

THE SENATE

Wednesday, January 28, 1981

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

THE CONSTITUTION

SPECIAL JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that messages had been received from the House of Commons to acquaint the Senate with changes in the list of members appointed to serve on the Special Joint Committee on the Constitution of Canada.

(For text of messages, see today's Minutes of the Proceedings of the Senate.)

DOCUMENTS TABLED

Hon. H. A. Olson (Minister of State for Economic Development) tabled:

Report of the Northern Pipeline Agency, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1980, pursuant to section 13 of the *Northern Pipeline Act*, Chapter 20, Statutes of Canada, 1977-78.

QUESTION PERIOD

[English]

ENERGY

NATIONAL ENERGY PROGRAM—CARRIED INTEREST EXEMPTION

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, I would like to address a question to the Minister of State for Economic Development in connection with the national energy policy. I am referring on this occasion to the plan of the government to provide for a 25 per cent carried interest in oil and gas exploration and development activities in the Canada Lands area. The Minister of Energy, Mines and Resources recently observed that that policy was being reconsidered with respect to those areas to which it would be applied. My understanding is that he has stated that there are two gas areas which will be exempt from the 25 per cent carried interest, namely, the Kotaneelee in the Yukon and the Parson's Lake field in the Northwest Territories.

My question is: Can the minister tell the Senate what standards are being used to evaluate the claims of these various areas for exemption of the 25 per cent carried interest, if such an exemption is indeed being considered?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I expect that Senator Roblin is aware of some of the exemptions with respect to the carried interest that were announced at the same time as the national energy policy, and they were, of course, the areas that are under production now. I suppose the largest of those was the Norman Wells area. Although I cannot verify precisely the other two that my honourable friend referred to, it may be that they qualify for the same reasons—that is, that they are already in production. What I said was that some of the regulations with respect to them were under consideration and many representations had been received, but it would be premature for me to make an announcement on behalf of the Minister of Energy, Mines and Resources that there were major changes in the qualifications for exemption. Until such time as he has considered all the representations that have been made to him and is ready to announce a change in them, I really cannot give a definitive answer as to whether they may be applied specifically to the areas my honourable friend mentioned, and perhaps to some extent even broader than that if the minister sees justification for some of the representations that are being made to him.

Senator Roblin: Perhaps I can assist my honourable friend in his consideration of the matter by saying that the report indicates that the two fields I mentioned are gas fields which are not in production, and they are not in production for reasons either of transport or price. My question was directed toward the criteria. What are the rules that the government is looking at? I presume they have rules for those two fields, or they would not have exempted them. I am therefore asking the direct question: What considerations applied in respect of those two fields. If my honourable friend does not have the information, perhaps he can get it.

• (1410)

I wish to go a step further, because there are other areas in Canada which are in a similar—I do not say identical, but a similar—situation. For example, in the Arctic areas, the areas in which Panarctic has been working, very large volumes of gas, probably 16 trillion cubic feet—something in that neighbourhood—have been discovered, and those areas are obviously not in production mainly for reasons of transportation, although market may enter into it. In other words, I am saying that there is a relationship between what appears to have been done in the two fields I have mentioned and the claims that