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Official Report of
DEBATES OF THE LEGISLATIVE ASSEMBLY
(Hansard)

TUESDAY, OCTOBER 23, 1973

Afternoon Sitting

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The House met at 2 p.m.

Prayers.

HON. A.B. MACDONALD (Attorney General): Mr. Speaker, I'd like to introduce to the House the man that was good enough to lead us in prayer today: one of our honoured Clerk's youngsters, the Reverend Ward DeBeck.

HON. E.E. DAILLY (Minister of Education): Mr. Speaker, I'd like the House to join me in welcoming a group of students from a junior secondary and senior high school in North Burnaby: Alpha. Thank you very much.

MS. K. SANFORD (Comox): Mr. Speaker, I would like to introduce to the House this afternoon Mr. and Mrs. Sid Williams, two distinguished residents from the City of Courtenay.

Mr. Williams — Sid Williams — is known to thousands of British Columbians through the role that he has played with the Barkerville troupe. He is also a freeman of the City of Courtenay, but is probably best known and best loved by the people of British Columbia as "Century Sam." I would like the House this afternoon to join me in welcoming Century Sam, Mr. Sid Williams, and his wife Lillian.

MR. SPEAKER: Hon. Members, I also have the opportunity, for a change, to introduce to the Members two very distinguished artists who distinguished themselves both on Sunday and on Monday with the Victoria Symphony Orchestra in concert. One is a product of Victoria, a very fine pianist, Miss Lynn Hendry, who played the Rachmaninoff concerto last night; and also in concert, Miss Anna Chornodolska, from Montreal who sang Madame Butterfly, among other great accomplishments. I would ask the House to welcome them both; they are a credit to their art.

I should say also that they are accompanied by Mrs. McGee.

HON. W.S. KING (Minister of Labour): Mr. Speaker, we have in the gallery today a distinguished gentleman who for many years acted as secretary-treasurer of the B.C. Federation of Labour. He is now the education director of the Canadian Labour Congress. I would ask the House to welcome Mr. George Home.

MR. F.X. RICHTER (Leader of the Opposition): Mr. Speaker, I would like to join with yourself and others who welcomed Lynn Hendry. I'm particularly interested in Miss Hendry's success; after all, she was a product of Penticton and my constituency.

HON. L.T. NIMSICK (Minister of Mines and Petroleum Resources): Mr. Speaker, I just want to say that I don't know whether all the Members know, but H.W. Herridge passed away last Friday. He was a former Member of

this House from 1941 to 1945 and in the federal House from 1945 to 1966. He contributed a lot to the people of British Columbia and to Canada, and I would just like the House to know that.

HON. D. BARRETT (Premier): Mr. Speaker, I ask leave of the House to make a brief statement.

Leave granted.

HON. MR. BARRETT: Mr. Speaker, at 11 o'clock this morning I was advised by the Minister of Labour that a new initiative was presented to bring about the direct negotiations between the shop craft unions and B.C. Rail. The nature of the initiative is such to leave hope that there will be an imminent settlement of this rail strike. Because of that I will now wait a number of hours for the outcome of this intense negotiation that's taking place that has some immediate hope of settlement.

MR. J.R. CHABOT (Columbia River): Mr. Speaker, we welcome the proposal which the Premier has outlined. It is very general in context and doesn't say too much — what he means by initiative. Just yesterday when I asked about the efforts on the part of the Associate Deputy Minister of Labour to get the parties to bargain collectively, I was informed that he was unable to get the parties together at the bargaining table. That was the purpose of his going to meet with the parties.

I hope that they will get back to the bargaining table and I hope that later today, before 6 p.m., the Premier will be in a position to give us a further statement on the developments of this most critical economic dispute.

HON. MR. BARRETT: Mr. Speaker, I want to thank the Member. The information I have was that the initiative has brought the parties together. My information is that there is imminent hope of settlement. They are in negotiations now, and as soon as I receive word one way or the other I will inform the House. I thank the Member for raising it.

MR. D.A. ANDERSON (Victoria): Mr. Speaker, we thank the Premier for informing us that a new initiative has been presented, although we regret that more details were not given on this.

We trust, Mr. Speaker, that the difficulties that have surrounded this dispute will lead to a

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re-examination of the question of conflict of interest between directors of the BCR who have, of course, responsibilities elsewhere. The conflict of interest exists when a man whose job it is to impartially judge between labour and management in disputes in this province finds himself entirely in the management camp as a director and a member of the management of B.C. Rail.

We trust that these things will be considered in the future. We regret they have not been considered to date. We trust something will be done on this.

HON. MR. BARRETT: Mr. Speaker, I know of no jurisdiction where law requires that a shareholder not be the director of a company. The people of British Columbia are shareholders in that Crown corporation set up by the former administration. As representatives of the shareholders we must be present. There's no question about that.

MR. SPEAKER: I don't think, really, that it has a thing to do with the question that was raised in the statement and any contributing advice that other Members can give. I think that that's a subject matter altogether that should not be gone into.

MR. G.S. WALLACE (Oak Bay): Mr. Speaker, we also welcome the Premier's statement. In view of his stress on the word "imminent" I hope that we would at least have a progress report before 6 p.m. as to the state of the negotiations which he's described.

Oral questions.

AUTO INSURANCE COMPANIES LIST

MR. WALLACE: Mr. Speaker, I'd like to ask the Minister of Transport and Communications a question regarding the memorandum sent to MLAs on October 19 listing insurance companies which are continuing to offer automobile insurance. I'd like to ask the Minister two things.

Does the list include all such companies who are continuing to issue insurance? If the list does not include all companies, does the Minister not consider it discriminatory to circulate a list where the implication is that those not on the list are not any longer selling insurance?

HON. R.M. STRACHAN (Minister of Transport and Communications): The list that was circulated was of the companies that we know are continuing to sell insurance. Some, we know, are not continuing to sell insurance. It was not a public list; therefore, we are not discriminating against anyone. We were simply letting the Members know because you, like us, must be getting calls from people asking from which companies they can obtain insurance. This is an attempt to help you help your constituents. It doesn't necessarily include all the ones we know of. That's as far as I can go.

MR. WALLACE: A supplemental question, Mr. Speaker. I've also had phone calls from companies who issue insurance who are not on this list and who feel that that is a very unfair implication by absence of their names. Could I perhaps ask the Minister if it would be possible to expand the list to be sure that all companies who are still issuing policies can be included on that list?

HON. MR. STRACHAN: Well, as I say, it wasn't a public list. It was one that was sent to you to help you answer questions. I don't know why they didn't phone me. I don't know how they got hold of the list, as a matter of fact. I just don't know how they got hold of the list, unless perhaps some Member gave it to some of them. I didn't.

MR. H.A. CURTIS (Saanich and the Islands): Was it marked confidential?

HON. MR. STRACHAN: No, it wasn't, but it was for your help. Nevertheless, I have no objection to including them on the list. Had there been more names on the list we wouldn't have some of the problems that the people are facing today.

HANDLING OF INSURANCE CLAIMS

IN AREAS LACKING CLAIM CENTRES

MR. D.M. PHILLIPS (South Peace River): I would like to address a question to the Hon. Minister of Transport and Communications (Hon. Mr. Strachan). Would the Minister advise me who is going to handle insurance adjustment claims in areas of the province where there will be no claim centres established at this time?

HON. MR. STRACHAN: It will be handled by travelling adjusters.

MR. PHILLIPS: Has the Minister of Insurance made any deal with any group of adjusters in this province to travel around the province and handle it?

HON. MR. STRACHAN: I am not aware of any deal that has been made yet.

MR. PHILLIPS: A supplementary question, Mr. Speaker. Will it be on order and will the independent individual adjusters of the province have the opportunity to work for the new insurance corporation?

HON. MR. STRACHAN: I would expect so.

GOVERNMENT TITLE TO
SHAUGHNESSY HOSPITAL LANDS

MR. P.L. McGEER (Vancouver–Point Grey): Some days ago I asked the Minister of Public Works whether the provincial government had title to all the Shaughnessy Hospital lands proposed for the B.C. Medical Centre. He took it as notice.

HON. W.L. HARTLEY (Minister of Public Works): The matter is being handled by the Department of Health and as yet hasn't been turned over to us.

MR. McGEER: Supplementary question, then, to the Minister of Health.

MR. SPEAKER: Oh, you can't have a supplementary on that.

MR. McGEER: He's told me that the jurisdiction is that of the Minister of Health.

MR. SPEAKER: What you want is a second question to another Minister.

RELOCATION OF B.C. RAIL
HEADQUARTERS TO PRINCE GEORGE

MR. CURTIS: Mr. Speaker, a question to the Premier. Has any recommendation been received by him with respect to relocating the headquarters of the British Columbia Railway in Prince George from the present location in the greater Vancouver area?

HON. MR. BARRETT: No.

MR. CURTIS: A supplementary. Is any consideration being given to the possibility of relocating the headquarters to Prince George?

HON. MR. BARRETT: No. That's the first time I have heard that suggestion.

FUTURE OF SHAUGHNESSY HOSPITAL

MR. McGEER: I would like to ask the Minister of Health Services and Hospital Insurance (Hon. Mr. Cocke) if it is true that the Shortliffe report recommended that the Shaughnessy Hospital become just a community hospital in the future of British Columbia health services.

HON. D.G. COCKE (Minister of Health Services and Hospital Insurance): We are dealing with the Shortliffe report again. I indicated that the Shortliffe report was a report that was not made to me. It was made to assist the Dr. Foulkes committee with the health security project in their discussions of the future.

What they discussed for Shaughnessy Hospital was along that line; that is correct. I unfortunately couldn't follow that kind of direction.

MR. SPEAKER: Hon. Members, according to *Beauchesne*, page 148, it says, "The Member must not seek information about matters which are in their nature secret such as decisions or proceedings of cabinet, advice given to the Crown by law officers," et cetera.

I think that in that field it would not be a Ministerial responsibility at this time if you were asking for what advice somebody is giving to somebody else who is employed by the Crown. I don't think that still falls within advice to the Minister at this stage.

AVAILABILITY OF AUTO INSURANCE

WITH 1974 LICENCE PLATE RENEWAL

MR. A.V. FRASER (Cariboo): A question to the Minister of Transport and Communications. Will the Insurance Corporation of British Columbia be in a position to have car insurance available to drivers purchasing licence plates on January 1, 1974, or will licence dates of renewal be pushed ahead for that year?

HON. MR. STRACHAN: Yes.

SOME HON. MEMBERS: Yes, what?

MR. FRASER: A supplementary, Mr. Speaker. Has the government established that car insurance rates will be no lower than 1972 rates, applying on an average in B.C.?

HON. MR. STRACHAN: No.

EFFECT ON DOMESTIC SHORTAGE

OF OCEAN FALLS NEWSPRINT EXPORTS

MR. WALLACE: I would like to ask the Minister of Lands, Forests and Water Resources (Hon. Mr. Williams) a question regarding a question I asked the Premier when you were absent, Mr. Minister. I would like to follow it up by asking if the new agreement between Ocean Falls and Godizman Central national organization, which stated better financial terms than existed between Crown Zellerbach — does it mean that we are exporting more newsprint at a better price when there is a shortage of newsprint in this province? — and to what degree do the terms of the agreement impair the ability to supply the domestic market?

HON. R.A. WILLIAMS (Minister of Lands, Forests

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and Water Resources): The management at Ocean Falls considered a range of alternatives. I believe the bulk of the supply was, in fact, destined elsewhere under the arrangements with Crown Zellerbach. As it stands, we are satisfied. It is a considerable improvement and will improve the basic position of the company. The company did consider the various options and alternatives and discussed those alternatives with the other Canadian marketers.

MR. WALLACE: Could I ask a supplementary to the Minister, Mr. Speaker? Will he table the terms of the agreement as the Premier suggested he might?

HON. MR. WILLIAMS: No.

COST OF SHAUGHNESSY SITE

MR. McGEER: To the Minister of Health Services and Hospital Insurance (Hon. Mr. Cocke), could he give us some indication of what the cost to the Crown will be of the purchase of the Shaughnessy site for the B.C. Medical Centre?

HON. MR. COCKE: Well, I can't tell you other than that it's not a cost. It's going to go the other way. As the Member knows, the federal government has wanted out of the Veterans' Affairs hospitals and has offered to upgrade the facilities, at least to some degree, and that's where the negotiations are at the present time — the extent of the upgrading and the extent of their contribution to the overall plan.

RAISE FOR B.C. FERRIES MANAGER

MR. R.H. McCLELLAND (Langley): A question for the Minister of Transport and Communications (Hon. Mr. Strachan). In view of the government policy in relation to the new sideways-shuffle programme for senior civil servants, has the Minister given consideration to a raise for the manager of the ferry system, Mr. Aldous?

HON. MR. STRACHAN: No.

MR. McCLELLAND: Is the Minister then announcing new government policy or will he be considering a raise for the former manager?

HON. MR. STRACHAN: Make up your mind.

AN HON. MEMBER: Oh, he's losing his cool,

ADDITIONAL COMMUNITY BOARDS

MRS. P.J. JORDAN (North Okanagan): I would like to address myself to the Hon. Minister of Human Resources (Hon. Mr. Levi). In his statement yesterday in response to a question that I made regarding the community boards that he announced in Vancouver over the weekend he, in fact, said that this was not a policy shift of the system in British Columbia. I would like to ask him today if, by that statement, he means in fact that he is not considering setting up community boards anywhere else in British Columbia but the one he addressed himself to in Vancouver.

HON. N. LEVI (Minister of Human Resources): If I said that it wasn't a policy shift...I don't recall I said that. I just made reference to the fact that in Vancouver we had had a number of public meetings and at the culmination of these meetings was a report which we said we would issue in cooperation with Alderman Rankin's committee and the Second Member for Burrard (Ms. Brown) who represented us.

It seemed to me that it would be fitting to make an announcement about those findings in the City of Vancouver, and that's exactly what we did. We have gone on record in the department as saying that we are interested in the development of community resource boards. There is a great deal of discussion going on throughout the province about the development of community resource boards. That's something that we are encouraging.

MRS. JORDAN: A supplementary, Mr. Speaker. I appreciate that we got a speech today rather than a sarcastic answer from the Minister...

MR. SPEAKER: Well, let's not have another one.

MRS. JORDAN: ...but I would ask him now that he has explained a little bit of this major announcement he made outside the Legislature: how does he propose to finance this board, and how is this board going to be elected or appointed? Is it through the Municipal Act? Is he contemplating changes to the Municipal Act or will it be, as I suggested yesterday, a neighbourhood townhouse meeting type of appointment?

HON. MR. LEVI: The release that I said you would get is on its way to you. We said in the release....

MRS. JORDAN: I haven't got it yet.

HON. MR. LEVI: Well, you will get it. It's on its way to you.

MRS. JORDAN: Only four days late.

HON. MR. LEVI: Let me just say that this kind of policy was announced way back in the spring session when we tabled the document on the drug programme. We are just continuing those kinds of

discussions. In terms of financing these kinds of programmes, the provincial government finances about 90 per cent of this kind of operation anyway throughout the province.

MRS. JORDAN: He says that this, in fact, is a major policy change, when he said today it wasn't. He said yesterday it was. Now is it or is it not...

MR. SPEAKER: Order, please.

MRS. JORDAN: ...the first step of a major policy change...

MR. SPEAKER: Order, please.

MRS. JORDAN: ...in rehabilitation in the Province of British Columbia?

MR. SPEAKER: Order, please. The Hon. Member cannot repeat a question that has already in substance been asked.

PRESIDENCY OF B.C. RAIL

MR. D.A. ANDERSON: In view of the fact that the Premier's telegram to the employees of B.C. Rail constitutes that type of management influence and intimidation of a duly certified labour union prohibited under the new labour code — and we discussed this at some length yesterday with the Minister of Labour (Hon. Mr. King) — may I ask the Premier whether and when he intends to hand over the presidency of B.C. Rail to a person outside the cabinet so that the Premier can carry out his duties as Premier of the province without this conflict of interest?

