

*Oil and Petroleum*

new oil supplies. There is no doubt, however, that since this legislation was introduced we have entered a new ball game.

On November 13 and 14 we were prepared to give the federal government the powers which it asked for in clauses 36 and 52 to set the price of oil and gas in the event a negotiated price cannot be reached with the producing provinces, but the fact that the government has now introduced legislation to take with the other hand in addition to what they are taking in this legislation creates an entirely different situation. As I said in the budget debate, we have to rethink our position. I believe there is a mistaken idea that the federal government's only revenue from the resource industry is in corporation taxes. If that were true, the federal government surely should not be reducing corporation taxes for oil companies as they have in the budget, nor should they be increasing exploration write-offs from 50 per cent to 100 per cent.

● (1600)

They should not increase exploration write-offs from 50 per cent to 100 per cent. Nobody has asked them to reduce the amount of revenue they will get from taxing oil and gas companies. One must keep in mind the fact that the federal government, through the export tax, gets \$5.20 on every barrel of oil exported. That should be taken into consideration because that money is additional to what the federal government receives from corporate taxes imposed on the oil and gas producing companies.

While the provinces, the federal government and the oil industry are arguing about how to cut up the pie, we had better make certain there will be a pie to cut up. The uncertainties of the present, which will probably continue until the finance ministers meet and the first ministers meet with the Prime Minister and come to some solution, may have serious repercussions. I hope the minister will tell us—and the sooner the better—something which will help to allay the concerns of many of us. I hope he will make a statement on government policy.

A great many oil drilling rigs are leaving Canada, particularly rigs which drill for oil at great depths. This morning's newspapers say that Atlantic Richfield Company, which held 30 per cent equity in the Syncrude plant in the Athabasca oil sands, has told its partners that it will pull out of that project. This news follows the announcement by Shell Explorer of Houston, Texas, that it is dropping its 50 per cent interest in the proposed Shell plant which would operate in the Athabasca tar sands. Perhaps these companies are bluffing. Perhaps, as the minister says, they are trying to blackmail the government.

I do not shed tears for the oil companies when they say they are not making a profit. In the last two years their profits broke all previous records. But I think the country wants to know, as does this committee, what the government intends to do to ensure that when our conventional oil supplies are no longer adequate for meeting our needs, additional alternative sources of supply will be on hand. The report of the National Energy Board on availability of supply states that we will not be self-sufficient in oil by 1982. The board pins its hopes almost exclusively on additional oil supplies being available from the Athabasca tar

sands. The lead time for production of Arctic and offshore oil is between ten and 15 years. The critical period will come in the early 1980s. The National Energy Board feels that our difficulties can be met because it anticipates that three plants will be in operation in 1982 in the Athabasca oil sands and four plants will be in operation by 1983.

If these plants are not in operation, and if considerable drilling is not carried out in Alberta and Saskatchewan in areas which can still be developed, we shall face a most critical situation by 1982 or 1983. I am sure the government must have some plan in mind; the minister must have in his briefcase some policy that he intends to trot out in order to meet this situation. If there is no policy, we shall be in great trouble. For too long we have closed our eyes to the fact that conventional supplies of oil in this country are declining. We cannot afford to behave like Mr. Micawber and hope something will turn up. Does the federal government, either by itself or in conjunction with the provinces, intend to make sure plants will be built in the Athabasca oil sands? Will the government, working through Petro-Can, pour money either on its own or in conjunction with the provinces into the development of areas of Alberta and Saskatchewan from which some drilling rigs have been withdrawn?

It is not enough to say that the oil companies are blackmailing us. We must decide if we are to call their bluff and if the government intends to act in order to ensure that the oil in this country, oil which belongs to the Canadian people, is developed. If the oil companies are not prepared to develop it, the people of Canada, through their federal and provincial governments, ought to develop it. That is what we ought to do. I wish the minister would tell us exactly what the government has in mind. I do not want to be told again that the matter is under consideration, that the government is still thinking about it and will keep thinking about it and some time in the distant future will come to a decision. The graphs accompanying the National Energy Board's report on availability of supply show how close we are to the danger line.

As the oil from the Athabasca oil sands will be our only assured supply, the only supply on which we can count, the construction of the oil sands plants must begin on schedule. Even so, we are placing a great deal of faith in these plants being completed on schedule as their completion will depend upon the availability of materials and manpower. We must do our best to bring these plants on stream when conventional oil supplies diminish to the point at which we are no longer self-sufficient. I hope the minister will give us assurances on these points and tell us what policy the government intends to pursue if the withdrawal from this country of oil drilling rigs continues. If Shell Explorer, Atlantic Richfield and other companies which have announced their intention of withdrawing from the Athabasca oil sands do as they say, who will fill the gap? Who will step in to make sure that the Canadian people are supplied with oil? It is useless arguing about the price of oil and how we are going to divide tax revenue derived from it if there is no oil. We had better make sure that we possess oil, the price of which we can sell and tax.

**Mr. Macdonald (Rosedale):** Mr. Chairman, in response to the hon. gentleman's question, I suggest that an analysis of the fiscal régime proposed by the government in