

The Budget—Mr. Lalonde

the oil producing provinces. Helping to meet our energy goals means meeting our economic and social goals as well.

Let me now turn to a central challenge that faced us as we developed the national energy program: I mean, fairness. Is the energy program tabled with the budget last night fair? The answer is emphatically and undeniably, yes. It is fair to the oil and gas producing provinces, fair to the consumer, and fair to the national government. Moreover, it is fair to the petroleum industry, which will continue to enjoy the same prosperous outlook most other industries do as it becomes more Canadian in its ownership and control.

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First, the producing provinces. There has been hard bargaining with the producing provinces. The provinces brought strongly-held principles and objectives to the table. So did we. Both sides communicated their views to the Canadian public in clear and forceful terms. That was to be expected.

But now it is time for compromise and for conciliation. On our side, broad principles and concerns must override our negotiating objectives on revenue shares and revenue-raising objectives, for example. So we have adapted. We have yielded some ground, as a matter of fact, a lot of ground, and we have searched for a common ground. This is essential for the unity we all want. We have adapted our energy principles seeking a renewed, strengthened harmony between this government and those of the producing provinces.

When I began these negotiations, I said I was prepared to walk an extra mile to get an amicable agreement, to get a deal responsive to the position taken by the governments of British Columbia, Alberta and Saskatchewan. Any objective observer will agree that we have walked several extra miles. Let me explain.

As we all know, there was a near-agreement between the producing provinces and the federal government in the December 11 budget speech. The terms then being discussed would have brought the producing provinces some \$40 billion in oil and gas revenues in the period 1980-83. In our negotiations, the provinces took the view that they should get the "same benefits" from any arrangement with us.

The producing provinces, especially British Columbia and Alberta, placed other constraints upon our negotiating position. They wanted no gas export tax and no federal tax at the wellhead.

It was almost impossible for us to accommodate these provincial concerns and restrictions. I still believe that an export tax on natural gas would have been fair, and that it represents no intrusion upon provincial rights. Nevertheless, we accommodated the provincial positions. And let us see how.

First the \$40 billion. Under the national energy program, the producing provinces will receive \$38 billion directly from oil and gas revenues and a further \$2 billion, with \$2 billion more to come in the form of the western development fund. So we have met their target. In the case of British Columbia and Saskatchewan, we have made them even better off than under

the December 11 budget proposals. As well, we have spread the benefits to Manitoba, which will share in the growth resulting from the western development fund.

The percentage shares of revenue are also important. Over the past several years, the governments of the oil and gas producing provinces have received approximately 45 per cent and the federal government about 10 per cent of petroleum production revenues. What does the national energy program do to this revenue-sharing relationship? It raises the federal share to 24 per cent, and reduces the provincial share from 45 per cent to 43 per cent. The producing provinces, under the national energy program, would see their aggregate share drop by two percentage points. But the total tie would be much larger and their total revenue would be much larger than ever before.

Surely this is reasonable and fair, by any standard. The Canadian provinces will continue to enjoy a higher share than is the case in any other state in the world, more than double the share that would go to a U.S. state such as Texas, and triple the share going to Victoria state in Australia. Both of these states own their resources, just as the Canadian provinces do. In short, our package yields provinces a share much greater than the international norm. That is what I mean by going the extra mile to get an amicable deal.

Let me be more specific about the Alberta government's position under the national energy program. Its revenues in 1983, \$9.7 billion—that is to the government of Alberta—will be more than double those it enjoyed in 1979. Over the period 1980-1983, its revenues will be over \$31 billion. In per capita terms, the province's oil and gas revenues, about \$1,600 in 1977, will be \$4,300 in 1983. No other province can expect this sort of growth in its revenues and no other province in our history has ever known such a fantastically rapid growth under any regime. This outlook is in a province which already enjoys massive budgetary surpluses. Indeed, Alberta has a greater fiscal capacity than the average Canadian province, even without its oil and gas revenues.

Under our proposals, the government of Alberta will obtain more than \$100 billion over the decade from oil and gas. It will go on earning large revenues in the foreseeable future. Alberta's vast energy endowment will ensure prosperity to its government and its people well beyond this decade. We are not talking about a short-term boom of a few years. We are talking about a new financial and economic presence in Canada, a new centre of gravity for our economy. Our policies, as indicated by the national energy program, will encourage that new wave of prosperity.

In our negotiations with the producing provinces, we sought a system which would give the Government of Canada a more reasonable share in the windfall revenues accruing from increases in the world oil price. I refer mainly to the increases in natural gas export prices. We have repeatedly noted the basic unfairness of a system that gives the gas-producing provinces all of the upside gain, while we are saddled, as the national government, with the financial and economic burden of higher oil prices. We wanted to change that; we wanted to