

**Mr. La Salle:** Madam Chairman, I am pleased to say to the member for Bonaventure-Îles-de-la-Madeleine that I read during the day, because I do not read at night. I also read other dailies to be informed, but I do not read only the Liberal newspaper published each month. I would ask the member for Bonaventure-Îles-de-la-Madeleine to read clause 36: Where no agreement is entered into pursuant to section 22 with the government of a producer-province . . ."

Clause 36 answers adequately the question he asked me a while ago.

**Mr. Béchard:** Would the hon. member allow me another question?

**The Assistant Deputy Chairman:** Order. I regret to interrupt the hon. member but the time allowed to the member for Joliette has now expired.

[English]

**Mr. Reynolds:** Madam Chairman, the comments by the hon. member opposite directed to my friend from Joliette point out that the hon. member for Joliette does read every paper, separatist or anything else. At least he knows what is happening in Canada today. He has a better idea than the hon. member opposite or the latter would not have asked the first question. Quite possibly, since we are not getting much reaction from the other side, he may have been asleep during the debate.

First of all let me point out that in light of the fact that on Monday there is to be a very important meeting of federal-provincial ministers of finance to consider budget implications, particularly implications surrounding the deductibility of provincial royalties for tax purposes, the timing of the presentation of this bill is most inept. To even consider this bill by itself, apart from the federal budget, is virtually impossible as they are completely interdependent. Also, since this bill was before the committee on November 13, the National Energy Board has indicated the very unhealthy state of our oil and gas industry, and has pointed out that in a relatively short time our country will not be able to meet its own oil needs.

The confusion and confrontation between the provinces and the federal government have placed unnecessary strains on exploration and development of yet unfound oil sources. Last night, for example, the CBC carried a report indicating that exploration plans of roughly \$2.1 billion have been reduced by some \$900 million. Can anyone in this House deny the implications of a loss of \$900 million to the future of Canadian oil exploration? Quite obviously no company or corporation wishes to become involved in what can best be described as a declaration of war between the provinces and the federal government. We find that the budget on November 18 has reiterated the stand of the May 6 budget in making provincial tax and royalties non-deductible.

Bill C-32 is not simply ratification of the March 27 agreement between the provinces and the federal government, but an attack on provincial rights of ownership. The government has made its stand through this bill crystal clear. That stand is that the federal government is determined to intervene in the provincial governments' rights to land, forest, mining and oil. Let us not be so naive as to think that only one, two or three provinces are involved.

### *Oil and Petroleum*

The entire country is involved, each province is involved and every Canadian is involved.

It is clear, also, that it is not only the petroleum industry that is involved, but the same format holds for the mining industry. In my own province of British Columbia this continuing confrontation and the lack of serious negotiations have seriously upset the entire natural resource exploration and development industry.

This royalty situation is indeed a most critical one, and resource industries throughout my province are finding themselves forced into a system of double taxation, economic chaos and certain closure.

**An hon. Member:** Let the Liberals in. Get rid of Barrett.

**Mr. Reynolds:** I could not agree with the hon. member that at this time we should get rid of the premier of my province. Although I disagree with his philosophy, he has a tough job when dealing with this federal government.

The very fact that the provinces and the federal government are increasing taxation of the resource industry has very simple and straightforward consequences. When thousands upon thousands of jobs are involved, and millions of dollars invested in exploration, how long will it be before these companies simply cease to produce, or until the provincial governments are forced to adjust or cancel their royalties which, of course, form one of their most important tax bases?

It is quite obvious to most people in western Canada that if we do not get these royalty payments we will not be able to build up a secondary industry base like that which is so strong in eastern Canada. If the federal government insists on going along with this measure, where is western Canada going to be ten years from now when its natural resource is depleted?

We have heard much rhetoric about the voluntary agreements reached with the federal government and the provinces of Alberta and Saskatchewan regarding subsidization of oil products to the benefit of all Canadians in the amount of roughly two and a half or three billion dollars a year.

All parties praised the efforts of those involved in considering their fellow Canadians. But what happened to that faith in bargaining? Again, very simply, the Liberal government destroyed the agreement, broke faith with those provinces and, through its proposed budget of May 6 and its new budget of November 18, declared an invasion into traditional provincial rights.

There was never an attempt by the Liberal government to sit down as an equal with the provincial governments and negotiate responsibility and fair terms and conditions.

If the members of this House do not feel that the unilateral action of the federal government in the petroleum area is not a power play aimed directly at our constitution, then they are sadly mistaken. If they do not feel that this is only one more giant step in an attempt again to increase centralized control of this country, then they are greatly mistaken. If they do not feel that this attitude of confrontation rather than negotiation will seriously jeopardize the true meaning of federalism, then they are seriously mistaken.