

*Petroleum Incentives Program Act*

result of this program we have seen the loss of service companies and drilling rigs. The program has also caused the bankruptcies of companies. This program has contributed to the high interest rates that we are facing now as much money flows out of Canada. It was necessary to attract American dollars into Canada in order that we could pay our debts to other countries, and for purchasing offshore oil which had to be paid for in American dollars. Our interest rates had to be raised to attract money back into Canada. We have caused severe damage to the small Canadian-owned oil and gas companies and to the people who serviced those companies in many communities across the nation. Those are the costs of this National Energy Program.

Mr. Don Pack, President of the Canadian Association of Oilwell Drilling Contractors, which association comprises small Canadian-owned companies, has said:

The replacement value of the rigs that have left Canada in the past year exceeds \$1 billion. You might equate this loss and the impact on a community, to the loss of one hundred \$10 million manufacturing plants, each directly employing 52 people. The difference in operating levels this year and last in the drilling industry alone has resulted in a direct loss of employment for over 8,000 skilled rig crew members.

For 1982, we see a further erosion of the Canadian drilling and service fleet with increasing loss in employment. During 1982 approximately 6,000 wells will be drilled in western Canada, a decline of 33 per cent from the peak established in 1980 and by mid-summer less than 200 rigs will be active. For a country importing approximately 200,000 barrels a day of crude oil from foreign producers at a cost of \$8,000,000 per day, this is a tragedy.

I think that figure of 200,000 barrels a day of crude oil is rather low. The figure is more like 400,000 or 450,000 barrels a day. Mr. Pack continues:

The energy balance in the world is finely tuned and vulnerable to disruption and price shock. Disruption in Canada's supply of oil, before we are self-sufficient, is a sure bet.

The following statistics are as a result of the National Energy Program. Drilling activity in Canada is down 25 per cent in 1981 compared to 1980. In the United States in the same period drilling activity was up 26 per cent. A record 78,884 wells were drilled in the United States. That figure increased by 16,000 from the previous year. On the other hand, Canada's figures were down substantially. Our well completions totalled 7,183, down from 9,481 in 1980. Development drilling was down 28 per cent to 4,000 from 5,556 in 1980. Total metres drilled confirmed this decline. The number dropped from 10.27 million metres in 1980 to 7.64 million metres in 1981. This is a decline of 26 per cent.

Since the announcement of the National Energy Program in 1980, 226 drilling rigs have left Canada. At the end of 1981 only 52 per cent of Canada's total of 443 drilling rigs were active and the activities of many seismic crews were down 25 per cent. Many of these people were active in my constituency and in the constituencies of my neighbouring Members of Parliament in Alberta and Saskatchewan.

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There are many examples of Canadian entrepreneurs who are suffering the consequences. For example, there is Raydan Transport in Nisku. Statistics do not mean a lot to many people until they are translated into human terms. I have seen the human casualties of the National Energy Program in my

riding. Many companies in a once thriving and prosperous area are starting to sell and move rigs to the United States. Many of them are throwing up their hands and giving up, which is helping the Western Canada Concept party.

I should like to cite an example of something which happened approximately two weeks ago. It shows the effects of the National Energy Program on a trucking company which was once prosperous. Raydan Transport of Nisku was a major rig moving company. It began liquidating \$8 million worth of equipment assets. It received a little over \$2.6 million for those assets, if I have read the bill of sale correctly. Bill English, the president of the company, said that this action was taken as a result of taking a good look at what was happening to the trucking industry. Until last month Raydan operated 75 trucks and back-up equipment and employed over 100 people. Now it expects to need only five employees and will only operate two to five trucks in 1982.

Why has the company lost over \$1 million in the last 18 months? Its problems started with the NEP. Before that Raydan would move anywhere from 150 to 200 rigs per year. This dropped to only 35 rigs in 1981. It obviously had the equipment but the work was not there. On top of that situation, there was an increase in the cost of fuel, skyrocketing costs of equipment and labour, maintenance costs and high interest rates. These factors made the prospect of carrying on until there was light at the end of the tunnel very unattractive. In this instance we are looking at a company which is folding. Approximately 95 people will be out of work as a result of misguided government policy. This is happening all over my riding. The Nisku Industrial Park which was based on oil and gas activities has lost many people and firms in the last year.

What are some people saying in regard to the entire situation? One answer came from the provincial government which brought in a royalty reduction plan. It is intending to rollback royalties. It is an answer to many people involved in the industry. Now they can come to the provincial government and say that they desperately need some assistance until changes are made in the federal government. The provincial government brought in a rollback in royalties which will have an effect upon the industry. Most of the money acquired by the rollback in royalties will be needed to pay off debts which have accumulated in the last 1.5 years. We may not see the activity which is necessary to bring back the oil and gas industry of Alberta.

This morning I spoke with some small businessmen in my riding who are involved in the industry. They said that there has been a great improvement in attitude because of the movement of the Alberta government in rolling back royalties, but they warned that it was not enough. If complementary action is not taken quickly by the federal government as far as the taxes in the National Energy Program are concerned, conditions will revert to where they were beforehand.

As I said, in the last year some huge debts were built up by many of these companies. Many small Canadian companies are involved in the drilling and servicing of the oil industry and do not have much royalty income. As a result, these companies