HON. MR. BARRETT: Mr. Speaker, I regret that any Member would attempt to use this situation for the political statement just made by that Member. I find it completely unnecessary. Everybody in this province wants a settlement of that strike and, while negotiations are going on, I find it difficult to see how that kind of question could be helpful. Mr. Speaker, I will take it as notice.

MR. D.A. ANDERSON: Mr. Speaker, the question is on the conflict of interest, not on the strike. I asked the Minister when his conflict of interest which leads to these difficulties that we are in now is going to be resolved.

MR. SPEAKER: You are asking the government's opinion on a matter of policy; you are also asking a question of what advice the Minister will give the Crown. Those are both forbidden under *Beauchesne*.

CANADIAN CELLULOSE

MR. D.E. SMITH (North Peace River): My question is to the Premier. Has Canadian Cellulose advised the government that the tax appeal on their assessment at Prince Rupert will be held up pending a review of section 37 of the Assessment Equalization Act?

HON. MR. BARRETT: I'll take that as notice, Mr. Member.

NATURAL GAS PROBLEM

MR. WALLACE: Mr. Speaker, could I ask the Attorney General (Hon. Mr. Macdonald) to comment further on the statement he made yesterday about the natural gas problem, whether he has heard from Donald Macdonald and whether he is anticipating any change in policy as a result of Macdonald's meeting with the energy tsar from the United States in Ottawa which took place this morning?

HON. MR. MACDONALD: Mr. Speaker, I am hopeful that the Premier will call Bill 70, if we proceed today to public bills and orders, so that the Hon. Members can get fuller information. But I have had no reply other

than that one on the weekend when it was suggested — whoever drafted it — that I was in conflict with Mr. Rhodes, which I was not. I've had no reply and I think it is very regrettable that the federal government, after we have waited this length of time, has not so much as said yes or no to the simple request we have addressed to them.

Introduction of bills.

AN ACT TO AMEND THE MINES REGULATION ACT

Hon. Mr. Nimsick moves introduction and first reading of Bill 80 intituled An Act to Amend the Mines Regulation Act.

Motion approved.

Bill 80 read a first time and ordered to be placed on orders of the day for second reading at the next sitting of the House after today.

Orders of the day.

HON. D. BARRETT (Premier): Mr. Speaker, I move that we proceed to public bills and orders, Motion approved.

HON. MR. BARRETT: Second reading of Bill 70,

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Mr. Speaker.

PETROLEUM CORPORATION ACT

HON. A.B. MACDONALD (Attorney General): Mr. Speaker, Bill 70 is intituled the Petroleum Corporation Act. It sets up a Crown corporation which is not going to be large, either in terms of its staffing or its budget, but it is going to be big in promise for the people of British Columbia.

It is really a simple marketing mechanism and control mechanism intended to lift this province out of decades of lack of planning in terms of the conservation and recovery of our natural resources. While the bill covers of course petroleum resources as well as natural gas resources, its immediate priority has to be natural gas. We have in this province a precious, depleting resource of natural gas which has been sold on the export market at fire-sale prices to the detriment of the revenues of this province and the industry of this province, which must compete with industries receiving that cheap gas south of the border.

Too long have the profits of the natural resources of the Province of British Columbia been siphoned off to multi-national corporations. Too long have the levers of economic power over the resources of British Columbia been handled outside of this province. Too long have we allowed the pace of our economic development to be set by big corporations, who have their own economic interests to promote to the detriment in many cases of the interests of this province, and whose tentacles have reached in not only to equity ownership of the natural resources of British Columbia but to ownership of producing units, refining units, processing units, and marketing units.

The energy report which this bill seeks to implement in part states very flatly that the management of our natural gas resources has not been in the interests of this province. It points up the astronomical loss in return that all of the people of the province have suffered by reason of the cheap sale and the improvident export of this natural gas resource.

It points up that that loss to all of the people of the Province of British Columbia at the present time, based upon our receipt of the gas we export over the border at true competitive value compared with other fuels, amounts to \$100 million per year. In other words, now our gas should be selling in the American markets at 58 cents, and that is a rapidly changing figure in arising market for these precious fuels.

Too long has the pace of exploration and development of our resources depended upon the profit projections and needs of multi-national corporations rather than the needs of British Columbia for orderly development of these resources and supplies retained to service, in this province, our own homes and our own industries.

So this is a simple marketing agency without vast powers. They are not necessary. If they are necessary, the agency should be given those powers by this Legislature. But I do not expect they are necessary and they are not contained in this bill.

There is not even a right of expropriation contained in this bill.

Interjection.

HON. MR. MACDONALD: There is no power of expropriation contained in this bill. There are company powers, enabling powers of a corporation which are very similar, say, to the powers of B.C. Hydro, but B.C. Hydro has expropriation powers which this corporation does not have.

We must control, we must make sure — and this agency can assist in all of these matters — that the improvident export of essential energy resources is not allowed to continue from this province as it has in the past. We must establish a fair price. We must protect, as I think the consumers and industry of this province can be protected, both industry and residences by having a price differential in favour of the B.C. consumers.

Now that, being an export matter, is something that falls within federal jurisdiction, but the federal government has had and does have today, under regulation 11(A) of the national energy Act the power to impose two prices. And we seek supplemental assistance from the federal government in implementing such a policy that will protect our consumers and still enable this province to receive the true return that it is entitled to expect from its natural resources.

When we turn to the question of conservation of these resources and the present emergency — this was a matter that was raised briefly during the question period — I'd like to say that this provincial corporation becomes an urgent necessity at this time because one of its first tasks may have to be to alleviate, insofar as it can, the winter shortage of natural gas which is familiar to all of the Members of this House.

When you look at the history of what the federal government has done, and remember that as short a time ago as last November that federal government authorized the further export from the Province of British Columbia of 75 million cubic feet per day on top of the existing exports in the West coast contract, you can see how reckless and improvident that federal government has been in terms of British Columbia's interest. That was clearly an improvident decision which means....

MR. P.L. McGEER (Vancouver–Point Grey): British Columbia opposed the application.

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HON. MR. MACDONALD: That would have been a hearing before the present government. I wouldn't imagine they did. Yes, our policy is against it, but in terms of intervention, no. I don't think there was physical intervention as far as I know — I'm not sure of that. If the Members are defending that federal government and defending the hon. energy Minister from Ottawa — who does not, so far as British Columbia is concerned, even deign to give a reply to our request that that tap be turned down — let them make that their business.

High noon has passed and we have had no reply from Donald Macdonald. Instead of having the right to expect a strong protective arm in the interests of this province and in the interests of the country generally, we have

found that there remains a slack wrist on the export valve and no response whatsoever from Ottawa to the simple request we have made that Ottawa do its constitutional duty.

During this same period when the federal government has been prepared to impose export controls on butane, propane and heavy fuel oil, they have not seen fit in any way to protect this province in terms of its threatened winter emergency.

I would like to say further, in terms of turning down the tap, that in the United States they have far more extensive means of meeting any shortages emergency in the winter months than we have in British Columbia. They have inter-ties, they have storage facilities and more flexibility in terms of their sources of supply than is the case in British Columbia which basically depends upon one carrier and one set of producers.

It is not only equitable, but as I say, the constitutional duty of the federal government to protect this province in that kind of a situation. Private contracts and export permits are always and should always be considered to be subsidiary to such national laws as tariffs or export controls or limitations or even export taxes such as was recently applied by the federal government in the case of fuel oil.

Now, to point up how serious the present situation is for this province we have the latest figures up to October 22 showing that of the nominated amounts the cutback, amounting to about 8 per cent, is already in full swing.

It has not yet affected Inland Natural Gas or Pacific Northern which are not at this moment taking their nominated supplies. But B.C. Hydro has already been cut back from 266 million cubic feet per day to 241 million cubic feet per day. The supplies flowing to El Paso have been cut down from 809 million cubic feet per day to 736 million cubic feet per day — roughly a prorated of approximately 8 per cent reduction in the flow. It is on this basis that we have insisted that what is essential for the domestic needs of British Columbia should have priority.

We are not receiving that priority at the present time. Our industry as a result, in many cases, is having to go out on the market — in a seller's market — and attempt to locate supplies of heavy oil which has been escalating in price and which is now in the area of \$6 per barrel.

In the case of B.C. Hydro, which is having to buy oil and may have to buy more oil in terms of the thermal units to generate electricity, they're having to go out and pay the \$6 per barrel, where to get the equivalent BTU capacity they would have to pay, if their natural gas contracts were being honoured by West coast Transmission, something in the neighbourhood of \$3.

I think there is a very good case that Westcoast Transmission in a period when its sales have gone up in the last 9 months by 15 per cent, when its profits in the last 9 months have escalated by 49 per cent — there is a very good case that they should, if they do not fulfill their delivery contracts to industry and to Hydro they should be prepared to pay to those British Columbia industries the loss they suffer as a result of having to go out on the market and buy more costly fuel oil.

Whatever alternatives we face in this province have been canvassed very thoroughly in the past few weeks, particularly through the offices of the Energy Commission and also through B.C. Hydro. But the alternatives are costly and they involve dangerous delay.

Let me first deal with the question of bringing in new wells. I would think that the newest well that could be brought into flow, in terms of our pipeline system, would be Pointed Mountain which is in the Yukon where there are two wells and a possibility that one of the two can be brought on tap by March 1 of next year, but not in terms of large quantities — potentially the two wells, perhaps, up to 20 million. Other resources can be made available through a vigorous drilling programme, but not before next year.

Now, when you look at the other alternatives, you see in the south that Alberta and Southern could make additional supplies of Alberta natural gas available to the Americans who are now the APCO group, which is the severed twin of Westcoast Transmission. But we run into real difficulties in that area too because any such diversion

requires approval of the Federal Power Commission in the United States as well as our own National Energy Board. The word we have is that that approval might take 60 to 120 days.

Then we have the problem that the scrubbing or cleaning capacity for that gas at Waterton is being utilized to the full right now. They have pollution problems and there's a physical problem of increasing the flow to APCO by that means.

Finally, we have the proposition, which I find

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rather hard to accept, that the American companies are insisting that if they receive additional supplies of gas, say another 30 million flowing into their system south of the border from Alberta, they will insist that we do not receive the full benefit of the 30 million which is saved, but that too must be prorated. We would not even get the benefit of the Alberta gas during this winter emergency. We'd get the benefit of 30 per cent of the 30 million or about 10 million off that. So while that proposition in the south has to be actively explored, it is a difficult and apparently lengthy process.

The other proposition, in terms of the shortage, is that we move as quickly as we can in terms of Pan Alberta, which is a wholly-owned subsidiary of Alberta Gas Trunk Line and is a wholly Canadian company and prepared to do business with us. There are problems about that gas too. The propositions that have been made to us at the present time....

I'd like to say at this time that I hope the Premier will be able to shake himself free from this House and his duties and go to Alberta, because this becomes an urgent priority matter for British Columbia to try to get that additional pipeline, the Zamora link, created as quickly as possible in the North in terms of possibly recovering for us up to 18 million cubic feet per day for the winter emergency. And because Premier Lougheed has a close interest in this Alberta company, he is the man to see. We've had a proposition from them which is rather long.

On top of a natural gas shortage I think we're apt to have a pulp shortage following close on its heels.

The price is a problem because the price that we're getting at wellhead might average around 13 cents, whereas this new Alberta gas is being offered to us at 44 cents, even though Westcoast Transmission has offered to absorb most of the transmission costs.

It has problems, too, in the term of the contract. How long do we sign up for? It has problems in terms of the fact that we have to take a supply for the whole year, including the summer where it may be surplus to our needs and where it would have to be resold — although I should think that would be quite possible — to the United States in terms of their need at that time for irrigation and air-conditioning.

If we have to bring in some of this expensive Alberta gas, we can't hope to have it before December 15 and may not have it until the end of the year, and only if all of the negotiations go well. The effect of this is that the Americans will once again be receiving our natural gas at a lower price than the industries and consumers of the Province of British Columbia.

Those are the unattractive alternatives that have been put upon the people of British Columbia through lack of foresight and planning over 20 years of Social Credit administration in this province and through the years since the development of the National Energy Board in Ottawa. Believe it or not, they have calculated the amount of gas that should be exported from the Province of British Columbia not by a British Columbia formula in terms of the reserves and availability of that gas but by the formula applied on a national basis. The result is that they have been authorizing these improvident increases in the export of our gas at a time when it is badly needed here in the Province of British Columbia.

HON. MR. BARRETT: Same old give-away gang.

HON. MR. MACDONALD: So in introducing Bill 70 and speaking only to the principle at this time, Mr. Speaker, it is intended primarily in the long run, to recapture for the people of this province the true return they should have for the natural gas.

Secondly, it will be a chosen instrument of this government, the immediate usefulness of which may be apparent to the House in the next week or two in terms of the winter shortage we are now facing. I move second reading of the bill.

MR. D.E. SMITH (North Peace River): Speaking to the principle of this bill, the Petroleum Corporation Act, it is very apparent when you read the bill that what the Attorney General has done, perhaps on the advice of the Energy Commission or perhaps just upon the advice of the Members of his cabinet, is to create a piece of legislation designed to take over the petroleum industry in the Province of British Columbia.

AN HON. MEMBER: Oh, come on.

MR. SMITH: There are full powers within that bill to completely take over the industry in this province. You're using an energy shortage, which we all admit exists today, as the smokescreen to cover up the true intent of what you have in mind. This is an example of the type of legislation that we have seen come before this House, not only in this bill but in many other bills, which has provided the government with extreme powers which they can exercise without recourse and without ever calling the Legislature together again.

Part of the problem in the production of natural gas has come about as a direct result of industry being very hesitant about the position they will occupy in this province in the future. For that reason they have been hesitant and reluctant to invest multi-millions of dollars in exploration in the areas where they have every reason to believe we have excess or greater resources of natural gas than we have presently discovered.

It is interesting, Mr. Speaker, to read the report of the Energy Commission concerning the natural gas

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business in the Province of British Columbia — and I've read that report very thoroughly. As I read the report, particularly the first parts of it prior to the recommendations, I couldn't help but feel I was reading a report that I had seen in print somewhere else. So I took the trouble to look up a copy of the report that was published about six months ago by the Canadian Petroleum Association. Would you believe that that report presented by the B.C. Energy Commission was almost word for word from the report previously published by the Canadian Petroleum Association and which became a document widespread throughout the petroleum industry in the province?

Interjection.

MR. SMITH: Not word for word, but very close to word for word, Mr. Attorney General. So then, when you read the report as I did, I had to conclude that as a report it did document the problems and the development of the petroleum industry in the Province of British Columbia.

But then you got to the recommendations end of the report and you realized, if you read it closely as I did, that the recommendations did not in any way follow the broad outline of the report with respect to the petroleum and gas industry in the Province of British Columbia. In other words, it would appear to me that the recommendations were drafted completely separate and apart from the report and probably by some other people — perhaps the cabinet who said to the Energy Commission: you write your report on the overview of the industry and we will tell you what we want you to put into the report in the way of recommendations that will be compatible with the legislation we intend to introduce into this province.

The Attorney General has suggested that the business of production and sale of natural gas is not being managed in the public interest in the Province of British Columbia. Let's examine that statement for a moment.

If it had not been originally for an export permit issued to Westcoast Transmission to export gas to the United

States, there would not be a natural gas pipeline from the gas fields of northeastern British Columbia to the lower mainland today. No financial institution was prepared to finance that type of an investment on the amount of gas that the Province of British Columbia itself could consume. The only answer at that particular time was to involve ourselves in an export market.

The unfortunate part of that involvement, as I see it, is that there was no provision for an escalation clause in the contract negotiated with El Paso. Hindsight is always better than foresight, Mr. Speaker, and in this respect it would have been provident had Westcoast Transmission been able to secure that export market on the basis of a contract which could have been reviewed every few years and which included an escalation clause. So when the price of the products we were selling to the States became under priced in value in energy terms there could have been a re-negotiation of the price of natural gas.

