

*Petro-Canada Act*

industry as opposed to large industry. It has made predictability almost impossible. It is impossible for the industry to plan on a mid-term basis or for a longer term because it does not know where it is going.

If anything, the legislation is necessary at the earliest opportunity so that the industry knows what it has to contend with. In the area of massive capital requirement, nothing is more difficult than not being able to plan two, five, ten or fifteen years ahead without knowing the rules. Even though the rules may be poor, it is absolutely vital that they be established at the earliest opportunity and not be subject to change.

I remember when we had to deal with the industry with regard to the environment. They constantly talked of predictability. Even though the regulations were very tough, they asked that they be left in place and not changed. Even though they were tough regulations, they wanted them left for five or ten years so that they could plan.

The second matter which is general in the industry in connection with the provinces is a flight of capital and a shortage of capital. Some major industries have impounded their capital. They are not going to move ahead until there is a further definition in connection with the National Energy Program. This has caused a flight of some drilling companies, and particularly technological competence. We are losing technological competence which was created over the past 20 or 25 years and is second to none in the world. Some of this technological competence is leaving the provincial area of energy resources. It is because of uncertainty, instability, a lack of cash flow and so on. It is too bad. Some of this flight is outside the country. Indeed, foreign capital has stopped coming in.

In the provinces, particularly Alberta, there are now bankruptcies and business contractions in the oil and gas industry. Interest rates and debt loads are high.

If you have a system of exploration, you try to plan ahead. All of these smaller businesses have borrowed heavily and are having to re-finance at the high interest rates. We are getting an increasing number of bankruptcies and more business concentration because some small businesses simply have to sell to the larger corporations. We are having corporate concentration because of Canadianization on the one hand and economic instability on the other.

This has caused regional alienation. No issue has caused more alienation between the west and central Canada and now the east and central Canada than the energy issue. It involves large capital flows and large capital sums. It involves the ability of being master in your own house. The west, which has always wanted to be somewhat independent of central Canada, and the east, which is now demanding to keep the tools it had in its hand for creating its own economic climate, instead of them being taken over by central Canada. This is the general wisdom that is increasing in the west. Regional alienation is increasing in western Canada, because, again, it is being said that the centre is coming over to take control over western resources. I might say that non-renewable resources have a one way trip through the economy. The west is anxious to convert

their non-renewable resources into renewable resources, into dollars, into investments and into the accumulation of massive sums of money which can subsequently be revolved. The west is concerned about seeing a massive shift of money from their resources back to the centre and a redistribution of that wealth through a formula which is foreign to them.

• (1830)

The final effect is a change in mood out west from optimism to pessimism; a change in mood from excitement and enthusiasm to anger and disillusionment. Of course, this has given rise to political philosophies which are not necessary favorable to the stability of the country.

I do not want to comment too extensively on the Alberta-federal government agreement but I would say that there was obviously some juvenile and amateurish posturing during the negotiations which led up to that agreement. I have always been very disappointed that both Alsands and Cold Lake have been held for ransom with regard to the evolution of an agreement. I have always been unhappy that Alberta had decided upon a course of action to cut back on oil supply, which again was used as a club to evolve a national agreement. I found both actions unnecessary. Indeed, one finds that political perspectives change in this game whereby you may have a bad agreement for a couple of years but you can always renegotiate that agreement to get a better one later on.

I believe that the nature of the agreement will push the province of Alberta to venture into some rather different areas. If I were associated with Alberta I would consider very seriously not investing any money from the Heritage Fund into Alsands. There is not much point in Alberta investing money in a resource which it already controls. Section 92(a) of the new Constitution says very specifically that the legislature in each province may exclusively make laws in relationship to non-renewable resources. If I were the Alberta government and wanted to make sure that some of the money flowed back from the rest of Canada to Alberta and some measure of control was effected in Alberta over the entire nation with respect to the energy industry, I might be somewhat interested in seriously looking at purchasing Imperial Oil and converting it into an Alberta corporation and indeed controlling not only much of the play in Alberta but some of the play throughout the rest of Canada. Certainly, I would seriously think about proposing to the federal government that instead of having absolute control over Petro-Canada the federal government should give serious consideration to bringing the provinces in as co-owners of Petro-Canada. I asked this of the former Progressive Conservative government because the provinces then might be directly involved through the ownership of perhaps a third of Petro-Canada in establishing national energy policies directly rather than indirectly. If it is not possible to give some ownership of Petro-Canada to the provinces, perhaps one third shared equally among the ten provinces, surely they should be allowed to place a member on the board of directors of Petro-Canada so that they have a direct input into policies made by Petro-Canada due to its influence on the future of national energy self-sufficiency and the national energy policy.