

Canada Petroleum Resources Act

movers and shakers with which the Government likes to be associated.

I think that this is a very, very unfortunate piece of legislation. The Government's energy policy is very unfortunate for all Canadians.

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, it is with a great deal of pleasure that I rise to speak on this Bill. I must say that I have been energy critic for the New Democratic Party since 1980 and I have seen these policies come and go. I almost feel as if we had gone full circle.

I want to congratulate the Hon. Member for Erie (Mr. Fretz) on his speech. I did not agree with very much of it, but it was a very thorough speech. He put out his philosophy as he sees it. I want to congratulate the Member for Cape Breton—The Sydneys (Mr. Dingwall), who came after me on the Energy Committee. Without sounding patronizing may I say that he certainly knows what he is talking about in this area.

I want to deal seriously with one aspect that has never been dealt with in this House. I will come to it in a minute. Let me say generally that what this Bill does is to change the oil and gas regime, that is, the exploration and development on Canada's frontiers, that is mainly the East Coast and the Arctic. This Bill turns back the clock, with one or two exceptions. It turns the frontiers, quite frankly, back to the Yanks and to the American oil companies. It is turning and running in the face of American pressure to abandon the National Energy Program. The National Energy Program was successful in the frontiers, mainly because there were massive grants going to the frontiers. The program got Venture going off Nova Scotia, and Hibernia off Newfoundland, and it meant more discoveries in the Beaufort Sea for use of Canadians later on when we have the next energy crisis.

It got Canadian firms involved, both public and private, and it got private companies like Husky-Bow Valley and public companies like Petro-Canada into the frontiers in a much bigger way. It did this by nationalistic policies. It used the power of the state to make sure that Canada gets a fair share of their resources. After all, they are our resources. There was tremendous opposition from the United States Government and from the United States oil companies, and I am sad to say that they eventually have won. This Bill is one of the results of their intensive lobbying efforts.

Let me deal in some detail with the abolition of the Crown share, or the 25 per cent back-in provision which is held by the Government of Canada for all interests in frontier lands. It is a central part of this Bill. The new Bill eliminates the Crown share provision of the Canada Oil and Gas Act, which was an Act passed in 1981 in this House. That Act provided for a 25 per cent share for the federal Government in all interests held in the frontier lands.

Let us go back to see how the Government looked at the situation in 1980. If you put an exploration incentive in place, the federal Government has to pay a subsidy. An exploration incentive is a subsidy. The Government must consider whether

you need subsidies in the frontier, and it appears that you do for oil companies to go out there. That is another topic, but apparently that is needed. Is it going to be a tax-based incentive, as it was before 1980, or will it be a grant-based incentive like the PIP program after 1980?

For example, Energy Minister Marc Lalonde was speaking in the House of Commons on January 20, 1981. He said that for years now the Canadian taxpayer has been paying the bulk of the oil and gas exploration expenditures made in the frontier regions. He said that some \$4.5 billion to \$5 billion has been spent to date. He felt it was fair to say that three-quarters of that, some \$3 billion, has been footed by the Canadian taxpayer. He went on to say that more than 90 per cent of every exploration dollar has been covered by the Canadian taxpayer.

I draw to the attention of the House the testimony in the Legislative Committee on Bill C-85 in the committee minutes for February 6, 1986 at page 1:17. I cross-examine Mr. Carruthers and Mr. McDermid. You will see that from 1982 on, the following amounts were spent, and Mr. McDermid said the following:

In 1982-83 there was \$1.441 billion; in 1983-84 there was \$1.5 billion; in 1984-85, \$1.9 billion has been spent—approximately \$4.8 billion to March 31, 1985.

Then I asked him about 1985 to 1986, and he said, \$1.5 billion. I asked him for 1986 to the end of the program, and it appears it would be about \$900 million during 1986 and possibly another \$100 million as the program winds down in 1987. That is a total of \$7.3 billion.

We are looking at spending since the 1960s, as Mr. Lalonde said, about \$3 billion up to 1982, and about \$7.3 billion after that. It is about \$10 billion in the frontiers. Under a combination of PIP grants together with tax breaks, our research estimates that the taxpayers put up 93 cents of every dollar spent by a Canadian company and 72 cents spent by a foreign-owned company in Canada Lands. I once coined the phrase that a lot of oil companies drill, they drill in Ottawa, and they strike it rich sometimes. I wish the press would pay me royalties when they use that expression.

Therefore, no matter what kind of exploration incentive is put in place, that is one that is tax-based as before the National Energy Program, before 1982, or grant-based with the National Energy Program, the federal Government would be paying 90 to 100 per cent of the costs through forgoing tax revenue or direct grants. The problem with that was that there was no direct return for this public investment. Thus, the Government decided to take a 25 per cent interest in any oil and gas discovered on Canada Lands when those lands were to be developed in the development phase. There was even an historical precedent for this. For example, the regime prior to 1982 was governed by the 1961 Canada oil and gas land regulation, called COGL. Exploration permits were available under those regulations for a nominal sum, on a first come, first served basis, for a term of nine to twelve years and renewable on terms set by Ottawa. However, these were for