One of the main reasons we have a shortage of natural gas in the Province of British Columbia right now is because the exploration companies could see no future for them or no return of their investment if they had to sell gas at 14 cents or something close to that. Nowhere down the line was there an economic return in terms of the costs of exploration in northern B.C. today. The cost of every person engaged in any line of business has escalated tremendously in the last 10 years, and the cost of looking for natural gas and tying in new locations and new wells is no exception, The \$100 million which the Attorney General suggests that we are losing is a hypothetical figure at the present time. I agree that we are losing \$100 million a year if we can sell all the energy that we have available at a price of somewhere between 35 and 40 cents per mcf, because this is where the energy is priced at today if you look at the prices that Alberta receives.

So we get back to the position of the National Energy Board and what they are prepared to do. Even though they allow an increase in price for natural gas, it will not immediately solve our problem because of the simple fact that the only place, to my knowledge, where we have excess volume of natural gas which could be used this winter is in two locations, the Yoyo field and the Cyprus field of northeastern British Columbia. There's only one problem: the feeder lines from those fields that tie into the main line are not large enough to push any more natural gas through than we're presently doing — you know that.

So we can build larger lines, probably as quickly as Alberta could build lines to serve us from existing known resources, but this will only solve the problem, Mr. Attorney General, if those lines can be built in the fields that tie in to the scrubbing plant at Fort Nelson because, as you must also know, the only plant in British Columbia that has excess capacity to scrub more gas than is presently going through the plant is at Fort Nelson. We could draw extra gas from the Fort St. John fields, but the scrubbing plant at Taylor is handling all the gas that it can possibly handle in terms of volume right now.

The only thing that could be done on a temporary basis is to feed that raw gas, which still includes all the hydrocarbons and the sulphur, into the transmission line on a temporary basis in a raw form without scrubbing it. This could be done, I

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understand, if the amount of gas in relation to the total volume was very, very small. That won't solve our problem either because there's not enough available on that basis.

The other solution, of course, is to drill more wells as quickly as possible in the Pointed Mountain area, and there is a great problem, because the particular formation that they're in is a very costly formation to get at. The companies estimate that it costs them \$2 million to drill one well in the Pointed Mountain area. They can't afford that expenditure and neither can the taxpayers of the Province of British Columbia if that gas is going to wholesale at 14 cents per mcf or, as it is in Fort Nelson, 11.3 cents.

It doesn't matter whether it's their money or the money of the taxpayers of the Province of British Columbia through the cabinet that drills those wells. If the wholesale price remains at that level, neither private industry nor public industry could ever recapture the cost of that additional expense. The only way it would be recaptured, if you want to maintain the price of natural gas at its present level in British Columbia, is to subsidize it through huge

infusions of capital that would never be recaptured. You could bury, in other words, the costs of actually bringing more wells into production.

It has been said that the pace of exploration in this province and the development of our natural gas reserves are dependent upon the profits to private development companies — this is how I would paraphrase what the Attorney General said. In other words, if there is not a profit somewhere down the line the companies are not prepared to develop the resource. Then, I ask the Attorney General, how does the government expect to develop those additional reserves unless they in turn subsidize either the retail price of natural gas or the actual cost of exploration and development in the Province of British Columbia? Either way, it means an impost on the Crown and an excess cost which should be known to the public before that decision is made.

If we are to maintain the price we charge for natural gas to domestic consumers and assume that they should get the break — I don't disagree with that — then the only alternative is to increase the price of natural gas that we export and bring into effect this matter of a two-price system. If there is to be a differential, it must be in favour of the residents of the Province of British Columbia. But the greatest problem in that respect is the contract which was originally negotiated and which is under the jurisdiction of the National Energy Board.

It would seem to me, Mr. Attorney General, that we have basically only two solutions to the present energy crisis in the Province of British Columbia. One is to cut back extensively the amount of gas that we export to the United States.

The second is to purchase more gas, if it can be purchased from the Province of Alberta on a temporary basis. It might even be possible, in my opinion, to work that out on the basis of an emergency situation where we would take excess volume of natural gas from the Province of Alberta now, in an emergency situation, and return it to them from the gas that we will be able to produce out of the Monkman Pass area at some future date — in other words, work the same sort of a system that we presently use with regard to the supply of power to the United States, where we have sort of a debit-credit situation where in some instances we export our surplus power to the United States into Washington state, and in other circumstances they allow their excess power to flow back into the Province of British Columbia. On balance, over a period of time, I understand that the export of power almost equals the import, so that really there's no net balance involved.

I would suggest to the Hon. Minister, if he wishes to solve this problem, that he actively try to negotiate with Alberta a temporary agreement which would provide us with the additional natural gas that we need now, provided of course that you can get agreement from the National Energy Board to allow a reduction in the amount of export that goes to the United States. If you can get that, and go to Alberta on the basis of a temporary need and take excess gas from them now on the basis that you will return it to them in like form a few years down the road, you may be able to solve the energy crisis in this province.

Interjections.

MR. SMITH: I agree, this is a critical problem, Mr. Premier. We have the potential for more natural gas in the province than we need right now. The wells are there and they're known, but it's a matter of tying those wells into a distribution system, and the latest figures that I have indicate that we have at least two trillion cubic feet of proven reserves over and above what we have presently tied into our system, that are there and are known to us. But they're in scattered fields, in very difficult terrain, and to tie them into the gathering lines and the main distribution line where they could be treated is a complex problem, and we don't have that much time at our disposal right at the moment.

Westcoast is presently looping the line to increase the capacity that they can put through the compressors down to the lower mainland. This would provide part of the solution as far as the actual transmission of gas is concerned.

But the other thing that we must look at is that if the increase and the demand for natural gas in the province continues to escalate as it has in the past, and we retain the same basic type of contract that we have presently with the United States to export

natural gas, the capacity of the present pipeline is not large enough to bring the product from the producing areas to the areas where it will be distributed at the present time — not on a basis of peak demand in the winter months.

I would suggest to the Attorney General that one of the solutions that he will have to look at in this whole problem of natural gas production is the feasibility of taking natural gas from producing fields in the summer months, when demand is at its lowest level, and converting it into liquefied petroleum so that the excess gas which is drawn out of the formation and fed into the scrubbers and down the pipeline during the summer months could be liquefied and stored and then fed back into the system at a time when it is needed. This, naturally, is in the winter months in our worst weather conditions.

It may be that we will have to look at that particular process in order to ensure that we have an adequate supply. Because if the demand continues to escalate, the existing pipeline, which is the large pipeline from the producing fields to the rest of British Columbia and the States, is not large enough to accommodate the volume of gas that we would need in the peak winter conditions when the demand is at its greatest level.

I'll tell you another thing, Mr. Speaker, that is a problem to the industry. For a long time B.C. Hydro have been the greatest industrial customer in the Province of British Columbia. Of the total consumption in the province, as I understand it, 25 per cent goes to B.C. Hydro. They in turn use that natural gas to manufacture electricity.

It is no secret that B.C. Hydro have made a tremendous profit on the gas they purchased, converted to electrical energy and then sold. True, that profit has been used for the benefit of the taxpayers of the province. But the companies which are in the exploration end and which hopefully will be able to sell their natural gas somewhere down the road, have indicated that they don't think it is really cricket for B.C. Hydro to make a rip-off profit on the product that they supply to them by using it for some other particular benefit and not even allowing them to get a great enough price at the wellhead to ensure, even at the most optimistic calculation of the amount of gas that they'll be able to produce and sell, that it will ever pay for their initial investment in that particular field.

I can't impress upon the Attorney General too much the fact that we have the most severe weather conditions, the roughest terrain and the highest costs of exploring for natural gas of anywhere natural gas is known to exist. The costs compared to Alberta are substantially higher. And not only that, a great number of the fields that we have discovered are not prolific producers — some of them are; the Beaver River field was a tremendous field, but some of our fields are not prolific producers of natural gas. So we work on the basis that the average life expectancy of a well will be quite short and the cost of producing that gas will be extremely high.

If credit were to be given anywhere in British Columbia for helping solve some of the production problems of natural gas in this province, it should go to Imperial Oil who have, in their production of gas and in their production of petroleum products or oil in the Boundary Lake field, used a water-injection system which has substantially increased the amount of product that we could recover from the formation, and because of that has helped at least to keep pace with the demands for energy in this province.

We have a number of known fields which are merely wildcatted at the present time. In other words, the wells drilled in the locations are very minimal in number. We could have a tremendous increase in the number of wells drilled there but that will still hinge upon our ability to attract exploration companies into the province on a basis that is competitive with what they would receive for doing the same work in the Province of Alberta or in the North West Territories.

The Attorney General has indicated in his opening remarks on this bill that he does not intend to take over the petroleum industry. But anyone in the petroleum industry who reads the Petroleum Corporation Act and refers to the specific powers in section 5, will realize that you certainly have the legislative clout at your disposal if you desire to exercise it.

Everyone in the petroleum industry also knows that they must come to the government for the right to explore, for the issue of drilling leases, reservations and permits. And if it is the practice of the government to be

their opponent in bidding for these leases, they have every reason to believe that private industry will be the one to lose out in that particular field.

You control the destiny of the industry with this bill. The right to allow them to explore or not to explore is in the hands and the power of the government.

HON. MR. MACDONALD: It's not in the bill.

MR. SMITH: Yes it is. It is in the companion bill to this.

This is the sort of thing that they must look at when they are considering their future in the Province of British Columbia.

I would just like to sum up by saying, Mr. Speaker, that we do have a critical energy crisis at the present time in the province, mainly as a result of the wells in the Beaver River area producing salt water instead of natural gas. That is the common occurrence when

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you draw down too heavily on producing zones. Obviously the geologists are not quite accurate in their estimates of the amount of natural gas that could be drawn down in any given period of time without running into the problem of the formation filling with salt water. So they have had to cut back on the particular amount of gas they draw.

It is not possible to drill additional wells in that particular area, in my estimation, in time to solve the energy crisis for this winter. It is even problematical that we could draw enough natural gas from the known reserves in the areas where we do have excess capability to solve the energy crisis for this year, because the gas really should be put through a scrubbing plant to remove the sulphur-dioxide and the impurities before it comes into the pipeline.

Our only solution is to convince the National Energy Board that the first priority is to protect the people of the Province of British Columbia. If that cannot be accomplished — and it should be accomplished — the other solution is, as I suggested, to work out a deal with the Province of Alberta, perhaps on the basis of a reciprocal agreement, where the gas that we take now will be returned to them in future as we prove up our reserves.

This bill was not required, in our opinion, to accomplish that particular objective or goal. The bill will allow the government of this province to become the producers, wholesalers, explorers for gas and the actual owners of pipelines in the province.

Because of that and the fact that we think you are approaching the problem in the wrong manner and that this bill will not accomplish what you wish to do, will not produce one more cubic foot of natural gas at this time or in the future, we do not support the bill.

MR. D.A. ANDERSON (Victoria): Over the last year we've seen the government, this government, interfere, mostly by statement, in the affairs of the oil and gas and transmission industry of the province. We can remember back to the time when the Premier had his first press conference with four financial writers and talked about taking over transmission companies, Westcoast Transmission and, of course, Transmountain Pipe, as well as B.C. Tel.

The situation that resulted was very damaging to the economy of British Columbia, in particular in the oil and gas and the transmission field — quite rightly, too. If companies are under the threat of imminent execution, then management quite rightly, in protecting its shareholders — which is its sole responsibility — tends to curb investment. They don't tend to go to such an extent into long-term investment.

This happened not only in transmission, it happened in exploration. I need not re-emphasize this; it has been emphasized by the Hon. Member for North Peace River (Mr. Smith) before me and on a number of occasions in this House.

Interjection.

MR. D.A. ANDERSON: You can carry on, Mr. Premier. You can make your speech when I am through. Okay?

Interjection.

MR. D.A. ANDERSON: Oh, come on, come on. Mr. Speaker, we have this difficulty that when I begin speaking it excites the poor Premier, who is smarting from the fact that his conflict of interests in the B.C. Rail has been exposed, and he is concerned about it. I understand that he should be concerned because there is no way, under the new labour bill, that he can continue to hold that position.

MR. SPEAKER: Carry on.

Interjections.

MR. D.A. ANDERSON: Oh, come on, come on, come on. Even your own backbenchers are yelling "Order."

HON. MR. BARRETT: Stake your seat on what you say.

MR. D.A. ANDERSON: The fact is that investment in exploration in the province, and discovery, has reached the point where the Attorney General's only suggestion for a new well to come into production is one in the Yukon.

HON. MR. BARRETT: That's not true.

MR. D.A. ANDERSON: That is the first one that he can see coming into production which might assist us here in British Columbia.

I would like to go on and point out — although I know that it is a distress to the Premier to point out what the effect of his statements to the press last year were — point out that this situation did not come out of the blue, all of a sudden. It has been developing over time. The problem of water being found in wells, and the reduction in the amount that could be supplied, was an unforeseen event. But there have been some underlying factors which have carried on over the past few months.

I would like to congratulate the Attorney General. All the old villains were trotted out in this speech of his. You had the tentacles of the multi-national corporations siphoning off money from the poor people of British Columbia. You had the detriment to the revenue of B.C. You had those two favourite

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whipping boys: the federal government and the former Social Credit administration.

He brought out all the devils. It was a good speech — a good devils speech. He discussed it all in great detail and then he went on to all the motherhood issues about how we were protecting the public and how this was so necessary to assist. Indeed, if the Premier or the Minister of Health had not left the room, I might suggest to them that in future, when maternity wards are being opened in this province, Mr. Speaker, we call upon the Attorney General. His motherhood statements are just superb. He's clearly in favour of motherhood.

Now we get on to where he is attempting to go; and what is the problem? Well, I point out that it is a new problem, but one of the difficulties that we face is, of course, an Energy Board which is less competent, technically, than the previous one. With no disrespect to Mr. Rhodes, we have lost people of the calibre of Dr. Shrum and Dr. Keenleyside. We have gained defeated NDP MLAs. The exchange, I do not believe, has helped us in dealing with the problems we are facing in the energy field in British Columbia today.

It might well be that had we had more technically competent people, had we had more of a carryover, this

problem that has come upon us suddenly, according to the Attorney General, might well have been foreseen in a better sense. The problems, that were definitely made worse by the Premier's statements, might well have been foreseen by gentlemen of the calibre of the two I mentioned a moment ago, and we might well have had better contingency plans — than we apparently had.

It is quite clear that we have no contingency plans and the floundering of the Attorney General is an indication of this.

So, our problem: we have our problem which is essentially the shortage of gas; and how is it to be handled? Well, it would seem to me that the logical way of handling this problem is to look first for alternative supplies. The Attorney General put this last on his list. It would strike me that this is the very first thing one should look for.

HON. MR. MACDONALD: What about turning down the tap? Where do you stand on that?

MR. D.A. ANDERSON: We would approve of the concept of reduction in consumption, Mr. Attorney General.

HON. MR. BARRETT: Oh, save the Americans at our expense.

MR. D.A. ANDERSON: Well, the Premier insists that this happens to be a stand whereby we are depriving ourselves for the Americans. I do not believe, in a world where energy is short, that you can adopt such a narrow, nationalistic sense. We must all turn it down.

HON. MR. BARRETT: Oh.

MR. D.A. ANDERSON: We must all reduce our consumption. I remember not so long ago a throne speech where we talked about departing from acquisitive North American values — immediately followed by a raise in the Premier's salary to that of the highest publicly elected official.

HON. MR. BARRETT: We know where you stand.

MR. D.A. ANDERSON: We know full well the switches that have taken place and that no longer is the NDP in favour of that statement in their throne speech about getting away from acquisitive values. It happens to be a fact that in an energy-short world, we are all going to have to turn down the tap at one stage or another.

HON. MR. BARRETT: Not at our expense for the Americans, surely.

MR. D.A. ANDERSON: The only person suggesting that so far has been you, Mr. Premier.

HON. MR. BARRETT: Oh, get on the phone to your federal Minister.

AN HON. MEMBER: They won't talk to him.

MR. D.A. ANDERSON: We look at the alternatives that there might be for increasing the sources of supply. There is southern Alberta and, if I assume correctly, this was the area where Mr. Rhodes was going to devote his attention initially. He was going to look in southern Alberta for extra sources of fuel which could be used here in British Columbia.

