

*Canada Petroleum Resources Act*

trying to make, that the energy policy of the Government is not adequate. In the Western Accord, if you read through it, you will see one little paragraph about an inch long saying that in the event of catastrophic low energy prices, crude oil prices or, conversely, very high energy prices, the Government would take action, it would consult with the producing provinces, with the consumers and so on. That small paragraph obviously is not adequate to deal with the situation, because instead of having hundreds of thousands of new jobs being created, as was promised just a year ago, we see at least 100,000 jobs being lost in the energy sector.

I think the notional figure is that for every \$1 billion worth of investment in the energy industry lost, you lose about 30,000 jobs in the Canadian economy. As I quoted the figures from the Canadian Petroleum Association in their most recent survey, it appears that the loss of investment will be in the order of \$3 billion this year. The problem is that \$3 billion in lost investment will occur during the last nine months. Therefore, we should expect that at least 100,000 jobs will be lost either directly or indirectly in the Canadian economy because of the inadequacy of the Western Accord.

● (1200)

When we examine the Atlantic Accord we see the loss of the Petroleum Incentives Program. During our consideration of the previous Bill, every company in the IPAC asked the committee for a system to extend the PIP grants for a certain period until they could at least complete their current exploration and development phase. So far, there has been no response by the Government and I do not see anything in this Bill except the 25 per cent exploration tax credit. Therefore, companies like Husky and Bow Valley, which had a commitment from the Government for the exploration of eight to ten wells, are being limited to one or two wells.

The suggestion of the Hon. Parliamentary Secretary fails on two counts. The Bill does not provide those incentives to continue exploration and development off the east coast. Second, the Western Accord is not adequate to deal with the current low oil prices. I do not understand how he believes that the Western Accord can adequately deal with this situation as thousands of workers are being laid off from steel mills in communities like Sault Ste. Marie and other parts of the country.

**Mr. McDermid:** Mr. Speaker, the Hon. Member failed to mention in his brief remarks that the reason money is not being expended now is that there is a lack of income as a result of the price of a barrel of oil. Billions and billions of dollars in investment funds left the country under the National Energy Program and went to countries that were more hospitable in regard to exploration. That is not what is happening now. Money is not being transferred to other areas for exploration; the companies do not have the money because of the decrease in cash flow as a result of the price of a barrel of oil. The Hon. Member should be fair in his remarks.

I have yet to hear what the Liberal's energy policy would be. I want the Hon. Member to give me the specific details of their energy policy and tell me what the Liberals would do today, if they were in power, to correct the situation in the energy industry. Will he explain to the Canadian people how the National Energy Program, which drove billions of investment dollars out of the country, would do any better under the circumstances of world pricing that we are experiencing today? It is interesting to note that prices are now back up to over \$17 a barrel U.S. Obviously, the market is very volatile and the prices are fluctuating. Will the Hon. Member answer those two questions?

**Mr. Foster:** Mr. Speaker, the Parliamentary Secretary talks about billions of dollars leaving the country. He promised that there would be billions of dollars coming into the country, but I have not seen that happen. Clearly that money is not going to Atlantic Canada or we would be seeing more than one or two wells being drilled there. Nor is it going to western Canada because exploration and development has been cut back to only \$3 billion for the last three-quarters of this year. Many people in the petroleum industry say that this will cost thousands of jobs at a time when the Government promised hundreds of thousands of jobs.

**Mr. McDermid:** Answer the question.

**Mr. Foster:** The Government's policy was that by going to the world market price up to 200,000 jobs would be created. Under the National Energy Program the Government was in a position to adjust the price and the incentive programs to ensure that there was continuation of exploration and development. Even during the recession between 1982 and part of 1984 the oil and gas industry was more active in Canada than in the United States. That continued through 1985 with the Petroleum Incentive Program.

The present Government promised to get rid of the PGRT but, for some reason, in 1986 it is reluctant to do so even though the industry is demanding it. The proof is in the pudding.

The question we ask is why is there such an inadequate clause in the Western Accord to deal with the problem of precipitous drops in crude oil prices to the level of \$10 or \$11 a barrel or, conversely, an increase in world price to \$40 or \$50 a barrel? The Hon. Member knows that we end up with legislation that seems inadequate, and the Bill before us today will be inadequate to meet most of the criteria in the Prince Albert announcement. There will not be enough incentive for exploration off the east coast and certainly not for Canadian participation in drilling and exploration.

**Mr. John Parry (Kenora—Rainy River):** Mr. Speaker, I am pleased to have the opportunity to add my thoughts to the debate on Bill C-92, An Act to regulate interests in petroleum in relation to frontier lands, to amend the Oil and Gas Production and Conservation Act and to repeal the Canada Oil and Gas Act.