conventional oil wellhead price. This supplement will initially be about $14 a barrel, or sufficient to raise the total wellhead price to approximately $30 a barrel. This price will also be adjusted annually in a manner similar to the method of changing the oil sands price to which I shall refer in a moment. Implementation of that incentive will depend upon the co-operation of the producing provinces. The government has indicated that it is anxious to conclude agreements with each of the producing provinces on this important aspect of our energy supply.

As to the oil sands where our reserves are increasing, we are doing everything in our power to encourage their more rapid development. The federal government has always supported oil sands development. In the past, we provided the international price to Syncrude and to Suncor. We provided 12 per cent of the total investment in Syncrude. We allowed the deductibility of Syncrude royalties against federal income tax. We provided a tax system of rapid writeoffs and earned depletion which reduced the costs of investors by at least $2 billion.

Under the new energy program, we shall go even further. For new oil sands development, we have offered a price of $38 a barrel, roughly the international oil price today, and we shall increase it with inflation. We offered Imperial Oil a loan of $20 million to keep its Cold Lake oil sands project alive. The Alberta government refuses to put up its share, so we shall assume that burden as well. Unfortunately, the Alberta government has refused to proceed with these projects unless we accept their demands on petroleum pricing. If persisted in, the Alberta premier's decision will hurt all Canadians, but none more than those Canadians living in Alberta. Let me quote a recent Edmonton *Journal* editorial:

> Alberta has every right to drive a hard energy bargain ... But driving a hard bargain differs markedly from holding fast to the adamant precondition of a "global" agreement on both conventional and synthetic oil pricing. Surely, if clear heads are to prevail, it must be seen that it would be a sign of statesmanship, not weakness, to divorce conventional and synthetic oil price negotiations.

Thus spoke the Edmonton *Journal*. We hope the Alberta premier will reconsider his attitude. We regret his decision to withhold 15 per cent of Alberta's oil production from other Canadians. Surely $100 billion over the next decade is sufficient income for any province, including Alberta. The Alberta government should surely be satisfied with 43 per cent of the total revenues from oil and gas. We, the national government, are willing to accept less than one-quarter. Compare us with other federations, such as the United States and Australia, and you will be struck by the lower level of revenue available to the national government of Canada.

I noted that last Friday the hon. member for Etobicoke Centre (Mr. Wilson) claimed that the federal share of petroleum revenue under our plan would be much more than 24 per cent, something like 45 per cent to 50 per cent—he was not quite sure. Let me set the record straight. The issue here is the sharing of net operating income from oil or natural gas. This is the traditional way of determining shares and I believe it remains appropriate. The hon. member noted that not all sources of federal revenue are counted, but he conveniently neglected to mention that not all sources of provincial income are counted, such as revenues from downstream profits and taxes on petroleum profits.

The hon. member opposite went on to contend that the new energy policy is causing some drilling rigs to move south. We have heard a lot about those drill rigs recently but, as the Minister of Employment and Immigration (Mr. Axworthy) noted a few minutes ago, some oil rigs did indeed move south but it was well prior to the announcement of the new energy program. The movement of rigs was the result of oversupply prompted by the record petroleum activity in Canada in recent years. How could a member claim that the movement of a few rigs was an effect of a cause that had not yet happened? We are proud of the rapid growth in Canada's drilling rig industry. In 1975, there were only 272 rigs in Canada; now we have about 570. Although a temporary slowdown is expected because of the decline in natural gas sales—a decline which the energy program will do much to reverse—the Canadian Association of Oilwell Drilling Operators has said that the long-term outlook for the industry is optimistic and the demand for services will continue to grow.

Our current debate is predicated on the proclamation of certain sections of the Petroleum Administration Act. We have taken this step reluctantly but, as hon. members know, the previous agreement had expired. Some pricing schedule had to prevail. This does not restrict the right of the provinces to set the price of oil and gas within their own borders. In fact, the British Columbia government sets the price of natural gas at below cost, and the Alberta government has unilaterally proclaimed an act to set natural gas prices within that province. We have repeatedly pledged that our proclamation, now made, can be revoked immediately as soon as a satisfactory agreement is reached with the producing provinces. We cannot, however, ignore our national responsibilities. During our discussions in the past months, Alberta demanded the same net benefits as offered by the previous government. Alberta would not consider a natural gas export tax. Alberta would not consider a wellhead tax. Alberta would not discuss equalization. Alberta would not separate consideration of the oil sands from conventional oil sources. Alberta took the position that we as the national government had no claim to a greater portion of revenue which they claim was tantamount to federal expropriation. This left us with the possibility of deriving these revenues from the oil industry, including Alberta's oil industry, and Canadian consumers including Albertans. We made proposals on March 13—

● (2200)

Mr. Deputy Speaker: Order, please.