Secondly, and this was dealt with a little more at length by the Hon. Member from the northern part of the province, there is the source of supply in northern Alberta and the possibility of getting some there. It is obvious that when you are dealing with an area such as the Interior of British Columbia, which doesn't have any real alternative, you are going to have to protect that first. I would say that Inland Natural Gas should be given, as a matter of prime urgency, the first guarantee.

Then after considering the prospect, which has not yet been done, of alternative supply — Yukon, northern Alberta or southern Alberta — we swing to attempts to cut consumption. This need not be, as the Premier so quickly

and simplistically states, a question of cutting off our own consumption so that Americans can continue to waste theirs — waste gas

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down south.

It's probably a case where we will all, in some degree or another, have to make some sort of cutback if there is no possibility of expanding supply from elsewhere. I would say that's the proper and correct approach to it: to realize that we are linked with them in a number of ways, particularly in energy, and also in the question of peaking power for Hydro and other things. We have opportunity of flexibility here and we can, I think, approach this in a reasonable and sensible way.

The Minister raised the question of price. He mentioned the price perhaps being 44 cents per 1,000 for extra gas found in Alberta. Well, earlier in his speech, he talked of gas — the right price perhaps being 58 cents per 1,000. There appears to me to be a differential there which is, indeed, in the favour of the consumer.

The Hon. Premier has talked on other occasions of the right price being something like 52 cents per 1,000. Once again, if we are getting it for 44 cents, as was indicated by the Attorney General, there is some flexibility there. It was suggested by the Attorney General that we put on export taxes. That is quite possible and it can be done quite quickly. He pointed out that it was done effectively in the case of oil and it was done effectively in the case of beef a short time previous to that. These things can be done. We can restrict exports. There is no question that this can be done.

I would think that the logical way of approaching the problem is to try and find ways of increasing supply, if this is a short-term problem, first, and then go after the question of dealing with reducing consumption, wherever that production and consumption might be.

Mr. Speaker, a fair bit was made of the discussions between the Hon. Donald Macdonald and the Attorney General and, of course, the third Macdonald, who happens to be the executive assistant to the Hon. Donald Macdonald. I tend to think, as a person who has had his run-ins with the Hon. Donald Macdonald on a number of occasions, that if we had no Macdonalds at all in this area, we would probably be better off.

HON. MR. BARRETT: Oh!

MR. D.A. ANDERSON: In any event, if the Attorney General is serious about wishing to have this matter discussed seriously, I would like to think that he would make every effort to consider and discuss this with his opposite number in Ottawa, and also with the National Energy Board, another body which, as he knows — or at least I should say, should know, because apparently he doesn't — is responsible for controlling gas exports, and it is not the Minister.

I think it is inexcusable that we are dealing with this subject at this time when we have had such a history in the last few days, indeed over the last months, of attempting to...in the traditional provincial government response, of sending telegrams — telegrams sent after business offices were closed in Ottawa.

HON. MR. MACDONALD: It was sent at 1 p.m. That's 4 p.m. Ottawa time.

MR. D.A. ANDERSON: And it had not been received at 5:57 p.m. Well, that's right — after you released the telegram in British Columbia.

Interjection.

MR. D.A. ANDERSON: Well, maybe it is but in general practice, when you are dealing with correspondence you at least ask permission of the person to whom you are sending the correspondence before releasing it. Or, at least, if you intend to release it, make sure he receives it. It's simple to do. It can be done by a

phone call.

HON. MR. BARRETT: Where's the reply? If you are so right about the telegram sent, where's the reply?

MR. D.A. ANDERSON: I'll get on to that in a moment.

HON. MR. BARRETT: Oh, they replied to you, not to the government, is that it?

MR. D.A. ANDERSON: I'll get on to that in a moment.

HON. MR. BARRETT: Okay. Because I'm waiting with bated breath.

MR. D.A. ANDERSON: We've got to stop, as I was suggesting to the Attorney General.... The trouble is, Mr. Speaker, the Attorney General's approach is apparently more reasonable than that of the Premier's, but it's difficult to be critical of one when the other is constantly interrupting as he is.

If we do have a serious problem on this, surely the way to start is by frank exchange based on information received and replied to, and not have a situation where the effort is made to play games with the dates or times upon which offices open and close and a three-hour time difference apart. That was done last week and admitted in the press gallery by the Attorney General; I happened accidentally to be there. We've got to get away from that and get down to a serious discussion of what our problems are.

We've got to stop the nonsense, for example, of starting a debate on this subject in this House

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deliberately at this time when we know full well that the Hon. federal Minister started his first discussion with his American opposite number, Mr. Love, this morning at 7:30 our time and ended presumably when we were in question period in the House.

If we are concerned about American exports, if we are concerned about protecting the Canadian consumer and the British Columbia consumer in particular, surely the way to go about this is not to insist that we have these debates, as we've done today, by the Attorney General when he knows full well that in these discussions that have been taking place in Ottawa this subject obviously comes up. If we are to deal sensibly with energy questions, I suggest we've got to stop playing games with times, as we have been doing, and start dealing with these things sensibly on the basis of information.

The question comes up of sending Jim Rhodes to Ottawa last week. Now, what on earth did he say there? He had no press conference when he came back and, in addition, he talked about going to Alberta. The understanding you received was that they would look for other sources of supply in Alberta. But whatever it is, Mr. Attorney General, I think that if you cannot have your chief energy assistant in Ottawa discussing this with any of the officials of the Department of Energy, Mines and Resources without his coming back and giving a totally different interpretation of what he said to what was said down there, you're in some sort of communications problem, and in British Columbia if this type of communications problem continues. In British Columbia if this type of communications problem continues....

We've had, I think, a calculated web throughout this whole discussion of attempts to conceal more than has been revealed. I think that's wrong. When Ministers make statements in the House, when they bring forward subjects for debate, I would like to think they would be on the best basis of information. The best basis of information would obviously be following a discussion by you over the telephone, for example, with your opposite number in Ottawa as to what took place in today's discussions with the Americans. Now, wouldn't that make sense as a basis for the type of discussion that we've had this afternoon?

Interjections.

MR. D.A. ANDERSON: Mr. Attorney General, what I'm commenting on is your calling of this bill at this

time, and you know, that's totally within your control.

It's simple of you to make the facetious remarks that are becoming traditional with this government when discussing energy questions, but energy questions are not simple questions and you should know that by now. If you don't, you should go back to square one and start thinking about it again.

They are complicated; they involve the Americans to a very large degree in this area. For you to pretend that this debate can take place and we can seriously discuss the question of "turning off the tap" on the Americans — what a marvellous, simplistic phrase — when the discussions at the time you were speaking were in all likelihood going on in Ottawa, is not acting responsibly to the people of the province. It's the people of the province, not your government and not us, who suffer.

I think you should make every effort to try and deal with the question in a reasonable way and get the information that is available, and not continue with this shell game which you've been carrying on over the last few days, dealing with times and dates and telegrams sent, when there was no possibility of them being delivered before a weekend. It's just foolish to continue this way. It's idiotic and there's no reason for us to stand in this House as opposition Members discussing this matter when this type of approach is adopted.

The fact is that there's a question of split jurisdiction, and the Minister knows it. We cannot deal with this in a way which in my mind tries to conceal rather than reveal the information.

Mr. Premier asked during this debate as to whether or not a telegram was sent from Ottawa. Well, in actual fact it was, according to Ian Macdonald, the Minister's executive assistant. I don't know whether I'm quoting him exactly, but I believe he said, "I handed it to the CN guy." I believe those are virtually his exact words. He, of course, is a former member of the press gallery — no doubt a man of very questionable integrity, and I'm sure we're going to get that thrown at him too.

The fact is that an effort has been made to inform you of the views of the government in Ottawa and, if you have not received it, it's a pretty simple thing to find out why or to get one of your staff to phone. It's pretty simple to dial: it's 112 and then you use the area code 613.

Interjection.

MR. D.A. ANDERSON: Why don't you ask your Attorney General? Are you trying to suggest that we know your energy discussions with the Minister? All I know is what is now public knowledge, and that's the text of the reply.

HON. MR. BARRETT: What is their policy: for turning down exports or not? Yes or no.

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MR. D.A. ANDERSON: I am not privy to discussions between the federal government and the Attorney General, and you know it, Mr. Premier.

HON. MR. BARRETT: He has not given the Attorney General a reply.

MR. D.A. ANDERSON: Well, okay. The reply signed by Donald S. Macdonald went as follows:

YOUR TELEX OF TODAY DEMANDING IMMEDIATE CURTAILMENT OF EXPORTS OF NATURAL GAS FROM BRITISH COLUMBIA IS IN DIRECT CONTRADICTION TO THE POSITION TAKEN BY THE CHAIRMAN OF THE B.C. ENERGY COMMISSION IN MEETINGS WITH THE NATIONAL ENERGY BOARD IN OTTAWA ON WEDNESDAY, OCTOBER 17 AND RE-AFFIRMED BY TELEPHONE THIS AFTERNOON.

AN HON. MEMBER: We know all that; what is Ottawa....

MR. D.A. ANDERSON:

PLEASE CONFIRM IF, BY THIS DEMAND, YOU ARE NOW REPUDIATING THE POSITION TAKEN BY YOUR PRINCIPAL ENERGY ADVISOR AND OPPOSING MEASURES TO FIND ALTERNATIVE SUPPLIED FOR BRITISH COLUMBIA CONSUMERS BEFORE OTHER ACTION IS CONSIDERED.

That happens to be the reply to the telegram sent, and you know it, Mr. Premier.

HON. MR. BARRETT: That doesn't answer the question. What is Ottawa's position on stopping the export of gas so that we can have supplies here in British Columbia.

MR. D.A. ANDERSON: Mr. Premier, I am not privy to the discussions between your Attorney General or Jim Rhodes and Ottawa. All I get are public documents.

The query I put was a query as to whether or not that telegram was sent. I asked that because it was denied earlier in this House, and we find out now that it actually has been sent.

I'm sorry if you would prefer me to handle your energy matters rather than your Attorney General. I would think that the confidence he has displayed would indicate you're looking for a switch.

But the fact of the matter is that we're not going to get anything in this province in the way of a sensible resolution of the problem for the people of British Columbia, unless we get some serious discussion between the two MacDonald's, who apparently are not on the best of terms.

HON. MR. MACDONALD: We're on good terms; we just want an answer to that question.

MR. D.A. ANDERSON: We cannot get a resolution of this problem, in my mind, until such time as the approach of the Americans has been considered and analyzed by you, Mr. Attorney General, as well as by the Hon. Minister in Ottawa.

The first meeting ever between the principal energy advisor to President Nixon and our Minister of Energy was today, and you bring on this bill as a cover for your Petroleum Corporation Act because you think that you can wrap it all up, as I said earlier, in terms of motherhood and get the Act through.

The Act, unlike the Attorney General's description of it, does give very wide, sweeping powers to Ministers and to the cabinet as such.

He mentioned, of course, there's no problem there about expropriation, but there is:

"to acquire by purchase...or otherwise and hold lands containing or thought or appearing to contain petroleum or natural gas, drilling reservations, exploration permits, geophysical licences, natural gas licences, petroleum leases, natural gas leases and petroleum and natural gas leases, and petroleum and natural gas rights of every description and to work, develop, operate, turn to account, sell or otherwise dispose thereof."

Well, those are pretty specific and wide-ranging powers. Parts of that section deal with specific powers on building, buying, selling, exploring, developing and producing, I personally think that you are giving that corporation very extensive powers and I think that there's no argument put forward by you today, Mr. Attorney General (Hon. Mr. Macdonald), which would in any way justify it, except as I said, the unstated premise that because a year ago the statements of the Premier (Hon. Mr. Barrett) in this area led to such concern in the industry, you now feel the only way out of the box is for you to establish a Crown corporation to take on, not the regulation, but the operation of this particular industry.

I don't think it's necessary. I think that if the government would restrict itself to regulation and do it properly, we could have a private industry continuing in this field. The arguments put forward by you are inadequate, in my view, to support such wide-ranging legislation — legislation which also talks about, of course, virtually unlimited financial powers.

My own view is that under the circumstances of this legislation brought in, in my mind, in a thoroughly

underhanded manner, covered by this discussion of energy, there is little way that we could support such a bill in principle.

The fact is that it isn't necessary. There's no need for this bill; it should not have been brought in. It would not have been necessary or even considered and it would have been laughed out of the House had it not been, of course, for the difficulties that the industry itself has been experiencing over the past

year due to Ministerial statements and the Premier's statements in particular. We intend to oppose this bill on second reading and we intend to continue to oppose any legislation which grants such wide-ranging powers to cabinet Ministers or the cabinet itself.

HON. MR. BARRETT: I anticipated that there would be a Conservative spokesman, Mr. Speaker, This is perhaps one of the more important bills before this session.

AN HON. MEMBER: They're caucusing on the bill.

HON. MR. BARRETT: They're caucusing on the bill.

I must first of all make a number of comments about the official opposition's position and the Liberal Party. The spokesman for the official opposition at least has dropped the argument that exploration is down in British Columbia or that activity has decreased since the change of government. The simple fact is, as that Member knows, that that's not the case. There has been greater activity in exploration in the north central and northeastern parts of British Columbia than at any other time.

I think that the Member for North Peace River (Mr. Smith) perhaps is one of the more knowledgeable people in the House about the local conditions and I appreciate his explanation to the House of the particular problem that the producers are having. Also it must be noted that that problem arose after the Energy Board report was filed. So it was the recommendation of the Energy Board, prior to that problem rising, that we examine the whole structure of the handling of natural gas.

The particular problem that has been dealt with extensively and outlined by the Member for North Peace River in terms of alternatives is one that was totally unexpected. The province was not prepared for it and no previous administration, no present administration and no future administration can be blamed for that problem. That's the nature of the industry itself and it's unpredictable.

It is true that there was a very thin margin of reserves planned for in the Province of British Columbia. As a matter of fact, relatively speaking, we had a better security margin with B.C. Hydro than we ever had with natural gas. It appeared that the major thinking on natural gas was that there seemed to be an unlimited supply.

I appreciated the former Premier's statement last spring, when we discussed this particular matter, that it was his philosophy that B.C.'s needs must be taken care of first before we export. I share that opinion with him. The official opposition and the government have a difference in philosophy as how to obtain this goal.

I must say that the official opposition has not played politics in the presentation of their point of view of this particular issue in front of us. But I must also share with the House a terrible sense of sharing the embarrassment with the Liberal Party, because as a social worker I find it difficult to take advantage of people who are suffering by way of problems caused with the group they're associated with that they have no control over.

It is my social work conscience, Mr. Speaker, that tempers my remarks in terms of my analysis of that Member's position. He would have been well advised halfway through the debate, when he expressed the opinion that the debate was fruitless, to have sat down at that point and given some validity to his opinion. But after having said that the debate was fruitless, he went on to continue his useless argument to what he considered to be a fruitless debate. Now how do you justify that? I have seen this kind of case before as a social worker, and I want to tell you sometimes it's only a temporary aberration, but when I see it continue over a period of time it appears to be a chronic condition in that Member. I will do whatever I can to help him; however it does take direct surgery to correct the

situation he's faced with.

The direct surgery that I would recommend as the first move in this particular problem is to sever himself from any connection with the federal Liberal government. After accomplishing that particular separation, he could stop being a whirling dervish in terms of trying to determine policy for this important matter and settle down and accept the fact that we're dealing with the Province of British Columbia, the problems that we have here in terms of jobs and the problems that we have here in terms of our economy and our responsibility to provide for the people of this province answers to the problems that exist in our jurisdiction.

AN HON. MEMBER: Hear, hear!

HON. MR. BARRETT: Now, the former Premier said, and I agree with him, that British Columbia's needs come first. No one predicted this problem. No one wants the problem, but the problem is here and I say that it is our resource and we must husband that resource for the benefit of the people of British Columbia. It's just as simple as that.

The Member suggests that we should continue the export to the Americans. Well, I don't accept that. We've made a request to the federal government....

