

Petroleum and Gas Revenue Tax Act

program by stating that we are in favour of it, thereby removing much of the possibility that the Government could take credit for the program. To heck with the people who would benefit from it.

The federal Government's neglect of the energy sector and its failure to participate with the provinces, and particularly the Province of Alberta which requested assistance through the cash flow stabilization program, will have a very serious effect on the energy sector. I cannot emphasize enough the difficulty in which this sector finds itself at the present time. It is estimated that over-all energy investments will be \$900 million less than forecast last year by the Economic Council of Canada. By 1990, actual energy investments will be \$3 billion less than initially forecast by the Economic Council of Canada. These are very serious statistics indicating that the industry is just hanging on by its fingernails.

What is the Government doing? It has eliminated the petroleum and gas revenue tax. We also heard some classic pronouncements by the Minister of Energy, Mines and Resources. In addition to taking away assistance from the energy sector, these pronouncements are actually trampling any hope the energy sector may have. The Minister recently said that self-sufficiency in the energy sector is on hold. What a thing to tell the energy sector now. It is estimated that in 11 years Canada will have used up all of its light and medium crude oil produced by conventional means. That means that we will have to import all of our required light and medium crude oil. What will the country do? We talk about security of supply but we will not even be able to supply ourselves with any light or medium crude unless we do something about it.

Right now Canada is a net exporter of oil even though it imports light and medium crude oil. We do, however, export more heavy oil than we import light and crude oil. This makes us a net exporter of oil, but each year we import more and more light and medium crude oil. By 1990 at the very latest, and probably as early as next year or 1989, we will be a net importer of oil. Why is this? It is because the Government is frozen at the switch. It does not know what to do. It is completely mesmerized by this problem, by the deficit and by polls. As a result, Canada's economy is fragmenting, particularly in the energy sector.

In deference to my friend, the Hon. Member for Algoma (Mr. Foster), the agricultural industry as well is at the top of the Government's neglect list. Economic crises are occurring in Canada. The only part of the country which is doing well economically is southern Ontario. This is not the Canada we all envisioned. This is absolute neglect, this lack of planning or concern for anything. Things are adrift.

● (1540)

What is going to happen if we ignore the energy sector and do not have some thought for security of supply? I am not saying that billions of taxpayers' dollars should be poured into the energy sector, but certainly prudently stated fiscal regimes for the tar sands and heavy oils in the offshore can bring on

even a little more quickly than normal these other reserves, and foster the continuation of exploration, and will develop more quickly the potential of reserves that exist. It will help to prevent us from completely ridding ourselves of all our reserves of light and medium crude oil before we have something to replace them.

This is very serious and important. We are not talking about a band-aid approach here. We are talking about the long-term economy of the country. We are talking about an industry which we here in Ottawa, and governments and preceding governments, have encouraged and want to stabilize. The Government will say that it cannot spend money in the energy sector right now because the price is too low. When the price goes up things will be different. The price can go up and then the price can go down again, then we could be in the same position. If we do not level out the peaks and valleys in the energy sector there will never be any type of consolidated action.

The banks had a very difficult time in the last few years. They are going to be very jaundiced about financing additional activity in the energy sector. How will we deal with that particular question? The banks are a very important component. The only way we can deal with that concern is by presenting a program that will show that there is more confidence and stability in the long term in the energy sector.

It was recently announced by the Government that it is going to deregulate natural gas. If there was ever a misnomer it is the deregulation of natural gas. The only deregulation is in the price to the producers. Even the producer is not completely deregulated, because the poor producer has to carry on his or her back the cost of the surplus test. Prices are being rolled back on the producers.

The money that is paid to the producer is only one-third of the total that is paid at the burnertip in the household or in the manufacturing plant. A great deal of money is paid to the pipeliners and the carriers, such as TransCanada Pipelines, to carry the natural gas from the production site to the user. Once it is carried through the pipeline, then it is picked up by the distributors. The distributors are provincial public utilities. There is no control whatsoever over them by the federal Government or the National Energy Board. They have a set percentage that they are going to make. That set percentage would be at least 15 per cent more in most cases. They are not going to help the energy sector in its difficult time. We will not hear the distributors say they are going to cut back on their margin because times are tough in the energy sector. No. You will not hear that. The National Energy Board is now saying that we are going to cut back on the profitability and the intake of TransCanada Pipelines and the other pipeliners. They are not going to suffer either. Who is suffering? It is the producers that are suffering because they are going to get less for their product.

At a time when we need some cash flow and support in the energy sector the price to the producer is being rolled back. I have talked to producers who have been offered less than a