

National Energy Program

There is little doubt for any objective observer that the National Energy Program has proved to be a great success in that regard. As I have indicated, we have, through conservation and substitution in particular, reduced substantially our projected reliance on imports in this decade. We have increased significantly Canadian participation in the industry. We have a price regime that is fair and advantageous compared to any other industrialized country in the world. These are major achievements in themselves. But this particular industry is facing some difficult problems in terms of cash flow. We believe these problems will remain through 1983. We want this industry to be dynamic and we believe it is the engine of economic development for many areas of this country.

Mr. Wilson: It was.

Mr. Lalonde: It will create jobs. Benefits will accrue all across the country. This is why we have decided to bring additional benefits at this time, bearing in mind and taking into account problems relating to lower sales than had been expected and higher interest rates than had been expected. That industry is facing serious cash flow problems. This is particularly evident in the smaller firms. This is why we have concentrated our efforts to help the small firms, most of which are Canadian.

Mr. Thomson: Madam Speaker, the minister appears very confident that the alterations he has made this evening will restore investor confidence in the industry. In June, 1980, before the National Energy Program was introduced, 461 rigs were operating in the western Canadian sedimentary basin. This morning only 121 rigs were operating in the western Canadian sedimentary basin. I think the minister may remember that I asked him a question immediately following the introduction of the National Energy Program. At that time the Toronto stock exchange index on oil stood at some 5100 odd points. Today it stands at 2600 points. That is a 50 per cent reduction.

Would the minister, being as confident as he is that these changes will restore confidence to the industry, be prepared to offer his resignation in the event that during the next six months only 50 per cent of the 340 rigs, that is 170 rigs will go back to work? I ask for only 50 per cent of them. If he is so confident that what he has put forward this evening will add perhaps 1,000 points to the oil and gas index on the Toronto stock exchange, which is proof of the pudding, does he have enough confidence to stand up and offer his resignation if we do not achieve those two things?

Mr. Murphy: What about an ironclad guarantee?

Mr. Lalonde: Madam Speaker, my friend is concentrating on drilling rigs. I remind him first that the Canadian Association of Oilwell Drilling Contractors before the introduction of the National Energy Program in 1980 said that because there was a surplus of natural gas they were unable to sell gas. That association expected a 40 per cent decline in the number of active drilling rigs in Alberta. That was before the National Energy Program was introduced and before the recession in

North America which has led to further declines in demand for drilling rig activity.

My hon. friend often refers to drilling rigs that have left Canada for the United States. I remind him that many of these operators have not found the Eldorado they were expecting in the United States. A good friend of my colleague and a good friend of mine moved six rigs to the United States in protest against the National Energy Program. Out of his six rigs, he has five rigs inactive in the United States. They are doing nothing. He has one rig working in the United States.

Mr. Clark: What does that prove?

Mr. Lalonde: That is the state of affairs in the United States where there is no National Energy Program. I would urge my hon. friend to bear in mind the general environment and general context of the oil and gas industry at the present time, not only in Canada but around the world.

Mr. Clark: Where is your courage, Marc? Put your seat on the line.

Mr. Lalonde: One has to see the situation with that kind of perspective. We expect a large degree of activity in the oil and gas industry. As I have indicated, that industry finds itself now with roughly the same percentage of the total pie it had between 1975 and 1980. The percentage is 46 per cent versus 45 per cent during that period. But it is a much larger pie, a pie with \$163 billion in it, while the previous pie had about \$60 billion in it. The pie is larger but the percentage is about the same. If the industry cannot make it within that kind of environment, I am afraid even my hon. friend could not make it go.

Mr. Peter Lang (Kitchener): Madam Speaker, I have a couple of questions for the minister. First, can the minister tell us whether he has taken any measures to alleviate the problem of potential shut-in volumes of oil and gas?

Second, on page 17, there is a table showing a comparison of projected revenues now with those anticipated in September, 1981. In that table, we see a projected decrease in the revenue of \$25 billion. Can the minister tell us how much of this had been set aside for government expenditures, and what effect this reduction in revenues will have on the government's fiscal position and current account deficit?

Mr. Lalonde: Madam Speaker, as far as shut-in oil is concerned, I have indicated that the government would immediately ask the companies to limit themselves to the minimum required under their term contracts with suppliers from abroad. This means in effect that there should be no purchase of oil on the spot-market outside of Canada. The program also indicates a number of other measures, such as financial support for swaps between Canada and the United States in the west in exchange for swaps in the east. We would want to discuss with the industry the possibility of setting up storage of shut-in oil in the west to take into account the fact that in certain periods there appear to be large shut-ins, while in other periods there is practically no shut-in oil.