Interjection.

HON. MR. BARRETT: Yes, well, Mr. Member, if that means cut it off, then by all means cut it off. We have supported that position from, of all places, the

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Premier of the Province of Alberta, who is a Conservative, who is a fine man personally and a man who I respect a great deal and with whom I hope to renew our personal friendship even more closely this week. I don't agree with his political philosophy....

AN HON. MEMBER: He calls you a socialist, too.

HON. MR. BARRETT: He calls me a socialist? I call him a red Tory. He's a good Premier, a good guy, with a lot of common sense....

AN HON. MEMBER: He's got a good philosophy.

HON. MR. BARRETT: No, his philosophy is messed up. The profits that he wants to get out of the oil and gas he wants to provide to private industry. That's the only difference between he and I. We both want more profits, but he wants it to go to private industry and we want it to go to the people. Other than that, there's no real difference. Once we can resolve that, I'm sure everything will be much better.

Now the question of cutting off the gas: Some people say, "Well what about the contract?" And that's where the national leader of the Conservative Party stumbled. He did take the proposition, I must say, at the caucus meeting.... They at least have caucus meetings here in British Columbia, let alone the problem of not answering simple questions by wire, telephone or letter; at least the Conservatives came out here and had a caucus meeting. The federal Leader of the Opposition had a caucus meeting here and made a statement on natural gas and yet we can't get the federal government, the federal Minister, to make a statement.

Interjection.

HON. MR. BARRETT: Well, I'd like to get along with those guys but, you know, they keep on turning down my love embrace. (Laughter.)

AN HON. MEMBER: Oh, oh!

Interjection.

HON. MR. BARRETT: Easy virtue! If anybody has had easy virtue with the resources of this country it has been the national Liberal Party.

Mr. Speaker, before I go on to spell out our answers to our responsibilities in the provincial jurisdiction, let me spell out my position in terms of Canadian energy policies.

I agree with the Premier of Alberta, who has called for the other provinces and the federal government to seek a national conference of first Ministers on energy before national energy policies have been finalized. This was issued by the Premier of Alberta on October 4, 1973.

But I take the position that in this sovereign nation, if we are to keep Confederation alive, we have reached the point in time and awareness where the basis of a national energy policy should be the complete public ownership nationally of all natural gas and oil resources in this country. Mr. Speaker, if we are to survive as a nation and if our industrial development is to be established at a pace that is good for this nation, recognizing the situation in which the world finds itself in terms of energy needs and energy demands, then it is my opinion that it is the responsibility of any government, regardless of political philosophy, to bite the bullet and say that the natural resources in terms of energy in this country should be husbanded by the national government of this country and should be under the ownership of that government on behalf of the people.

We don't have a clear-cut national energy policy, Mr. Speaker; we have had stumbling, fumbling 36 months of change in policy on energy by the federal government. We have seen them change overnight and without consultation, especially with my good friend in Alberta. My good friend, the Premier of Alberta, has tried to cooperate with the federal government, and the federal government announces energy policy changes without so much as a by-your-leave or a telephone call or, "How are you doing, Peter?"

Interjection.

HON. MR. BARRETT: We've asked a simple question: will the federal government, on behalf of the people of British Columbia, on behalf of jobs in the Province of British Columbia, on behalf of the economy of British Columbia, turn down the tap? And do you know what the answer has been, Mr. Speaker? — a telegram accusing us of having conflict between ourselves and a civil servant. Mr. Speaker, the Attorney General said he had that telegram, but we still do not have an answer to this question that we've been asking for over one month.

And to give us the crippled excuse that they are meeting with Mr. Love before they can announce a policy is to admit that a foreign jurisdiction determines the national energy policy of this federal government of ours! You don't meet with the foreign jurisdiction and say: "By your leave, sir.... Excuse me, sir.... I beg your pardon, sir, but we're having a little problem out there somewhere on the map called British Columbia where we used to be a power but now we only have two federal cabinet Ministers."

Now if we burned all the press releases of those federal cabinet Ministers, there'd be enough energy to keep us going for a long time, Mr. Speaker. But that's a threat to the pulp and paper industry.

But here we have a situation where at this very

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moment that governing party in Ottawa has its spokesman here in this House saying, "Naughty, naughty — you're having a silly debate because really we got to talk to Mr. Love first before we can make up our minds." That is absolute nonsense, Mr. Speaker. If that had been the case, pick up the phone and call Mr. Love. A month ago! And you can't even use the excuse that the civil servants are getting canned at a faster rate than they're being fired in that country, Mr. Speaker. Mr. Love was around a month ago. You can check the tapes on that one.

Mr. Speaker, the official opposition has taken what they consider to be a valid position in terms of the

philosophy of this bill. We respect them for that and will oppose them in terms of their philosophy as they'll oppose us. But at least they've said in this House where they stand in terms of the use of the resource, and it's a continuation of the position of the former Premier and a position that I don't disagree with in terms of that very mild exchange we had last spring.

What is the other situation we're faced with in terms of setting up a marketing board? Before we had this B.C. Energy Board report, there was a public cry for some vehicle of assessing the strength and weaknesses that we had in this province in terms of natural gas and in terms of other forms of energy. When we came to office, we had in front of us the only vehicle that was available which was the Public Utilities Commission. We found that it was not equipped to give us the information that we felt we needed as quickly as possible. So we set up the provincial Energy Commission.

At the time that the Energy Commission was established, there was great hope for it, there were welcome editorials, there were critical editorials, but generally speaking everybody recognized that we needed an energy commission in this province. They went to work, they worked very hard, they had extremely good hearings, and they brought forth a report that has been received by all sections of the community on a fairly positive basis. No one has disputed, basically, the contents of the report or the method in which they came about producing the report.

Now what is the first summary that we find in this report? We find this following statement:

"British Columbia natural gas, which is currently sold to distributors in British Columbia and the United States at 31 to 32 cents per thousand cubic feet, is priced at approximately 26 cents per thousand cubic feet below its value based on prices of competing forms of energy, hereafter referred to as competitive energy value."

Now this is a significant statement, Mr. Speaker. This is what the Energy Commission told the people of British Columbia.

"This under pricing results in a loss of revenue to British Columbia producers and to the province which exceeds \$100 million a year at the present time."

If I wanted to be political, Mr. Speaker, which is really my wont (laughter), I'd make some critical statement about what kind of so-called business administration would allow us to lose \$100 million a year in the sale of our natural gas. What kind of financial genius, what type of homespun money wizard, what kind of Social Credit A-plus-B monetary system would allow us to lose \$100 million a year? I'll tell you what it was — a lack of political and business ability to see the opportunity of making a better deal on behalf of the people of British Columbia.

I just don't care to go through the whole background of the Frank McMahon connection with the former government. Far be it from me to relate, as the Attorney General used to do as a backbench member of the opposition, about the whole pipeline deal, the overlapping of the leases, the building of that pipeline and the windfall profits, and that famous article that appeared about Frank McMahon when he was living down in Florida with his one hand on a racehorse and an idle future. The title of the article after the pipeline was built, as I recall it, was "How to Have Your Cake and Eat It Too."

AN HON. MEMBER: He had good horses.

HON. MR. BARRETT: He left a few of the horses' rear ends here in British Columbia, Mr. Speaker. Because that's who he was dealing with when he made the deals — some kind of businessmen. I can't put it any plainer — they were dumbbells, Mr. Speaker — dumbbells! Frank would ring them every time, and away the horses would go — one half in Florida with the head, and the other half up here in B.C., Mr. Speaker.

\$100 million a year — during that time we went through school construction freezes, we went through hospital construction freezes, we went through meaner means tests, we went through people who are on welfare and were given excuses that there was no money. When that Member who sits for Oak Bay first came into the House and asked that there be chronic-care facilities in the province, when he got to speak to the former Premier on occasion, he was told, "Well, it costs too much money." Now we have a commitment to build better hospitals, to provide chronic

care, to develop better schools, and the money's going to come out of the natural resources of the Province of British Columbia on behalf of the people of British Columbia.

Philosophy is a matter of politics, Mr. Speaker. Philosophy is a matter of politics, and the former Premier used to love to simplify issues so that people

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would understand it. So I'll simplify the issue here: this natural gas belongs to the people of British Columbia and we're going to, through this bill, sell it at a price to guarantee better service to the people of British Columbia. If you want an election on that issue, just stand up and I'll accommodate you any single time.

Interjections.

HON. MR. BARRETT: Well, Mr. Speaker, now the question is: who are we going to sell it to? Certainly we're going to sell it to the States, but guess what — unlike your policy, in which you allowed the gas to be sold to the Americans at less than it was to British Columbians, we're going to say, "Listen fellows, you're going to have to pay more for this gas because we're getting short-changed in British Columbia."

Is that bad business? Let's go out into the hustings of this whole province and say, "We're just country boys who don't understand much about business" — like that old hardware merchant used to — "but because we don't understand much about business, we're going to ask for the full price rather than selling at a fire price in the United States." I mean, I just don't understand the complexity of economics that demand on the basis of a political philosophy that says you must sell it cheaper so that you can get money back some other way. I haven't seen the money come back.

Leave it in the ground? Mr. Speaker, God put it in the ground, and all these thousands of years that it's been there it hasn't gone rotten yet. It hasn't gone rotten yet. And the longer you leave it in the ground, the more money it seems to be worth.

Of course the Americans want to buy our gas. Of course we'll sell them some of our gas. But they're going to pay a fair price for that gas, and this is the bill that will ensure that we get our money back. When I go throughout this province and I say to people, as they say to me, "Barrett, you socialist, you got goofy ideas. Why, you want to give Mincome to people at age 60? You want to make life more secure, you want to have better university education, you want to take the school tax off the land.

"Where are you going to get the money back?" I'm going to tell them: Right out here, out of the natural gas. The natural gas you used to get from Social Credit wasn't worth a cent; the natural gas of British Columbia will bring in another \$100 million a year, Mr. Speaker.

I'm glad you are opposed to the bill. I hope you vote against the bill. At least Alberta is under a Conservative with some thought about the future. He's not afraid to put his thoughts on the line and say exactly what he thinks about energy resources. Why, he's gone further. You would almost think he is a Bolshevik, Mr. Speaker.

I'd like to read some of the comments made by the Hon. Premier of Alberta, a good friend of mine. A good friend of mine. This is what he said, here, "Lougheed Goes All Out And Says Why," October 13, 1973, from the *Financial Post*, Mr. Speaker. It quotes him here as saying:

"Lougheed is not only angry " — tut, tut, tut — "about the financial take of the federal government through the oil export, he is also alarmed at a clear invasion, in our view, of a basic jurisdictional mismanagement of our provincially-owned natural resources."

He's fighting Ottawa. Tut, tut, tut.

And what does he say here?

"The broader implications might be that this interference could go right to the wellhead price of gas as well as oil. For this reason the Premier emphasizes, 'We are forced, in fact we have no choice but to respond with major revisions in Alberta's oil and gas policies, legislation and royalty arrangements.'"

There it is. The five-year contract with industry torn up as if it never existed. A Conservative tearing up contracts. If we ever needed another vote for the PNE bill we now know where to go, Mr. Speaker.

What is he saying further? He was questioned: did he not break a contract, a firm contract in the process and break faith with industry? A Tory? Did he not break a firm contract and in the process break faith with industry? Why, Mr. Speaker, only socialists are even considered capable of such a thing, let alone act on it.

But look what happened. This is what his answer is: "No," he said, "since the Crown must reserve that right in any case and because no one could have foreseen the federal action when the contracts were signed last year." That's a lawyer, breaking contracts, in the Province of Alberta. He's not a Bolshevik, he's a Tory. And we haven't even done anything like that.

Westcoast Transmission says to us, "We don't mind dealing with you." Westcoast Transmission has said, "We'd even like you to negotiate our contract." And I don't blame Westcoast Transmission. They know a good business group when they see one.

Now what are you going to do on an embarrassing day like this? I ask you, when the vote comes on this bill, please do not jest with the opposition. Please do not call across the floor. It will be tough enough to defend their vote on the hustings without them suffering here today, so let them walk away from this House with heavy hearts, and heavy foot, as we read the printed names, constituency by constituency, who had the opportunity today to lay it on the line for British Columbia.

And that's what it is. The vote on this bill and the principle of the bill will be simply this: those in favour of British Columbia, and British Columbia and its people first, and the best deal for British

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Columbia, vote for this bill; those for the private entrepreneur still operating in Florida and the never-never land vote against it. And then we'll tell the people what the results are.

Thank you, Mr. Speaker, for this wonderful opportunity.

AN HON. MEMBER: I thought you were ill.

HON. MR. BARRETT: Oh, yes. I'm really ill from hearing the opposition.

AN HON. MEMBER: Okay, now let's cool it. (Laughter.)

MR. G.S. WALLACE (Oak Bay): Unlike the Hon. Member for Dewdney (Mr. Rolston), I don't need any prayer on this particular bill.

One of the first things that a physician learns when he gets out of medical school is not to be embarrassed. Contrary to the Premier's fighting speech, he doesn't embarrass me as a Tory at all. I think that he's just simply demonstrated the fact that the Tory party, whichever province it might be in, does have some independence of thought and some rather different new and vigorous leaders, such as it has had in the past but which it certainly exhibits in Alberta at the present time.

I think we have to look at this situation as objectively as we can. I missed the earlier part of the debate, unfortunately, but I heard the Premier's speech. The stand of this party in British Columbia, this Tory part, is that we acknowledge the problems as outlined by the Premier and we reject the solutions; we accept the problems in terms of the short term and the long term.

The short-term problem has been discussed at some length by the Attorney General this afternoon and related, I understand, to a particular problem of producing the resource and has nothing at the moment to do with some of the basic principles, underlying the whole question of the use of natural gas.

I regard the short-term problems as extremely serious, as I pointed out by questioning the Minister in the House on several occasions. But the much larger issue is the question, as the Premier has pointed out, of the use of natural gas resources per se, whether it is natural gas, or petroleum, or coal, or any of the other vital ingredients in our natural resource chest. On this issue — and the Premier put it very clearly and I will try to put our point of view equally clearly — there must be a national energy policy and provincial rights to the natural resources in provinces must be respected by the national government.

Where we differ lies in the solution which on your side of the House consists of public ownership as the only way in which the overall national and the individual provincial policies can be carried out intelligently for the best use of the resource and for the greatest benefit of the people — in this case of British Columbia or the people of Alberta in the case of Alberta.

Maybe this statement gets a little threadbare towards the end of a session, but our philosophy is just that much different from the government's philosophy, even although we identify the essential problem as being quite clear and distinct. And the problem indeed is distinct. I would say of the many reports which an MLA has to read in the course of this work, the Energy Commission report, while I disagree with the method of solving the problem, is, I think, one of the clearest and most easily read reports we have had in a long time. It defines the problem very clearly.

I don't think it serves any purpose and it is a waste of time to berate the sins of the past. It appears to any objective person reading the report — in fact it makes the mind boggle — that contracts could extend to 1989, with such limited potential or distribution or sale of natural gas, to have so little potential to increase the costs in the face of the rapid changes occurring all across the world in the availability of energy sources and in their market value. But that is hindsight, and one of the speakers has already referred to the fact that it is so easy in 1973 to notice the mistakes that were made years ago.

I don't think there would be any party in this House who would, for a second, try to dispute the fact that at the present time the natural gas resources of British Columbia are being sold outside its borders at a ridiculously low price. That is not in dispute.

I think in the long term, Mr. Speaker, the questions that have to be answered are two-fold: (1) how do we obtain the best possible price for our natural gas; (2) how do we best determine the continuing discovery of much-needed reserves of gas and, in turn, obtain a proper price, or a fair price, competitive energy value for that gas? These seem to me to be the two very fundamental questions that have to be answered.

Of course the big problem, as the energy commission report points out, is that Westcoast Transmission Company is under the federal jurisdiction and federal control the minute the gas enters the pipeline. The ideal solution, in my view, would be to be able to work out the kind of agreement which would ensure federal authority to put up the price of the natural gas by one mechanism or another.

