

Canada Oil and Gas Act

I thought it might be beneficial if I were to read a few remarks from the budget the minister considered to be propaganda. He might obtain an understanding of how the government of British Columbia operates. It is the elected government of British Columbia. I do not belong to the party which forms the government there, anymore than I do the one which forms the government here, but it is in power there and has a right to express its policies. The Hon. Hugh Curtis from southern Vancouver Island said the following during the budget speech:

The problem of slow revenue growth would have been difficult enough even without the measures announced in the October federal budget. Now, the situation has become critical. The Canadian government has introduced new energy taxes that directly reduce provincial revenue. More significantly, the federal has increased the tax burden on the petroleum industry and has reduced the incentives to explore for and develop new oil and gas fields in British Columbia.

He went on further:

Over the period 1980-81 to 1983-84, federal taxes have a very real potential of reducing provincial revenue by over \$1 billion.

In answer to my question on March 12, the Minister of Energy, Mines and Resources pretended that there was no effect on provincial revenues. He gave this curious answer:

Madam Speaker, every gas consumer in this country is paying the same amount of federal tax under the last budget.

Mr. Evans: You are not being relevant and you know it.

Mr. McKinnon: He completely ignores the fact that there are only three provinces in Canada which produce natural gas, and their ability to tax it is limited by the price at which they can sell it. The minister lives in a funny dream world.

Mr. Evans: Mr. Speaker, I rise on a point of order. I have to ask that the hon. member be somewhat relevant to the bill. He is talking about Bill C-57. This is Bill C-48.

Mr. McKinnon: Mr. Speaker, perhaps the parliamentary secretary is challenging the hon. member for Vancouver-Kingsway about spurious points of order. I do not know, but gas lands are offshore as well as on the Canada lands. I believe gas reserves also come into this. However, the fact is that these matters are dealt with in the energy policy, and this bill is part of the energy policy the government is bringing in. This bill would have a considerable effect, and hon. members opposite do not seem to understand that. When one is trying to sell a product like natural gas in the United States, the Americans pay only so much, and then they start finding cheaper alternatives. That is what is happening to British Columbia at the present time.

The Hon. Hugh Curtis went on to say:

This government is not prepared to consider borrowing to pay operating expenses.

I am sure this would shock the parliamentary secretary something terrible.

Mr. Wilson: He just left.

Mr. McKinnon: This is what the finance minister in the British Columbia government said:

This Government is not prepared to consider borrowing to pay operating expenses. Too many governments have adopted this shortsighted way out of their financial difficulties only to find that tough decisions become even tougher to make as the debt load accumulates.

Mr. Deputy Speaker: Order, please. I must ask the hon. member to address himself a little more specifically to the amendment before us. He is straying from the subject matter of the amendment.

Mr. McKinnon: Mr. Speaker, I bow to your wishes, of course. I understand that some hon. members across the way blanch considerably at the mention of a government which is not prepared to borrow money to pay operating expenses. Perhaps I should go on to things less strange to them.

With respect to the problem concerning offshore resources, there are really two competing claims or philosophies which have been operating for many, many years. First, there is the federal authority which is based on the "authority in matters of trade and commerce" which is spelled out in the BNA Act. This conflicts directly with another item spelled out there whereby the provinces own their natural resources, which gives them a proprietary interest. I thought it might be of interest to hear what an expert in this field says. I refer to Dr. Bushnell of Windsor University. He says:

No one doubts that the provinces do own their natural resources—

This was before the parliamentary secretary made the opposite statement. However, Dr. Bushnell said at that time:

No one doubts that the provinces do own their natural resources (except for those which have been granted to private persons, and of course the granted resources could be acquired once again by the provinces), and that ownership rights allow the provinces to collect revenue.

What is the effect of this dichotomy between the provinces with their claim and the federal government with its claim? The provinces have power because they have the ability to determine the terms of leases and grants of mineral rights. The power of the federal government rests within the trade and commerce section of the BNA Act which permits it some pricing authority. There can be deadlocks, and there is one at present between Alberta and the federal government. The federal government has been gathering power in this area for several years, and quite a bit of it is due, of course, to the findings of the federal Supreme Court. Bushnell goes on to comment about this as follows:

In the interpretation of the trade and commerce power the Supreme Court has since 1957 expanded the Dominion's power from the attenuated position given it by the Judicial Committee of the Privy Council... it would not seem feasible that the same Court, as long as a majority of the judges maintain the same interpretation of the trade and commerce power, would take with one hand and give back with the other by allowing proprietary rights to overcome the restriction on provincial power achieved through the trade and commerce power. Possibly allowing provincial control through the exercise of proprietary rights could be viewed as a compromise position, in that the exercise of proprietary rights has only the effect of nullifying the negative impact of the trade and commerce power and not the affirmative impact. Thus the provinces, through their proprietary rights, would be able to control natural resources in the absence of Dominion legislation. But in order to create that so-called compromise position the Court would have to give section 92(5) of the BNA Act an