programs alone in 1974 are estimated to total $193.7 million. The projected 1975 construction program is $243.4 million. It is estimated gross plant additions required during the period 1975 to 1984 will total $1,582 million, assuming a 15 per cent growth rate for the next five years of the projection, combined B.C. Telephone and Okanagan Telephone which is a subsidiary. The total from 1980 to 1984 is $2,955 million, with the total between 1975 and 1984 being $4,537 million. Of this $4.5 billion, approximately one-half can be generated internally, for example from depreciation, deferred taxes and retained earnings, leaving approximately $2.25 billion of new capital which the company will have to seek over the next ten years.

Assuming a debt ratio of 50 per cent, the company will require over $1 billion in new equity capital in the next ten years and must, therefore, seek to increase the authorized capital of the company and make the capital structure more flexible in order to be competitive with other financial institutions. The company, in its act of incorporation, did not have financial flexibility such as the issue of convertible preferred shares, redemption or retraction privileges at the option of the shareholders, and other corporate financial arrangements which no modern company is now without. In order for the B.C. Telephone to be competitive in attracting investors, these recognized financial concepts must be given the company. Because of the need to obtain funds for heavy capital expenditure and to modernize the methods of obtaining investment funds, this bill is now being presented to the House. The bill deals only with those things I have spoken about and will not effect any other activities of the company.

Mr. John Reynolds (Burnaby-Richmond-Delta): Mr. Speaker, as a member from British Columbia, I should like to say that my party supports this bill wholeheartedly and was prepared to let it go through a couple of weeks ago, but there was a delay. We are very happy that the hon. member for Comox-Alberni (Mr. Anderson) has presented his bill today and hope our support will help speed his bill through all stages. At a future time when a private member's bill is presented from this side of the House, I trust we will receive the same support from members on the government side.

Motion agreed to, bill read the second time and referred to the Standing Committee on Transport and Communications.

GOVERNMENT ORDERS

[*English*]

PETROLEUM ADMINISTRATION ACT

MEASURE RESPECTING THE ADMINISTRATION OF INTERPROVINCIAL, EXPORT AND IMPORT TRADE IN PETROLEUM AND PETROLEUM PRODUCTS

The House resumed consideration of the motion of Mr. Macdonald (Rosedale) that Bill C-32, to impose a charge on the export of crude oil and certain petroleum products, to provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade, be read the second time and referred to committee of the whole.

[Mr. Anderson.]

Mr. Peter C. Bawden (Calgary South): Mr. Speaker, to continue in respect of Bill C-32, I believe the statement of the Hon. C. M. Leitch, attorney general of the province of Alberta, made before a committee of this House during the discussion of Bill C-18 very well sets out the concerns of that province and, indeed, of all the provinces of this country. I quote from his remarks as follows:

> If one of the negotiating parties by legislation purports to reserve unto itself powers of the most dubious constitutional validity, it invites the other party to embark upon a course of judicial confrontation which to date all sides have attempted to avoid in the interests of the Canadian nation. In the last analysis and when viewed in practical terms, part III amounts to an assertion by the federal government of a right to regulate the price, the flow, the production and the sale of a provincial natural resource. It embodies a concept which, I am sure, no provincial government after measuring the consequences of its extension to other natural resources such as lumber, hydro power, potash, iron ore, asbestos, nickel, copper and coal, could accept without impliedly acknowledging that in today's economic circumstances the federal government has taken complete charge of the provinces' capacities to determine their future economic development.

In closing, I should like to enlighten the House on some of the facts of life in the province of Alberta, and more particularly in the oil and gas industry. Investor confidence is at its lowest ebb in the history of western oil and gas development. This can best be seen in the figures which indicate the level of exploration and development activity. Last year to this date there were 3,704 well completions. This year the figure to the same date is 3,339. At that time last year, the end of October, 165 drilling rigs were operating. This year there were only 133. In contrast, in many other countries in the world the number of drilling rigs and the number of holes being drilled is increasing as rapidly as those countries can find the funds, the people and the machinery to carry out their tasks.

Many submissions have been made by the oil and gas industry, as well as by the provinces, to the federal government. The industry and the provinces have been alternately warmed and cooled by events and discussions. The Minister of Finance, who seems to be able to handle negotiations much better than the Minister of Energy, Mines and Resources, has visited the provinces and has promoted discussion. On November 18 the Minister of Finance will be delivering his budget to this House, and if the compromise discussions have made progress then the feature of the last budget which disallowed the deduction of oil royalties as an expense in computing income will be dropped or substantially altered.

● (1710)

I wonder if hon. members realize that since the month of March, royalty oil in the province of Alberta is taken directly by the province, is sold by the province, and neither the oil nor the funds realized ever come into the hands of the producing companies. This means that the company involved is paying tax on royalty which can be as high as 65 per cent of its production and averages about 40 per cent, an amount which it never receives or touches. In Saskatchewan, the figure, I believe, is now some 60 per cent. I think that if members were to put themselves or anyone else in this position they would agree that at least it would be very demoralizing.