But at least it has it, as I pointed out, under regulation 11(a), and I was interested to hear the Attorney General confirm that my reading of the report was not in error. The other day I asked this question and I presume the Attorney General is awaiting an answer from Ottawa to that question in

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particular as to whether the federal government is considering implementing the use of regulation 11(a) in the national energy Act.

Perhaps the government quite rightly shakes its head in disbelief, because it is frustrated at the lack of federal cooperation. I acknowledge that they would feel this way. But ideally, if this country is a federation, we are not just paying lip service to a national energy policy. I hope we're not.

The Premier has just stated the importance of having a conference to chart such a national policy. This party certainly believes that energy sources and resources are vital in a country such as ours which has so much in the way of resources which other countries are desperate to import from us. Under these circumstances a national energy policy is vital.

But it calls for fair and realistic cooperation between the federal and provincial levels. Surely that's what confederation is all about.

I'm not ignoring, I repeat, I'm not ignoring the immediate short-term problems of the natural gas supply in British Columbia. I think that is a distinct problem in itself which has to be tackled, but on a short-term basis, as the Attorney General pointed out today the various alternatives. But on a long-term policy — and by a long term we're talking about 20 or 30 or 40 years — I feel that the preferable alternative to setting up a Crown corporation which will take complete control of the resources, and not only the production but the exploration — which I may say was not recommended by the Energy Commission report — instead of a corporation which will take total and complete control over production, transmission, distribution and, right at the beginning, exploration....

Interjection.

MR. WALLACE: Oh yes, Mr. Attorney General, we always get this answer from your side of the House, that there's power in the bill that you don't plan to use. It can be used, but you're not going to use it.

HON. MR. MACDONALD: If we have to, we will.

MR. WALLACE: Uh, huh. Exactly. Well, we don't think that that is an approach or an attitude in legislation with which this side of the House agrees. I don't care whether we're talking about natural gas or apples or oranges or anything else. We just believe that if government is to move into a position in society of having this much control over a very vital natural resource, there should be in the bill only the amount of power that's needed to deal with the problem. This is my second disagreement with the bill.

First of all I was trying to develop the argument that the ideal way to solve the problem is in the spirit of confederation with cooperation between the provincial and the national governments. While we have an emergency situation which is of a specific short-term nature, I still believe that the problem should be solved at the national-provincial level, hopefully with persistence on the part of this government to seek negotiation and agreement with Ottawa.

I know you can't wait forever, but I'm saying that the short-term problem must be handled as quickly and expeditiously as possible.

But that short-term problem should not be used, in our opinion — and again we're expressing different philosophies of course — we do not believe, in this party, that the short-term problem should be used as justification to set up a degree of state control, total control over the industry, when in point of fact we do not believe that this government has exhausted all the possibilities for developing provincial-national arrangements whereby we can get a realistic price for export of natural gas to the United States or beyond the Canadian borders and at the same time serve at least to limit the raise in price to the domestic consumer to a level which will make it comparable with other sources of energy, or other sources of fuel.

I repeat, it is simply our opinion that this is one of the most serious problems that each province in Canada as a whole has to face — the whole question of its judicious use of natural resources, and the fact that any that are available for export should bring us a fair price; at the same time domestic use should be at the lowest possible price comparable with the price of other energy sources.

In that regard, we would have preferred that this government continue negotiations at the federal level in the hope that by the use of existing legislation, with particular reference to regulation 11(a), we would obtain the cooperation of the national government in raising the price of natural gas for export to whatever price it appears to be comparable in value to other sources of energy.

In these negotiations it would seem that the government could, as indeed the Energy Commission report states, with any negotiations with sites where the gas is to be exported, obtain shorter terms with greater flexibility in negotiating prices at shorter intervals.

If we've learned nothing else from this whole mess, I hope we've learned the fact that whatever agreements we enter into nationally or internationally, with the inflationary spiral following a seemingly endless rise and with the increasing value of natural resource, we must surely leave the situation flexible enough that agreements can be renegotiated over periods of one or two years and that the price must never be seriously fixed to any great date in the future.

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I repeat that the present agreements, I believe, extend to 1989 with the only hope to get a better price being that it must be 105 per cent of the price available to domestic consumers in British Columbia.

The Premier may jest about the Tory leader in Alberta who is busy breaking contracts. Again, I don't disagree with the fact. But as far as we're concerned on this side of the House, I don't care who breaks contracts, whether it's Tories or Liberals or NDP or Communists or Little Bo-Peep; the fact is that it is no sound or valid argument to justify a breach of contract just because it's of political benefit to that side of the House to try to embarrass this side of the House. It does not justify the breaking of contracts.

I'm not here either to defend or attack Peter Lougheed in Alberta. I'm simply saying that it is not a justification — because we are not obtaining real value for the export of our natural resources, or that Alberta is not getting a fair price for its oil — that in itself justifies breaking of contracts. Breaking of contracts is a little bit like breaking the law.

We've had examples recently in the actions of this government where it has condoned or given in to illegal acts. I hope we're not approaching the day, either in national or international agreements where, if you find you've made a bad deal, you break the contract and you try to justify it by saying, "Well, Peter Lougheed broke contracts," or "The NDP government broke a contract over the PNE," or any other example.

It's almost like saying, if somebody steals your purse, that it justifies you in stealing somebody else's purse. I hope that's not the kind of reasoning that the Premier was trying to spread around the House and around this province when he dragged up the fact that Peter Lougheed, the Premier of Alberta, in attempting to get fair value for his resources in Alberta was prepared to break contracts and implying that this was perhaps the only solution.

When I say that we favour further efforts at federal-provincial negotiations to solve this problem, I'm suggesting that this hopefully would prevent either the national government of this country or this provincial government from being involved in breach of contract with foreign powers — in this case, the United States.

It may well be a point to say that the sums of money involved are vast and that our resources are precious; we know that. But I think the government side of the House has just been a little off-hand. It has tried almost to ignore the fact that regardless as to whether the national government or this provincial government, through this proposed bill, will succeed in raising the price of natural gas to El Paso, let this House and let the province know quite clearly that either this province on its own, through this corporation, or the national government will, in fact, be breaching a promise, a contract, that gas would be sold to El Paso at a certain price for a certain stated time.

The Attorney General shakes his head. When he winds up the debate I would like him to give the same assurance he's given to certain other questions, that if...and I hope he's listening carefully, Mr. Speaker; I'll make it very pointed. I want to know, if either through this Crown corporation or through the use of regulation 11(a) the price of natural gas at the border is increased to 44 cents, or whatever is now considered to be its competitive value — and that was done the day after this bill becomes law — would the Attorney General please tell this House that we would then be suddenly charging a price to El Paso far above the price we had promised in the contract to a future period?

As I say, one of the debates quoted in the Energy Commission report is 1989. I think this is very central to this whole argument.

I doubt very much that the Americans would have, on their account, in their interest, negotiated a supply of gas so far into the future unless they felt that the price that had been guaranteed, except for the 105 per cent clause, gave them indeed a very good future of a stable price with minimal escalation of costs for many years into the future. I am not wishing to indulge in bitter recriminations against whoever it was who agreed to that, but this really is why we have the problem today.

AN HON. MEMBER: That's right.

MR. WALLACE: There's no question. I think every party in the House has decided that whatever negotiations and prices were reached were unrealistically low, and that the period over which they were to apply were unrealistically long. All I'm wanting to know from the Attorney General particularly is that, if by one mechanism or another next week or next month we tell the Americans that instead of it being 38 cents it's 58 cents or whatever the price might be, are we or are we not breaching solemn contracts previously made with El Paso? I think that's pretty important.

There are other aspects to this which I would like to put forward, which represents the differing philosophy which the Premier outlined. The Energy Commission report mentions that it does not recommend that the provincial government go into the exploration business. And again we have an example of a bill ... and the Attorney General's already interrupted me once and said, "Oh, yes, but we're not going to use that part; well, it's in the bill but we're not going to use it."

HON. MR. MACDONALD: It's unlikely.

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MR. WALLACE: I always remember that when Chamberlain came back from Munich he said, "It's unlikely we'll ever have a war." The whole nation thought, "Thank goodness; we can have confidence in Mr. Chamberlain." Well, I don't have that much confidence, frankly, in the way in which your government may use the power in this bill.

The important thing about leadership and governments is that the people, whether they voted for them or not, like to have confidence in them and confidence in their word. It really seems to me unreasonable, Mr. Speaker, that if all this government wishes to do — and this leads me to the alternative approach which we would suggest — that if all the government wishes to do is to have control over the market price of natural gas — and this is my understanding of the government's aim — this could be done by the much simpler mechanism of governing the price at the wellhead, without having control or the power to build, purchase, lease or acquire pipeline gathering systems, storage facilities and all the power provided in section 5.

Now if all we're trying to do — and I think perhaps even the Premier made this very plain — if all we're trying to do is get a fair price for our natural resources — and correct me if I'm wrong Mr. Premier; if that is the main aim, and I think it is of all of us here — why is it necessary for this government to introduce the extent of legislation which is defined in section 5?

All that is needed, in our view, is to have a mechanism which controls the price of the natural gas when it comes out of the ground, before it goes into the pipeline and comes under federal control in the transmission line. But no, this bill ... and with respect, Mr. Attorney General, you didn't smile, but I think you should have smiled when you introduced this bill and said "It is just a simple little bill."

HON. MR. MACDONALD: Housekeeping.

MR. WALLACE: Yes, "housekeeping." Simple little measure. Knowing as I do your delightful sense of humour, I thought you would have smiled, but you didn't.

HON. MR. MACDONALD: Some house!

MR. WALLACE: There's nothing simple about this bill. The Minister also in introducing the bill, Mr. Speaker, said that it was a simple bill to market natural gas. Now, frankly, if that's all it was we would be in favour of it.

HON. MR. BARRETT: Well, that's all it is.

MR. WALLACE: Unfortunately, Mr. Speaker, I can't put on the entertainment act that the Premier did. I've watched him and I hope to learn some of the art some day. But right now I'm just a plodding, pedestrian kind of guy who tries to stick to the facts.

All I would say is that we feel that if it were a simple marketing agency — period — we would support this bill. If we were government that's exactly what we would be trying to do: to insert some simple marketing agency to control the price of the gas when it comes out of the ground.

HON. MR. MACDONALD: And get the profit for the people.

MR. WALLACE: However, in section 5 the Crown corporation lists a whole variety of authority and power which we just don't believe is necessary.

HON. MR. MACDONALD: Are you speaking for your caucus?

MR. WALLACE: I'm speaking for the Conservative Party. I don't know what happened to our caucus. We had a little split yesterday.

MR. PHILLIPS: You're split right in two. (Laughter.)

MR. WALLACE: Well, I almost split my sides laughing at the Premier a little while ago, but we have to mix up the serious and the bright, Mr. Premier.

I think, Mr. Speaker, although we're exchanging levity around the House, this is indeed a very serious bill and one of the most important bills of the session, I would say. It is important that the difference between the two sides of the House be clearly understood, and understood as a matter of principle: namely, that we recognize that problem exists and is a serious one in that we are giving away a vital resource below market value.

But it is equally vital, in our opinion, that the people of this province realize that there's more than one way to skin a cat, and the way the NDP are skinning this particular cat we just cannot accept. But let us not be....

HON. G.V. LAUK (Minister of Industrial Development, Trade and Commerce): Do you agree that the cat should be skinned?

MR. WALLACE: I agree that the cat should be skinned.

HON. MR. LAUK: Hear, hear! Right on.

MR. WALLACE: That's right. The Hon. Minister of Industrial Development, Trade and Commerce (Hon. Mr. Lauk) and I are in agreement: the cat should be skinned. It's a question of technique. It's

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like some surgical operations, Mr. Minister. There are good ways and bad ways to do certain operations.

HON. MR. LAUK: Oh, you've found that out? (Laughter).

MR. WALLACE: Mr. Speaker, I hope he's not complaining about the way I put his cast on, but he seems to

be waving it around wildly. (Laughter.) But the fact is that there are various ways to do operations. Sometimes the patient is sustained and led on to ever greater degrees of vigour and vitality and other times the patient almost dies.

One of our concerns about this section 5, or about the principle of this bill, is that we see the aim of this bill ... we recognize the need for some kind of mechanism to get us fair value for our product, our resource, but we just don't understand, or we disagree with the obvious attempt in section 5 to go far beyond what is needed to achieve the goal.

We admit that the evidence would lead one to assume that federal cooperation, if it is absent or delayed, may never, in fact, be forthcoming. It may not be possible for this government to obtain the necessary help and cooperation from the federal government. I accept that as a possible long-term obstacle.

To make our position clear, I think that is the first path that should be followed. If it continues to appear that the federal consent to raise the price of gas in the Westcoast pipeline is not forthcoming, then some mechanism to give the provincial government control of the gas as it comes out of the ground is the next preferable route to follow. If that should be the route to follow, it should be in a limited, well-defined way in which the only degree of interference by the government is to control the price.

The bill, which provides power by far in excess of that, in our view may well have the kind of influence which was exerted in Mexico in 1935 when the national government in Mexico nationalized the oil wells at a time when the oil business was flourishing and had all kinds of future. Now I understand that it is anything but flourishing under the complete control of the national government.

We agree with one of the other aims of the Energy Commission, or one of the recommendations of the Energy Commission, that there must be very serious and immediate studies carried out to establish the reserves of natural gas and to determine how much or how little it is realistic to export. We would certainly agree with that philosophy. But before you can establish reserves, you have to have exploration.

I just say, Mr. Speaker, to this House: just what kind of incentive is it to expect that companies in the business of exploring for gas are likely to be all "gung-ho" and "go ahead and explore" when they have the cloud of section 5 of this bill hanging over their heads?

There is the power in this bill to take over any kind of....

HON. MR. MACDONALD: No expropriation there.

MR. WALLACE: That is always the refuge of this government I notice, Mr. Speaker....

Interjections.

HON. MR. MACDONALD: Yes, I know. We went all through that in the land Act.

MR. WALLACE: The Minister shakes his head and says, "Oh, no. There's no power to expropriate." It seems that time and time again we have bills in this House and, when the opposition gets upset about the amount of power, the NDP government seems to justify it — no matter how much power there is in the bill — just as long as they can shout back across the floor, "It doesn't have power to expropriate," as though that were some all-redeeming feature about your bills. Just because it doesn't have the power to expropriate, the fact that it has the power to do almost anything else to the industry concerned doesn't seem to be accepted.

Interjection.

MR. WALLACE: Mr. Speaker, I think that this is not a subject for levity. While we all enjoy a joke in this House the fact is that the Minister in this bill may not have the power to expropriate, but he has the power in the petroleum industry to do just about anything else. The fact is that since we need to establish reserves and find out how much it is wise to export, there have to be incentives to industry to explore for all resources.

We in this party think it will be a tremendously depressing effect to exploration to have section 5 as it is. Although I have argued against the Crown corporation per se, we might even try and agree with the bill if section 5 deleted one or two of the clauses which give you power to do a great deal more than control the price of the gas as it comes out of the ground.

I think that if the Premier was really sincere in saying that all he really wanted was to attain that end and to get a fair price at the border, I think that the Premier would agree that there is available to the government in this bill the power to do more things than just to achieve that one goal.

I would like to think also that if the Premier is going to see Premier Lougheed, after he sees him he should continue eastwards and go and see the Prime Minister of Canada. I think the Premier has every

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right to feel frustrated and that the national government has not dealt fairly or urgently with the requests that have been made. I would agree with that. There's no need to be petulant or sulky or get up and wave your arms around this House.

HON. MR. BARRETT: We can't get an answer out of them.

MR. WALLACE: Well, Mr. Premier, I have just stated that I realize that you are frustrated. But the mark of statesmanship and the mark of a man who leads this province or government.... You and I well know that the function of personal or an eyeball-to-eyeball meeting compared to Telex and letters and telephone calls and anything else is of sufficient value and importance and potential that I would suggest that once you have met in Edmonton with Premier Lougheed you could continue on the plane and meet with the Prime Minister of Canada.

