

Petro-Canada

The order had been given to the Alberta minister, I understand, 20 minutes before the end of the meeting. I asked the minister another question:

Did the minister attempt to meet with the Premier of Alberta on his recent visit to Alberta?

The minister replied:

Mr. Speaker, I did see a report on the morning that I flew to Calgary to see the industry that the premier expected to see me. That report in the *Globe and Mail* turned out to be a mistake.

I suggest that the only mistake made is in having this minister as Minister of Energy, Mines and Resources in a crucial period of time. There has not been one instance since he has taken office in which action has been taken in the best interests of Canada.

We all remember the situation, some 18 months ago, when the minister was making preparation and exciting all Canadians with the prediction that there was going to be an energy crisis. Just six months later the minister realized that the energy crisis which he had predicted had not come about. Last spring a year ago there was more oil in the pipelines in Canada than there had been for some time, and the ships then at sea were travelling a slow pace because there was no place for them to unload their oil.

In view of what I said I suggest that the minister has made a series of mistakes and is continuing to make them primarily by trying to establish another Crown corporation. The hon. member for York-Simcoe (Mr. Stevens) pointed out to the minister in no unequivocal terms that Crown corporations have not worked for the best interests of Canadians to any marked degree. Consider, for instance, CBC which had a deficit of \$200 million in 1972, whereas, as the hon. member for York-Simcoe stated, at the same time three national networks in the United States accumulated profits amounting to the same figure. Let us consider also Air Canada as against CP Air. It was Air Canada that wanted a 10 per cent increase in rates, not CP Air. In view of these facts we cannot agree that Crown corporations are the answer to our problems because it has been proven, time and time again, that this is not the case.

I would like to quote from the 1973 Canada Year Book as follows:

Alberta is Canada's major oil producer—

Incidentally, in case some hon. members do not realize that, let me point out that the reason why we from Alberta are very concerned about Petro-Canada is that the oil industry in Alberta is of the utmost importance to our economic well-being.

—as reflected in the steady increase of its share of the national output which has climbed from 69 per cent in 1967 to 75 per cent in 1971. Production could be even greater since the developed fields are now being operated below capacity. At present production rates, proven economic reserves of oil total about 20 years' supply. Current exploration in Alberta is at a moderate level with new field exploration awaiting the outcome of economic and environmental studies on new sources of oil above the Arctic Circle.

Alberta's total minerals output in 1971 was valued at \$1,640 million of which fuels accounted for \$1,575 million; one third of the remainder was fuel by-product sulphur and two thirds was structural materials—

In a report by the president of Imperial Oil in March of this year the following statement is to be found:

Because of reduced cash flow, the petroleum industry generally is having to cut back on its program and will not be able to meet

[Mr. Towers.]

Canada's petroleum requirements. Canada is approaching a position where it will import more oil than it produces; with a negative effect on the country's balance of payments of several billion dollars a year. To be self-sufficient in the late 1980s will require expenditures of some \$50 billion in the next ten years.

● (2010)

The point is that within two years we find ourselves facing a potential shortage, and perhaps by 1980 we will even be a net importer of oil because of the action of the federal government. The government should not get into areas where it has no business, and where it has neither the technical knowledge nor the ability to make the best use of the reserves.

I should like to read from *Nickle's Daily Oil Bulletin* for March 19, 1975, which has this to say:

Nabors Drilling Ltd., Calgary-based oilwell drilling contractor, reported that it has a rig moving out of southern Alberta. Like numerous other firms operating drilling equipment in Canada, this company is closely watching developments on both sides of the 49th parallel and will make ensuing decisions on the basis of forthcoming events. Nabors has now plans to move additional rigs out of Canada.

In view of the fact that the Minister of Finance (Mr. Turner) said that his new budget was going to prevent this, it would seem that either he or the Minister of Energy, Mines and Resources will have to reconsider his plans in order to maintain or increase exploration for oil in Canada. This is where the problem is, Mr. Speaker.

When the report to which I referred in the Canada Year Book of 1973 was made there was no doubt that at that time it was contemplated that exploration would continue. Under the policies of this government and this disaster minister, however, the situation has changed and we find that supplies will be inadequate in the foreseeable future. It is not difficult to see what will happen to Canada when this comes about. At the present time we are the only country in the industrial world that is self-sufficient in energy, but still our balance of payments is approximately \$4 billion in deficit. What will be the position if we find that we have to import several billion dollars worth of oil every year? This is the course on which this disaster minister is leading us.

A bill to establish an oil company is not going to increase proven reserves. The oil is all there now and what is needed is a government that will allow exploration to take place and will ensure that supplies are available when they are needed.

I should like to quote from a brief which was presented to the National Energy Board by the Canadian Petroleum Association on February 6 this year. This brief states in part:

The underpricing of natural gas in relation to other fuel has been basically responsible for the disproportionate growth in demand for this fuel over the past half dozen years, compared with other types of energy.

Underpricing and an excessively high government share of the take have a depressing effect on exploration and development activity and thus lead to shortages. Increased supplies of gas may be needed in a year or two, because at current rates of growth in Canadian demand, shortages could develop that quickly. The CPA recommended that when the National Energy Board attempts to predict how much natural gas will be available to Canadians, the board should allow for the fact that higher prices will encourage oil companies to find and develop more gas and to produce more from fields already discovered. Conversely, at current price levels, large volumes of gas may remain