

*Income Tax Act*

Let us see what Canada's needs will be. It is estimated that in 1971 we will need 1,049 million cubic feet of natural gas for our own use. For 1972 the estimate rises by about 200 million cubic feet to 1,278 million cubic feet. In 1973 we shall need 1,416 cubic feet. In 1974 we shall need 1,522 million cubic feet, and in 1975—according to figures estimated by the National Energy Board—we shall need 1,632 million cubic feet. All those figures—I mention this to help *Hansard*—will be found at page 4-12 of the National Energy Board's reasons for decision.

• (9:20 p.m.)

**Mr. Orange:** Twenty-five years from now.

**Mr. Woolliams:** I am talking about where the figures come from, and I am coming to that. The member for Northwest Territories has put his finger on the very point I am about to make. In order to come to a conclusion as to what we may need in the foreseeable future, the National Energy Board has arrived at a formula whereby one takes the fourth year times 25. So the fourth year from 1971 would be 1973 or 1974, depending on whether it was estimated from 1970 or 1971, and multiply that by 25. And they add that we have 25 years of proven reserves at the present time.

If you multiply the fourth year, which is one trillion, five hundred million cubic feet, more or less, by 25—that is the formula which is used—they then say that when you look at the proven reserves we have at the present they will amount to 60 trillion cubic feet. So when they say we are short about one-fifth of some million cubic feet for 25 years of projection, I say that they have failed. This is my opinion, one which I will put before the committee tomorrow.

I want to ask the National Energy Board some questions. In my opinion they have failed to take into consideration what will happen in the next 25 years of exploration. They have failed to take into consideration the exploration in the Arctic. What they have done is to say that we have 60 trillion cubic feet of gas; we will need all that in 25 years, and forget about any more exploration: we are not going to allow these licences. Why have they done this, Mr. Chairman? I cannot read the minds of the National Energy Board and I am not going to try.

The second point I wish to make, and it is the most important point, is that under the tax structure proposed, the national chartered accountants of Canada, no matter what firm you want to choose, have done research into the Canadian tax reform review—and I have read several of their studies. All of them have come to the conclusion, as have the financial papers of Canada, that the present tax structure is such that it will discourage exploration. Having come to that conclusion, the chartered accountants and the financial press of this country have led me to ask myself this question: Are their deductions correct? I say, Mr. Chairman, they must be correct, because today, for the first time, in Alberta two-thirds of all the drilling companies lay silent and idle while men are out of work and revenue is ceasing to pour into the provincial and federal revenue departments.

There must be some reason for this when we have 60 trillion cubic feet of proven reserves of natural gas and the National Energy Board is not predicting anything for

[Mr. Woolliams.]

future exploration. I say, therefore, that this tax law will kill or stymie the development and exploration of energy resources in Canada. If, on the other hand, this government had brought forward a tax structure giving the country a tax climate in which we would have encouraged exploration and development, not only in Alberta but in the Arctic and wherever else it can be carried on, then the National Energy Board could have projected that these reserves would be increased and that we could now export natural gas to the United States.

The point I make is this. Since the government of the right hon. member for Prince Albert set up the board, and since after six months of hard work and accounting they came to the conclusion that we had 23 trillion cubic feet of gas in ten years—I want the committee to pay attention to this, Mr. Chairman—in ten years we explored in western Canada and produced 40 trillion cubic feet of gas, twice as much as we knew we had in the sixties. That is why I say that when people talk about Leduc, they are 20 years too late, because Leduc was found in the early forties.

If we had the right atmosphere in the tax structure, the men and women who are now out of work in Canada could have jobs, not only in the drilling rigs but in the tertiary industries. For the export of natural gas you must have pipelines. Pipelines demand steel. The steel industry provides jobs in the east. Jobs in the east build pipelines, and pipelines carry natural gas across the country.

The next question I think the government would consider, instead of killing off development and exploration in this country, is to make sure that we have an adequate transportation system. There is no reason why the province of Alberta should have to sit on its energy resources and wait for this government to create either an atmosphere or motivate a group, through private enterprise or themselves, to provide pipelines to carry the natural gas from the sources which we talk about. What we have reached now, Mr. Chairman, is stagnation. We have now, as the National Energy Board admits, 60 trillion cubic feet of gas. Even taking their formula—which is a small "1" liberal formula of 25 years—if we never found another cubic foot of natural gas we have enough for Canada's use for 25 years.

But this government in its despondency, and even the National Energy Board, says they may not find or explore any more energy in this country. We heard before the committee yesterday that in the United States half its energy is already nuclear and that in another 25 years 90 per cent of the energy will be nuclear. Here we have a great resource in western Canada being stagnated. I am glad to see that the minister of industry is here, because he is responsible for pouring out money to try to stimulate the economy.

With vision, Mr. Chairman, from this source alone it means a billion and a half dollars to Canada every year. This is big business to everybody and it means—I say this to hon. members to my left who oppose the export of natural gas—that if we create a market we will create the industries in eastern Canada, British Columbia and the Prairies. This in turn will give thousands of jobs to Canadians. The tertiary industries which would result from the gas and petroleum industry are worth about \$400 million or \$500 million dollars right now to Ontario, and \$400 million or \$500 million to Ontario means a lot of jobs,