I have a report here from the Vancouver *Sun* this afternoon reporting that the B.C. government had demanded that Ottawa declare by noon Tuesday whether it would move to curtail exports to the U.S. I would like to quote, Mr. Speaker:

"Mr. Donald Macdonald told reporters in his meeting today with Nixon's energy adviser, former Colorado Governor John Love, the problem of Westcoast Transmission supplies will be at the very top of the list of subjects to be discussed in the meeting, originally called to deal with energy matters in general, Macdonald said there is a possibility of supplies to the U.S. being cut off."

I would suggest, Mr. Speaker, that that signifies some measure of degree of awareness of British Columbia's problems and, rather than further deteriorate the relationship now existing between this government and the federal government, a personal meeting between the Premier of this province and, at least, with Donald Macdonald in Ottawa would perhaps bring about some of the solutions that the Premier quite rightly anticipates and might help to improve relationships rather than continue to let them become worse, as I sensed from the performance in the House today.

The Premier launched a bitter attack on the federal government, and the Attorney General has thrown up his hands in horror that there is any hope at all of even getting a reply from the federal government. I would suggest at this point in time that if the Premier really wants to go that second mile to justify his statement that this is of vital importance to this province, he himself should make that personal effort to meet with the national government or with Donald Macdonald, or whoever would decide to meet with him in Ottawa. To exchange angry telegrams or to wave his hands around or to make bitter speeches in the House solves no real purpose at all.

I would just like to sum up, Mr. Speaker, by saying that this party cannot support Bill 70, contrary to the Premier's statement. I don't think I will have any problem at all arguing at the hustings as to why we did not support this bill.

It is like so many other bills, through you, Mr. Speaker, to the Premier. We start out with the same goals but we decide, for various reasons, that the mechanisms by which we will seek those goals are just a little different.

I don't want to leave the House or the Premier with the idea that nowhere in the spectrum of managing resources do we totally exclude the intervention of governments. Our philosophy in this party is that government sometimes does have to intervene — but to intervene to the minimum degree required to solve the problem. It is just that simple.

We often are regarded as being completely and totally opposed to state interference in the private or business sector, and that is not the case. We believe that there are sometimes occasions when it is necessary. In this occasion we can see the need and justification for some degree of government intervention to obtain a reasonable and realistic price for the exported price of natural gas. But we feel that this could be achieved without allocating to this government, through the vehicle of a Crown corporation, the powers included in section 5.

We do, however, encourage the government not to give in on the federal-provincial situation and feel that it is hopeless to expect any assistance from the federal government. As I've said, I think the Premier should play a personal part in seeking that goal. If that fails, we would only support any legislation which restricted its power to control the price at the wellhead.

We would also say that measures should be taken to ensure that the domestic consumer of gas is paying only comparable prices and not the same price or close to the same price as the El Paso company, a price which would be raised considerably if this Crown corporation or some other mechanism were used to raise the price at the wellhead.

I think, Mr. Speaker, above all this bill exemplifies a principle that is present in almost all the bills which this government introduces, namely that the bills include far more authority and power than the government ever claims that it needs or will use. Or, as the Attorney General puts it so beautifully, "We don't mean to use it, but we might."

I think that kind of element in a bill sows a measure of distrust or fear in the minds of the opposition and certainly in the minds of the public of British Columbia. I don't think it is ever any excuse to say, just because the bill cannot expropriate property, that that diminishes in any way the argument, and I am staying in opposition to the bill.

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We certainly seek to support any method that will ensure a fair financial return for exporting of resources, but we just cannot support this particular mechanism and the Crown corporation with the power which is included in the bill.

MR. D.M. PHILLIPS (South Peace River): I have just a few short words that I'd like to say on this very, very important bill. I certainly want to align myself with the position taken by the Member for North Peace River (Mr. Smith) when he outlined the situation so well a few moments ago in the House. However, there were a few statements made by our Premier that I would like to discuss with the House and maybe set the House straight on a couple of issues.

Again the Attorney General, when introducing this bill, has over-simplified the situation. I suppose that he can be forgiven, Mr. Speaker, because the Attorney General really doesn't understand the nature of the bill that he's introduced. He doesn't understand the ramifications of it, or what powers he is taking unto himself. And this is quite natural; he's done this before.

But Mr. Speaker, when introducing the bill he used the words, "Westcoast Transmission has siphoned off the profits from the natural resources of British Columbia." And he referred continuously to the energy report, some parts of which are good, some of the other parts of it, I feel, have a completely political bias due to the fact that the chairman of the committee had certain political philosophies.

It's a good political philosophy, but unfortunately there is too much political philosophy in the report and not enough fact. The report says that we are losing \$100 million a year in the sale of our natural gas. That again is an over-simplification of the case. The Premier likes to use that because it reads good in the press and, as he said, it is an over-simplification. The ordinary people buy this up and they think the Premier is going to deliver them from this great \$100 million-a-year loss.

But the way to control the loss — and there is a loss — on the sale of our natural gas, is to renegotiate the price. Now Mr. Speaker, I stood in this Legislature last spring and said that the price at which we were selling our gas to the United States was not a good price based on the current market. I also asked the government to get together with the National Energy Board, with Westcoast Transmission and El Paso Gas, and renegotiate the price of the gas in a sane and sensible manner. Sit down and explain why it had to be renegotiated, why the prices were, you know, in today's....

No one, in their wildest dreams, could have foreseen what was going to happen. And this government is blessed with such fantastic hindsight that it amazes me that all of its sight is behind and doesn't really have too much sight as to what will happen in the future.

AN HON. MEMBER: Twenty-twenty hindsight.

MR. PHILLIPS: Mr. Speaker, I must state, as I have stated before in this House, that had it not been for the sale of natural gas to the United States there would be no pipeline out of the Peace River area carrying the natural gas today.

HON. MR. MACDONALD: That's history. Let's get to the present.

MR. PHILLIPS: Well, you seem to be doing a lot of looking back. As a matter of fact all your assumptions are based on hindsight.

If there had been a natural gas pipeline built from the Peace River area to serve strictly the markets of British Columbia, the price of that gas would be approximately three to four times the price that it is today. Then who would have really been the ones who would have been ripped off? It would have been every user of natural gas in the Province of British Columbia.

AN HON. MEMBER: It would still be in the ground.

MR. PHILLIPS: A Member here behind me says that the natural gas would still be in the ground. I'm inclined to believe that. But here come our socialist friends. They remind me of a dog running after a car — they wouldn't know what to do with it if they did catch it. They've come across a situation where all they want to do is have that great hindsight and condemn what has happened in the past.

I think it's time the people of British Columbia realize that they have been getting really cheap energy for the past few years. And the shortage that is created now, Mr. Speaker, I predicted in this House last spring, because of legislation brought in by the very government that is going to save the people of this province and look after their natural resources. With the bill that we have before us now hanging over their heads, there is no way that investment moneys would flow into the search for natural gas. I predicted this.

You know I really get amazed, Mr. Speaker, when the Premier gets up and puts on that same type of act he used to put on when he was over here in the opposition benches. He should be a statesman about this situation today.

We recognize the problem. It was unforeseeable a few months ago, but had there been wells discovered in the last nine months, those wells could be brought on tap today. But the Premier says, "Oh, there's been more activity in the...." My gracious, what a great

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statement.

AN HON. MEMBER: So there has.

MR. PHILLIPS: A statement which doesn't really hold credibility.

Look at your land sales, Mr. Speaker. I mentioned the land sales. They've continually gone down. The oil

companies and the petroleum industry are not interested in British Columbia. They are not interested in developing wells and they are not interested in looking for them.

HON. MR. MACDONALD: There are more rigs up there than there were before.

MR. PHILLIPS: Now had this great government that has got all the answers taken the trouble to go to the National Energy Board, renegotiate the wellhead price of natural gas, renegotiate their sales to the States, in essence come up with a two-price policy which Alberta is trying to do, then you could have cheap gas for the Province of British Columbia and you could still look after your commitments to California.

But this government, Mr. Speaker, has been in power for 12 months and what have they done? The only thing they have done is discourage the investment in exploration in the Province of British Columbia. That's really all they have done. They have, in essence, created most of the situation that exists today. I predicted it, Mr. Speaker. Now it's happened and I hate to stand in this House and say "I told you so."

AN HON. MEMBER: Yes. Well don't do it.

MR. PHILLIPS: I predicted this piece of legislation last spring. I said it would come, that there would be a bill brought into this House which would take over the entire petroleum industry in British Columbia. I predicted it. But the Attorney General introduced it and said: "Oh, we're just going to have a little old marketing company here. We're going to take over a little gas, and we're going to market it a bit. We're really not going to do anything more than that."

And then the Premier, Mr. Speaker, while he was on his feet, continued to tell us that he was going to pay for all the services for the people of British Columbia out of the profits of the Petroleum Corporation Act — hundreds of millions of dollars; yet when the bill was introduced by the Attorney General he said: "Oh, it's just a simple little Act. We're just going to distribute a little gas and look after the problem."

If you're going to distribute a little gas, where are you going to get the gas from and how are you going to solve the shortage? Are you going to take over all the gas from Westcoast Transmission and break your contract entirely with the United States? How on earth — and I hope the Attorney General will answer this question — do you really intend to solve the gas shortage this winter by bringing this bill into being? There's only so much gas. Or immediately this bill becomes proclaimed, are wells going to spring up automatically all over British Columbia?

HON. MR. MACDONALD: We'll put you on tap. (Laughter.)

MR. PHILLIPS: Well, you wouldn't have to put me on tap, Mr. Attorney General. The average price of gas in Alberta up until November of 1972 was 16 cents per million cubic feet. The wellhead price was renegotiated and it increased in 1973 to 40 cents per million cubic feet. That is why there is lots of gas in the Province of Alberta: the producers and the oil companies have enough return on their investment to go out and search for the gas. That's why I asked the government to renegotiate the price and to get together with El Paso.

Here in British Columbia, while Alberta's getting 40 cents per million cubic feet, we got an increase from 13 to 21 cents in the Fort St. John area, and in the Fort Nelson area it's still 11.5 cents. Where is the incentive? Why hasn't this all-seeing hindsight government done something constructive? But they've built up a case where they feel the only solution is to come in and gobble up the company and take it over and say they're going to run it, because they think they can do a better job. I want to tell you, Mr. Speaker, that I don't think they can.

Another thing that bothers me from the Premier's remarks is the fact that out of all of these profits that the Premier says he is going to turn back in to pay for schools and pay for hospitals and pay for this and services to public... In the Act, Mr. Speaker, it says that all the profits out of the company, first of all, will go to the cost of purchasing petroleum.... Just let me see — I want to get myself straight here:

"The corporation shall apply the revenues derived by it from its affairs and business in payment

(a) first of the cost of purchasing petroleum and natural gas and of the cost of doing business;

(b) secondly, of the cost of administration...."

and I want to tell you, with a Crown-owned corporation, there'll be lots of cost of administration, there'll be assistant managers and managers and there will be bureaucracy in there than you can shake a stick at.

"...including salaries of employees and remuneration of directors...."

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and there'll be lots of directors in there, Mr. Speaker, you can rest well-assured that there'll be lots of directors in there — lots of party hacks, too.

"(c) thirdly, of such part of the moneys borrowed by the corporation as is due and payable, together with interest...."

Now it says the

"balance then remaining and place it in reserve for such purposes as is considered necessary or appropriate."

I don't see anything in this Act that says that this money is going to come back into general revenue. No way. What in essence will happen is that for a large number of years — 10 to 20 years — the taxpayers of this province will be building up a conglomerate company that will cost the taxpayers of this province millions and millions and millions of dollars out of general revenue, and that millions and millions of dollars out of general revenue will pass into this company without one word from this Legislature, because all of those millions of dollars will go into this company by order-in-council.

Here again, Mr. Speaker, we have an example of government by order-in-council. That's why it's a dangerous piece of legislation — another example, Mr. Speaker, of taking away from the legislators of this province their due responsibility to look after the people's money.

Now, take this Act with several other Acts that we have passed and, by order-in-council, millions upon millions of dollars of the taxpayers' money can be appropriated without coming within earshot of the Legislature.

Mr. Speaker, the Premier, when he was on his feet, said that this shortage of natural gas was caused by lack of planning by the previous administration. I want to say, Mr. Speaker, that had it not been for the previous administration there would be no pipeline. Had it not been for the previous administration and their far-reaching, courageous power policies, this province today would be one of the most starved energy domains anywhere in North America. That's what the Premier calls the lack of planning on the part of the previous administration. It's a case again, Mr. Speaker, of the Premier coming in, taking over the funds, taking over the energy resources and saying: "Oh, you know, they weren't any good anyway. They've messed it all up and we've got to go in and do a better job."

Interjection.

MR. PHILLIPS: And there's the Member for Shuswap (Mr. Lewis), who seems to think that I'm right. I'm glad the Member for Shuswap agrees with me that the far-sighted policies of the previous administration have put British Columbia.... As a matter of fact, British Columbia today is envied by practically every other jurisdiction in the world because of its great energy resources and because of the way they have been searched out by the policies of the previous administration.

I want the people of this province to know, Mr. Speaker, that this bill is not going to solve the problem this winter. It will be many moons before the problem is solved, if it's going to be solved at all under this bill. The way to solve the problem, Mr. Speaker, is to get together with the companies involved and with the National Energy Board and renegotiate the price.

Buy gas this winter from Alberta, if necessary, which I think it's going to be, and get on with the job, because

this bill here will merely be another bureaucracy set-up and will really not solve the problem at all.

MR. McGEER: Mr. Speaker, I don't wish to talk at length about this particular bill, but I am sorry that the Premier and the Attorney General aren't in the House at this particular time, because I think the Premier, particularly, sunk to his low point this afternoon....

HON. MR. LAUK: You said that yesterday.

MR. McGEER: No, I didn't say that yesterday, and the Premier has his high points. Mr. Speaker, I pay the Premier a tribute when he does a fine job, and I think that yesterday afternoon when he paid his tribute to the Member for North Vancouver-Capilano (Mr. Brousson) he was at his very best.

HON. R.M. STRACHAN (Minister of Transport and Communications): He was superb!

MR. McGEER: But this afternoon, Mr. Speaker, with this posturing and political flim-flam, I thought I was looking at the former Premier of the province — it was that bad, Mr. Speaker.

AN HON. MEMBER: Shame!

MR. McGEER: And we've slumped with this new government into the same sorry state of affairs that we had for so many years with Social Credit where we enter into debate with the national government by telegram and press release, where the comments to the press and the release of the telegrams are made before the other government receives notice of what the intention or wishes are of the administration in question.

It seems to me very clear, Mr. Speaker, that the NDP government is speaking with a forked tongue out of both sides of its mouth, one through the

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Energy Commission tsar, as he's called by the Attorney General, and another by the Attorney General and the Premier.

HON. MR. STRACHAN: No! Terrible!

MR. McGEER: When you get into delicate negotiations with private corporations or foreign governments, it's absolutely essential that you speak with one consistent voice. And if we're going to conduct a war by press release between Ottawa and British Columbia, we're merely going to revive and exacerbate the sorry days of the past. I'd hoped better of this administration, Mr. Speaker, and I would have hoped that the present Premier, who so freely condemned the habits and policies of his predecessor, would be the last one to ape his style in this House.

If the government is embarrassed over its inconsistency in energy policies, it should not attempt to draw a veil over that embarrassment and those inconsistencies by political posturing in this House.

Interjection.

MR. McGEER: Take my hands out of my pockets, the Minister of Industrial Development, Trade and Commerce (Hon. Mr. Lauk) suggests. Mr. Speaker, what we are suggesting is that the NDP government take their hands out of the people's pockets. Essentially, that's what this bill attempts to do.

I have spoken again and again and again in this House of the necessity of those of us in British Columbia who are elected to be the people's representatives to bring to the people of British Columbia their own resource at the cheapest possible price.

That isn't what this bill accomplishes; that's not what the Premier said in his speech. No, Sir, Mr. Speaker; he said he wanted to sell our natural resource to the Americans at the highest possible price.

That was the policy of the former administration.

AN HON. MEMBER: They didn't know how to go about it.

