

stimulate activity and investment, to create jobs and thus contribute to Canada's energy security. The package contains three components: help for producers, royalty reductions and royalty holidays. Western Canadians have been living under the National Energy Program for too long. In 1980 and 1981 living in Calgary I saw the exodus of drilling rigs. Drilling companies had three choices. They could move their rigs out of the country and find work elsewhere; they could stack the rigs and gain no revenue; or they could go belly up. We lost 30 per cent of our rigs and we lost 30 per cent of our human resources. This was a totally unacceptable situation. Obviously there was no exploration to find a replacement for the oil and gas being utilized.

Now we have the Atlantic Accord signed in February, 1985, and the Western Accord of March, 1985. We have deregulation of oil, and we are moving in the area of deregulation of natural gas. As I said, the Minister stated that he would look into the regional reference border price and monitor it. I believe the National Energy Board will be reviewing the surplus test, the 15 reserves to production. For security of supply, Mr. Speaker, the surplus test will not work. We need long term contracts. We need activity. The National Energy Program has gone. We have nailed it shut.

May I conclude by saying that working together through consultation, we can and we will build on the greatness of Canada not only for today but for the future.

**Mr. Orlikow:** Mr. Speaker, I would like to direct a question to the Hon. Member for Calgary South (Mrs. Sparrow). According to the Hon. Member and her Party when in opposition, all the problems of the energy industry were created by the then Liberal Government which was responsible for the National Energy Program that destroyed the industry and led to the exodus. The people of Canada were not told that the problems which developed then and which have got worse since were caused by the calamitous drop in the world price of oil. We were told by the then spokesperson for the Conservative Party, the Member for Vancouver Centre (Miss Carney), who was for some time the Minister of Energy, that all we had to do was just to get rid of the National Energy Program, just to get rid of regulation, that the free market would work and that we would have 200,000 new jobs in the energy industry in Canada. But what do we see, Mr. Speaker? We see 50,000 layoffs in Alberta. We see the industry virtually shut down off the Atlantic coast. We see virtually no activity in the Beaufort. That is what happens when you leave everything to the free market. I do not blame the companies. They do not see any profit in the next few years and they will not invest their money.

When will the Hon. Member face up to the fact that the free market may work fine for the companies and even for Government when the price of energy is high, but it just does not work when the price of energy is low? Maybe what we need, if we are going to protect ourselves for a few years down the road when the price of energy is high again, is Government intervention. Maybe we need a floor price. You cannot have

that if you really believe in the free market. That is what we really need. Some of the independents in Alberta, who used to be great champions of an absolutely free market, are beginning to see that. I wish the Member would give some thought to that idea. In the United States they never had a NEP under the Reagan administration and the industry there is just as much in the doldrums as it is in Canada.

• (1730)

**Mrs. Sparrow:** Mr. Speaker, I would first like to review some history. The National Energy Program was introduced in October, 1980. At that time the PGRT was 16 2/3 of the wellhead. It was a front-end revenue tax and it destroyed the industry. Rigs left and there was very little activity. That was caused by a front-end tax which was used to fund offshore exploration. Offshore exploration for security of supply is a Canadian problem and should not rest on the backs of the producers in one industry. I am not advocating that hydro electric power companies should pay a front-end revenue tax on every kilowatt they sell. I am not advocating that every tonne of coal should have a 12 or 16 per cent front-end tax. I do not think any of that is fair.

The downturn which started in 1980 was due to the National Energy Program. Companies cut back to the bare bones. They had to lay staff off and cut wages. During the election campaign in the summer of 1984 the Progressive Conservative Party said that there would be no Government intervention in the oil industry. We believe in the free market system. At that time the oil price would have been between \$30 and \$40 U.S. a barrel, although I would have to check those figures because the price has been fluctuating so much. The Conservatives were elected because we said that Government would get out, there would be no regulation or intervention.

We got rid of the PGRT. We got rid of the 25 per cent back-in. Activities on the East Coast and in the Beaufort have been curtailed for strictly economic reasons. It is uneconomical today to produce in either Hibernia or the Beaufort. Some companies say it costs \$20 to \$22 U.S. a barrel to produce in the Beaufort and I believe it may cost a bit more in Hibernia. It will be very costly to bring Hibernia on line, although transportation will not be that costly. The Beaufort has the best reserves and production will not be nearly as costly as on the East Coast, but transportation will be a problem. We need a pipeline. We can build a pipeline from Tuktoyaktuk down to Norman Wells and perhaps tie into the Norman Wells-Zama pipeline. Unfortunately, that is only a twelve-inch pipeline and we would have to decide whether to twin it or to go for a twenty-four or thirty-six-inch pipeline. Pipelines are costly.

All Canadians realize the problem with the deficit. All Canadians realize that we must get the deficit down in order to keep interest rates down. Interest rates keep mortgage rates and inflation down, which has certainly helped the manufacturing industry in southern Ontario. There is no doubt about that.