

a single person in a single oil corporation who fully understands the significance of all these changes. Tonight we heard the hon. member for Dauphin ask questions about what is happening to the heavy and medium crudes of Saskatchewan. This is a classic example of how the resources of the country are hurt by not having staff on a board with time to look ahead and to visualize the impact of their decisions on the various types of producers of oil in Canada.

In the rush of quick decisions which were made last year and in light of the under staffed energy board, no one if about to point his finger at the board. But coming from the province of Saskatchewan and representing a constituency where a large percentage of its wealth depends on the health of the companies operating in nearly a score of oil fields, I see the populations of towns of 2,000 reduced by 20 per cent, 30 per cent and 40 per cent because of the exodus of people working in these fields just because the board, at the request of the government in setting a price, did not think through what the disastrous impact would be from setting that price. When they were raising the price up to \$6.50 and raising all grades of crude up the same amount, they did not have time to realize that this would destroy more than a score of small but very valuable oil fields in Saskatchewan.

The hon. member for Dauphin is quite right in suspecting that once a low viscosity oil field has been pumped for 15, 18 or 20 years and it goes out of action for two or three years, it is very marginal and dubious economics as to whether that oil field will be brought into production again. If that oil field is kept pumping constantly and the proper recovery measures are taken constantly, it may last another 10, 12, 15 or 18 years, providing a tremendous value in terms of energy to this country.

It is true that production in south eastern Saskatchewan is only measured in terms of 50,000 or 60,000 barrels per day, but 50,000 or 60,000 barrels per day times the number of day in a year times the number of years left in that field, with proper conservation techniques in the pumping and management of that field, amount to hundreds of millions of dollars over the next decade or so.

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There is not only the threat that we lose all the jobs of the people who bought or built homes in this area expecting to have 30 years to work looking after these fields, but there is the fact of the stupidity of this country in not thinking ahead on the significance and impact of these increased taxes on the fields. No one on the Energy Board is to blame for this stupidity because there was not the staff to cope with the subject.

I suspect that what is true in southeastern Saskatchewan is also true in other parts of the west, that an understaffed National Energy Board was doing things which were not intentionally harmful but whose effect was disastrous. Now, a year and a half later, the minister is saying "We made a mistake and now we are consulting with the province of Saskatchewan to see if they cannot alter their royalties". In this particular case two guilty parties, two greedy governments, are trying to grab all the economic rent they can from these oil companies, and so great was their greed that the sum total of their tax liability is greater than 100 per cent.

### *Oil and Petroleum*

When I asked the minister if he had seen the figures he said he had, and that every time they produce a barrel of oil it costs them money. The more honest way of saying it is that they are losing money on every barrel they produce. When companies only produce 20 barrels per day per well, if the number of wells they have is multiplied by 20 cents or 30 cents per barrel, it could come to as much as \$20,000 or \$30,000 per year. They can only carry that kind of loss so long.

I have in my possession letters giving their liability in exact figures. In one particular case the profit on a particular operation is \$4,000 and the tax liability is \$6,000. The owner of that operation is not going to keep it operating for too long, I should say.

I am making two points, Mr. Chairman. The first is that we have to strengthen the National Energy Board immediately, both in numbers and by restructuring it to handle these decisions more effectively. At the same time we must give it the quality of manpower that is able to understand the impact of its actions. In the theory of the government at Ottawa, a person who is a highly trained administrator in one field should be able to administer in another and could be taken from any department, put into the National Energy Board, and told to "administer". He might be told by the government to raise the price, but I would suspect that many of those administrators would not know the significance of having mediums or heavy crude and so on. This last mistake I referred to was very costly to oil companies in terms of dollars and cents, but it was also costly to the human beings who work and serve in the oil fields.

I am pleading with the minister, under this clause of the bill, to give high priority (a) to increasing the personnel and National Energy Board staff, and (b) to restructuring it so that it can separate the judicial function from the administrative function more clearly. Above all I plead with him not to betray the people of Canada in the future by setting aside the advisory function of the National Energy Board. We have paid heavily for that failure in the last ten or 15 years.

I would repeat that when the minister goes looking for new personnel it is going to be hard to find them among civil servants, who usually have a limited knowledge of oil and gas. He will have to consider seeking them within the oil industry, so it will be necessary to set down very clear guidelines on the question of conflict of interest for these people, and to ask them to abandon all ownership of oil and gas.

I have deliberately taken the time of the committee to make this presentation of my feelings in regard to the National Energy Board, Mr. Chairman. I believe it is an excellent institution which has served this country well, but if it is to grow and be staffed in the usual method of institutions and agencies around Ottawa, we are in for some serious trouble. I hope my proposals are acceptable to the minister and that he can put them to his cabinet colleagues with all the energy he can amass in an attempt to give the country a better break than it has had in the last two years.