MR. McGEER: That's what they did when they set up these gas policies in the first place. That's what they did with the Columbia River which cost us \$340 million; they entered into a contract at the highest possible price. That's why the remarks of the Member for South Peace River (Mr. Phillips) were such utter bunkum — because the policy that Social Credit followed is the policy that the NDP is following. Social Credit took over the B.C. Electric for the express purpose of developing power to sell it to the Americans; the NDP is developing an energy corporation in British Columbia for the express purpose of selling B.C. natural gas to the Americans.

HON. MR. BARRETT: Tell the feds to turn off the taps.

MR. McGEER: I am going to come to that. What looks like a high price and a wonderful deal today turns out to be a low price tomorrow and a sell-out of the interests of the citizens of British Columbia.

This is a sell-out bill. (Laughter.) I have heard this same kind of laughter coming from the former Premier and the same incredulous looks from the former Attorney General. Well, I was regarded as being insane in this House for years when I stood up and said we were being skinned on the Columbia River.

HON. MR. BARRETT: Give it to Westcoast. Is that what you are suggesting?

MR. McGEER: No, it's not what I am suggesting.

HON. MR. BARRETT: Cut off the taps? Give it to the Americans.

MR. McGEER: No, Mr. Speaker, the Premier still doesn't understand.

HON. MR. BARRETT: No, and neither do the people.

MR. McGEER: I am going to go over it very slowly in the hope that there will be some glimmer of understanding over there and some recognition that the policies they pursue are identical to the policies of the former Social Credit regime which they now condemn. Some future government will stand and make the same comments about the kinds of political speeches that the Premier made this afternoon in defense of policies that are not in the long-term interests of the citizens of British Columbia.

When we established contracts with the Americans initially to sell them our natural gas, it was for the purpose of developing a large enough market to make possible a pipeline distribution system in British Columbia. As the Members have pointed out this afternoon, had those contracts not been entered into, the price of natural gas in British Columbia would have been prohibitive.

What has happened over the years is that enough natural gas has been sold across the border to pay for the pipelines and pay for the British Columbia distribution system. With that system having been paid for, there is no longer any virtue or common sense to selling any more natural gas across the border. None.

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HON. MR. BARRETT: Do we cancel all the contracts?

MR. McGEER: No.

HON. MR. BARRETT: Did we get an answer out of Ottawa to turn off the taps?

MR. McGEER: What we do in a situation such as this is we phase out all of the export operations and contracts that we have.

HON. MR. MACDONALD: You have to break the contract. The date 1989.

MR. McGEER: We phase out all the export contracts.

HON. MR. BARRETT: 1989.

HON. MR. MACDONALD: You're voiding contracts.

MR. McGEER: Mr. Speaker, I am being prompted here and I would like the Attorney General and Premier to just listen to this. I know it's difficult; they like to talk. If they did just a little more listening before they came out with their policies and shot off their telegrams, I think the Province of British Columbia would be in better shape today, I really do.

We should be phasing out our export operations as quickly as we can and we should be establishing, from this moment, prices to British Columbia consumers that reflect the cost of harvesting that resource only, not continuing to gouge the customers of British Columbia as the B.C. Hydro quite patently is doing today or enter into the monstrous recommendations of the energy board report that the price of gas to British Columbia consumers be increased.

There is no relation at all to the cost of exploration or a fair return on the investment, public and private, that have been made. It reflects only one thing: greed. I don't think greed is any help if it comes from a government or from private enterprise because greed works against the interests of the ordinary citizen. Governments that are greedy are just as much to be condemned as private corporations or individual citizens. When the Premier stands up and talks about the \$100 million we should be getting for our resource, that's a reflection of greed. It is an inaccurate representation of the situation we are in today.

There is no question that the cost of energy in any form is escalating rapidly and that what was a fair price last year is not a fair price this year. I quite agree that it is essential that we renegotiate the price of the gas which we are currently selling, but that we do it as a negotiation and not as a repudiation of contract.

HON. MR. BARRETT: Suppose they still want the gas?

MR. McGEER: I don't think that it is appropriate for a premier of any province to stand in his own Legislature and try and justify his policy and the policy of his Ministers to repudiate contracts and use the name of any other individual, whether it be the head of the provincial government or the head of a Marxist, Communist state.

HON. MR. BARRETT: We haven't repudiated any agreement.

MR. McGEER: Well, who says we haven't repudiated any contracts? Why, the Minister of Lands, Forests and Water Resources (Hon. Mr. Williams) says that. He's an honourable man, he would never repudiate a contract or bring legislation into this House that attempted to do so, would he, Mr. Speaker?

SOME HON. MEMBERS: Oh, no!

AN HON. MEMBER: You didn't vote against it.

HON. MR. BARRETT: Mr. Speaker, he voted for that bill.

Interjections.

MR. SPEAKER: Order, please. Question time is over.

MR. McGEER: Mr. Speaker, the Premier would never repudiate a contract. No!

HON. MR. BARRETT: You used to be leader. You broke a contract. You said....

MR. McGEER: You see what his understanding of contracts is, Mr. Speaker? Very rudimentary. And to think that he's leader of a government.

HON. MR. BARRETT: And you're not. Isn't that sad.

MR. McGEER: Well, I must say, Mr. Speaker, that if we're bringing forward policies of the kind that we brought forward today, the man who is leader of the government will not be leader for very long.

HON. MR. BARRETT: That's right, but it won't be the Liberal Party.

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MR. McGEER: He'll be going back to social work.

HON. MR. BARRETT: That's right. And I'll try to help you as much as I can.

MR. McGEER: I don't think the Premier needs a social worker; I think he needs a psychiatrist at times.

SOME HON. MEMBERS: Oh, oh!

HON. MR. BARRETT: Doctor! Don't you know, "Physician, heal thyself?"

Interjections.

MR. SPEAKER: Order! I hate to use the gavel, but would the Hon. Members stay away from personalities and get on with the nub of the debate?

MR. McGEER: I think it's going to be the people of British Columbia who will dish out the medicine to the Premier.

HON. MR. BARRETT: Not at all. Couldn't be diagnosed on a better sentence.

AN HON. MEMBER: Consider the source.

MR. SPEAKER: I think it applies equally on both sides.

MR. McGEER: Order, order, Mr. Speaker. I'll attempt to abide by the rules of debate, but I think we should have one speaker on the floor at once.

MR. SPEAKER: It's difficult unless you can control the mike. (Laughter.)

MR. McGEER: *Touché*, Mr. Speaker.

The policy that we should be following in British Columbia is a very clear one. It's not embodied in this bill. We should let it be known that we wish to renegotiate contracts but that we're prepared to honour agreements. We should let it be known that, when it comes to British Columbia natural gas, the interests of British Columbians should be considered first. These are reasonable enough positions. We shouldn't have to resort to sabre-rattling or political posturing in this House to achieve worthwhile results for the people of British Columbia.

This natural gas resource of ours is a valuable one. We can't measure its relative value in the future; we can only examine the rapid escalation of its value in the past few years. And anybody who does that must reach the inescapable conclusion that to export, at any price, many times as much of that resource as we use for our own purposes is nothing short of monumental folly; and that to do so for short-term profit, at the same time denying the citizens of the province the use of that resource at an economical price, is compounding folly on folly.

Mr. Speaker, if in order to make the profits which the Premier has boasted about we must sell our natural gas

at a high price and then be forced by the agency which is set up under this legislation to charge our own B.C. citizens the same or nearly the same price to use that gas, it means that the citizens of British Columbia neither now nor in the future will have the true benefit of their resource.

You realize that until this point in time we have obtained virtually no benefit of that resource. We're selling natural gas — the B.C. Hydro is — at a price the traffic will bear, which is the competitive price for other forms of energy. We're bringing in a bill now that will increase the price at the wellhead, which means that British Columbia citizens, as well as those across the border, will have to pay an inflated price.

Mr. Speaker, can you tell me when under these circumstances the people of British Columbia will ever benefit from this resource? They aren't benefiting now and they're not going to benefit in the future. They'll have to pay a high price and eventually the natural gas will all be gone, three-quarters of it exported to a foreign country, and never at any time will the people of British Columbia have been given the opportunity to have their own resource at the lowest possible price. Always those B.C. industries that we talk about competing with the industries across the border will be at a disadvantage not being able to get their own natural gas at a price competitive with some firm across the border that's employing people to turn out much the same kind of things that British Columbia labour is being employed to turn out.

So it has its multiplying effects. Why the government can't see this is beyond me, Mr. Speaker. Why we have to enter into a war with Ottawa over it is beyond me.

I think the Member for Oak Bay (Mr. Wallace) had a rather good point, and that is to go right down to Ottawa and explain a comprehensible position.

Oh, I know, Mr. Speaker, when Macdonalds get fighting with Macdonalds it gets to be a very bitter feud. I think you ought to have a Campbell as a referee.

AN HON. MEMBER: Somebody's bound to get killed. (Laughter.)

MR. McGEER: I know the energy Minister (Hon. Donald Macdonald) and I certainly don't agree with a lot of stands that he takes. But he's not a stupid man, Mr. Speaker. I think if a position were put in plain English he'd be capable of understanding it. I can't believe that that man would have difficulty understanding a clearly-stated position.

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AN HON. MEMBER: We want him to turn down the taps.

AN HON. MEMBER: Pass it on.

Interjection.

MR. McGEER: I'm not sure exactly what turning down the taps means. Mr. Speaker, does it mean that the Premier of British Columbia wants to reduce permanently, starting now, the exports of natural gas to the United States?

MR. SPEAKER: Order, please. Question time is over.

MR. McGEER: Mr. Speaker, the Premier is raising questions with the comments that he makes. What we have to see beyond is short-term fluctuations in the supply of energy and medium-to-long-term fluctuations in the relative market price. Because when you enter into a contract, not only is long-term price involved, but reliability of delivery as well.

To say "turn down the taps" this afternoon and "turn it up" tomorrow; turn it down when we're short and turn it up when we think we can get a high price, isn't good enough for a private corporation, a private enterprise government or even a socialist government. It's not worthy of any individual. We have to make up our minds. Do we

want this resource for ourselves or do we want to sell as much as we can at as high a price as we can?

HON. MR. BARRETT: That's not what your leader said earlier today. You've had two different policies already today.

MR. McGEER: I'm suggesting what the government policy should be. Because if anybody is confused, it's the government. Mr. Premier, no number of political speeches in the House or shouting across the floor is going to alter the fact that you and your energy Minister have presented inconsistent and conflicting opinions to the federal government. I suggest, Mr. Speaker, that the basis of all this is the difference between short-term and long-term policy.

If you are going to establish a policy with consumers in a foreign country that policy has to go beyond a production problem that might last two or three months. It has to go beyond a price that's all right in October but perhaps isn't right in December. It has to be a consistent long-term position that can be understood clearly in Ottawa and can be understood clearly by foreign corporations and foreign governments.

Failing to be explicit amounts to being dishonourable and, Mr. Speaker, this is the kind of short-term policy of convenience which is emerging from the government but doesn't seem to be emerging from the energy commissioner. I made a few critical remarks of that energy commissioner, but I think that he's the one that's had the consistent point of view.

MR. SPEAKER: On a point of order, perhaps the expression, "is dishonourable" is a little strong, is it not?

MR. McGEER: Mr. Speaker, of course there is a hypothesis that we've presented an inconsistent position. If you agree with me, Sir, that the position is truly inconsistent, as I believe it is, then I don't believe "dishonourable" is too strong a term to use.

MR. SPEAKER: Unfortunately, the rules seem to disagree with you.

MR. McGEER: Even in a hypothetical situation? I withdraw, Mr. Speaker, because the situation isn't hypothetical; it's true.

MR. SPEAKER: I don't know quite now what you withdraw, but it doesn't sound too good. (Laughter.)

MR. McGEER: Well, I wish the government would withdraw its policy. That's why I am speaking and will vote against this bill. The policy that we should follow, Mr. Speaker, is a clear one. We've paid for the pipeline distribution system with the natural gas that we have exported to this point in our history. We have long-term contracts and we must honour those long-term contracts, though we should seek to renegotiate them — not by changing laws.

Interjection.

MR. McGEER: Well, I wouldn't send the Minister of Lands, Forests and Water Resources (Hon. Mr. Williams) to renegotiate anything. I'd keep him locked in his office. That man's a disaster, Mr. Speaker. I wouldn't let any visitors from foreign countries or other governments in Canada visit that Minister. That's just a personal opinion, Mr. Speaker.

British Columbia natural gas needs to be saved for British Columbians, developed for their benefit, marketed to them exclusively in the future, not at a holdup price but at a price which reflects the cost of discovery and distribution of that resource. The policy we're pursuing now is one of gouging the citizens of British Columbia now and forever in the future for the greed of the provincial government.

HON. MR. MACDONALD: Mr. Speaker, in a brief summation of the debate, may I say that we are, of course, involving the gas supply of the province in terms of public ownership as it passes through the

provincial agency.

AN HON. MEMBER: Hear, hear!

HON. MR. MACDONALD: We're not taking over Westcoast Transmission. We're not taking over the producers, but it is 30-second socialism. We intend to own that gas for a period. Our marketing agency is the only way to return to the people, not the companies, the benefit of the rising prices, and we're proud of that position.

We have had fruitful negotiations with Westcoast Transmission. We think that we can deal with them as a carrier. We think that if we bring in the gas from the north, from Alberta, Westcoast will be glad to carry that gas. They will not own it. As a matter of fact, they won't deal with Pan-Alberta because that triggers off price rises throughout their system that they're not willing to face up to. So they will become a carrier.

The producers will carry on in the field and wellhead prices will be adjusted as necessary to secure the right degree of drilling and exploration that this province requires. They will be adjusted by consent, or there will be prices offered by the new agency that will be satisfactory to them.

But let me say to the Hon. Member for Oak Bay (Mr. Wallace): yes, we do have fail-safe powers in this bill. If we run into a situation where the private companies are letting us down in terms of exploration and drilling, don't rule out the possibility that we may engage in that field ourselves.

We're not prepared to see another crisis of this kind creep up on us as this one has over the last 10 years. We're prepared to take precautions for the future and to make sure that the dividends from this rich resource from this time forward are harvested for the people of this province.

I move second reading.

Motion approved on the following division:

YEAS — 32

Levi	King	Lea
Young	Radford	Lauk
Skelly	Gabelmann	Lockstead
Gorst	Macdonald	Barrett
Dailly	Strachan	Nimsick
Stupich	Hartley	Calder
Nunweiler	Brown	Sanford
D'Arcy	Cummings	Dent
Rolston	Anderson, G.H.	Barnes
Steves	Kelly	Webster
Lewis	Liden	

NAYS — 15

Chabot	Richter	Jordan
Smith	Fraser	Phillips
McClelland	Morrison	Schroeder
Bennett	McGeer	Anderson, D.A.
Gardom	Wallace	Curtis

Bill 70 read a second time and referred to Committee of the Whole House at the next sitting after today.

AN ACT TO AMEND THE
MENTAL HEALTH ACT, 1964

Hon. Mrs. Dailly, on behalf of the Minister of Health (Hon. Mr. Cocke), presents a message from His Honour the Lieutenant-Governor: a bill intituled An Act to Amend the Mental Health Act.

Bill 82 read a first time and ordered to be placed on orders of the day for second reading at the next sitting of the House after today.

HON. MR. BARRETT: Mr. Speaker, with leave of the House, I'd like to make a brief statement.

Leave granted.

HON. MR. BARRETT: Mr. Speaker, this afternoon the initiatives between the B.C. Rail, the government representative, Mr. Kinnaird, and the shop craft unions have brought about a resolution of the strike. It's my understanding that the men will be returning to work as soon as possible.

MR. SPEAKER: Hon. Members, the results of some of the television tapes that were taken are available after 7 p.m. in the Members' lounge. For anyone who wishes to look at them they will be available, and not just summaries of them. So you're quite welcome to come up and see them between 7 p.m. and 8 p.m. when somebody will be in attendance.

Hon. Mr. Barrett moves adjournment of the House.

Motion approved.

The House adjourned at 5:56 p.m.

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