committee for a week and I did not see him there once asking one question. He is show-boating.

**Some Hon. Members:** Shame, shame.

**The Acting Speaker (Mr. Paproski):** Order, please. Order! The Hon. Member for Gander-Twillingate has the floor for a question or a comment.

**Mr. Gauthier:** That is going to cost you. That's a dumb move.

**Mr. Rossi:** He is dumb anyway.

**Mr. Baker:** Does the Member believe that the oil companies which drill in the offshore and frontier lands actually made money from the PIP? This is a very important question, Mr. Speaker. The Member has considerable knowledge in this field. Does he believe that these companies actually made money drilling under the PIP? In other words, regardless of the price of oil, would they have drilled under the PIP?

I ask this because he knows that companies from western Canada are now saying they cannot drill in the offshore, not because the price of oil has gone down but because they cannot get the PIP money. They say that if they got an 80 per cent return on their dollar they would continue drilling. With the present income tax structure the return is about 30 per cent, and they say they cannot drill under those circumstances. Regardless of the price of oil, does the Member believe that with the PIP in place the companies would have drilled? In other words, is he saying that the companies actually made money under the Petroleum Incentives Program?

**Mr. Waddell:** Mr. Speaker, I will first say that the Member is right in saying that we owe it to the workers employed by the companies on the East Coast to not let them go just like that. That is what will happen if we do not phase this out in an orderly fashion. That was the evidence in committee.

With regard to whether the companies are making money or could continue, I will quote Mr. Allan Ruffman, the Vice-

President of Geomarine Associates Ltd. He told a business conference in Halifax, Perspective '86:

Based on the stated intention of East Coast explorers, there will probably be a 40-to-50 per cent reduction in drilling and a 70 per cent drop in the number of active rigs for a 50 per cent decline in over-all activity.

That was before oil prices fell. He said:

With the elimination of the replacement of exploration grants by tax breaks, however, the smaller companies may be out of "the offshore game".

We had other witnesses who said that without the grants they would not be in there. Oil companies will go if you give them big grants or super depletion allowances. Of course they made money under the Petroleum Incentives Program. I wish the committee could have studied some of the abuses which I heard of under the program. Money was transferred from company to company. There were a lot of abuses, but they made money and they drilled. There was activity there, there is no denying that. However, if you put enough money in front of anyone, they will take it as encouragement to go ahead.

● (1430)

**The Acting Speaker (Mr. Paproski):** I regret the Hon. Member's time has expired. Debate. The Hon. Member for Laval-des-Rapides (Mr. Garneau).

**Mr. Hnatyshyn:** Point of order, Mr. Speaker. I do not want to discourage anyone from speaking on this Bill, but there were discussions between the parties on the basis of rearranging the scheduling of Business of the House to accommodate the Liberal Party energy critic and the Hon. Member for Vancouver-Kingsway (Mr. Waddell). I had a clear understanding that in order to accommodate the critics we would have one speaker per party. I would like to know if the Hon. Member for Laval-des-Rapides (Mr. Garneau) was aware of that understanding and whether the Liberal Party is going to continue speaking on this Bill.

**Mr. Gauthier:** Mr. Speaker, I was here yesterday when the Minister made a proposal concerning Bill C-85. My House Leader said he could not give his undertaking to whatever the proposal was because we did not understand it. There was a lack of communication. There must be another lack of communication because I understood that the Member from our party who spoke this morning on the Bill did not tell us there was an agreement that there would be only one speaker. He did tell me that the Bill would be voted on today sometime but I never understood there would be a restricted number of speakers.

**Mr. McDermid:** Mr. Speaker, I was involved in the discussions and the initial agreement was that the Hon. Member for Vancouver-Kingsway (Mr. Waddell) and I would speak today. Because of an illness in the family the Liberal Party critic would speak on Tuesday. As it turned out he very kindly said he would stay this morning so we would have one speaker each. I made that agreement with the critics who in turn spoke to their House Leaders. The Hon. Member filled his commitment this morning and has since left for his riding because of