

*Oil and Gas*

**Mr. Stanfield:** I understand that before too long we will have another opportunity to discuss the position taken by the government with respect to the financing of medicare arrangements, and I do not propose to say more about that this morning. When this bill was before the House on second reading, I said I would let it go, but I must say that in view of the unilateral action taken by the government on shared-cost programs since this bill was before the House on second reading, I think we need a full review of the tax-sharing and equalization arrangements between the federal government and the provinces.

**Some hon. Members:** Hear, hear!

**Mr. Stanfield:** As far as I am concerned, I have had a bellyful of this government going before the provinces, making a deal and then a few weeks later or a few months later taking some action unilaterally which amounts to a doublecross.

**Some hon. Members:** Hear, hear!

**Mr. Stanfield:** As far as I am concerned, I have had a bellyful of the government putting certain propositions before this House on certain assumptions, and then when it seems to have approval, changing the very foundation of the whole arrangement by unilateral action on its side of the arrangement.

**Some hon. Members:** Hear, hear!

**Mr. Stanfield:** We have had enough of this. It is going to destroy the country and undermine any confidence the provinces could have in any dealings they have with this government. It is not right. We need a full review of tax sharing arrangements and equalization arrangements, and as far as I am concerned, I cannot support the bill. I will not force a vote, but I will certainly not vote for the bill on third reading.

**Mr. Turner (Ottawa-Carleton):** Mr. Speaker—

**Mr. Deputy Speaker:** Order, please. I must bring to the attention of the minister, who seems to be seeking the floor at this time, that by the rule of this House the fact that he did move the motion he is considered as having spoken, and the only way he can speak at this time is by unanimous consent. I would be ready to recognize him at this time if the House agrees. Does the House consent to the minister contributing at this time?

**Mr. Baker (Grenville-Carleton):** Mr. Speaker, there may well be others who want to speak with respect to this bill, and I presume that the minister rising at this time does not close the debate, if he is to have that kind of consent.

**Mr. Deputy Speaker:** On the point just raised by the hon. member, there is no right to reply on third reading. This is extended only to second reading debate. So if the minister speaks, he does not close anything. He just participates in the debate.

**Mr. Turner (Ottawa-Carleton):** Mr. Speaker, I had not intended to speak, but since the Leader of the Opposition (Mr. Stanfield) has, out of courtesy to him I thought I

would reply to some of the arguments he made both on second reading and then again this morning.

First, the reason this bill proposes to exclude some of the additional oil and gas revenues from equalization really is to retain the credibility of the equalization principle with the country and the people of Canada as one which is fiscally manageable. I said during public debate and in correspondence and negotiations with the provinces, that if the additional revenues from oil and gas were not excluded to some extent from this current legislation, the additional revenues from the Canadian taxpayer would be in the neighbourhood of \$2 billion. The hon. member for Winnipeg North (Mr. Orlikow) put the question to me at second reading, and we have furnished the information, according to my parliamentary secretary, on those additional revenues or costs. The hon. gentleman may not be satisfied, but we have given him a full review of what those extra costs to the Canadian taxpayer would have been. Those costs would have been in the neighbourhood of \$2 billion had we not moved to exclude some of the additional revenues from the equalization formula.

It ought to be recalled that these additional revenues accrued to the provinces of Alberta, Saskatchewan and British Columbia, not because of anything inherent in the cost structure of producing oil and gas in Canada, but because of the effects upon Canada of the quadrupling of oil prices, provoked by the practices of the OPEC cartel. I want to say to you, Sir, that equalization was never intended to cover the type of revenue explosion which occurred as a result of the international oil disturbance. Full equalization of the additional oil and gas revenue would have been very costly, as I have outlined to the House, and would have required an increase in federal taxes. Furthermore, the revenue needs of the seven provinces which received equalization in order to equalize public services and the ability of the provinces to provide public services, have not substantially increased by reason of the international oil disturbance. In other words, there is really no justification for the additional revenues going into the equalization formula because provincial needs have not automatically increased as a result of extraneous international oil prices.

● (1130)

I have stated publicly as early as January, 1974 that the inclusion of all oil and gas revenues in equalization would necessitate a restructuring of the entire equalization formula, if it were to remain fiscally manageable and credible with the people of Canada. As I have stated, it would be preferable to seek a solution in terms of shielding the then existing 1973-74 equalization system from the effects of the international oil disturbance.

This, Your Honour, is what Bill C-57 does for a period of three years. During this time the federal government, in consultation with the provinces, will have an opportunity to give careful consideration to the possibility of devising a new system. I might say that I have had great faith in the equalization formula and in the principle of equalization to render equal across the country the ability of the provinces to provide public services to the citizens of Canada.