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Thirty-one years ago this week...
The British North America Act was amended, vesting the Canadian Parliament with the power to amend the Constitution in areas lying solely within federal jurisdiction. Subjects covered in the Act such as schools and language rights were under provincial jurisdiction and therefore not subject to amendment by Parliament.

National energy program to boost exploration and investment

The National Energy Program is fair to the oil and gas industry, particularly in light of the industry's "spectacular" growth since 1973 and the promise of more such growth in the 1980s, said Energy Minister Marc Lalonde in a speech to the Canadian Tax Foundation in Montreal, November 26.

The minister said the program, announced October 28, "eliminates a basic unfairness in the former incentive system, one which unintentionally favoured foreign companies over Canadian ones". Excerpts from the speech follow:

...I also believe the program will promote energy investment where it is needed most: in the non-conventional and tertiary projects, and in frontier and offshore areas, where the bulk of future oil supplies will be found. At the same time, there will be incentives for the continued development of accessible conventional oil and gas. We will see much more conventional oil development in western Canada, and it is up to both levels of government to provide the necessary incentives....

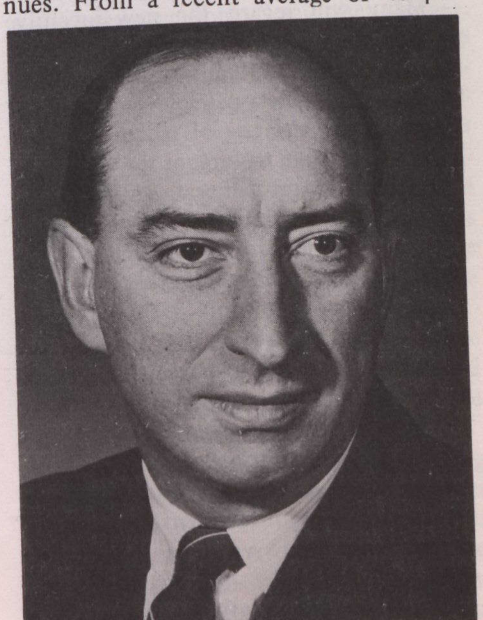
Revenue sharing
The National Energy Program establishes a minimum standard of fairness in the sharing of oil and gas production revenues. From a recent average of 45 per cent of the revenues, the producing provinces will give up a mere 2 per cent. The industry share is reduced from 45 per cent to 33 per cent. The federal government's share increases from 10 per cent to 24 per cent. This 24 per cent is considerably less than the federal government share in other countries. Fairness in revenue sharing, however, should be judged in terms of the practicalities of the Canadian situation.

And that situation is that we have a federal government that keeps only 33 per cent of total revenues collected by all governments, but has the responsibility for 50 per cent of expenditures, including transfers.

This imbalance has been aggravated by the explosion in Alberta's oil and gas revenues since 1973. As prices have risen, the federal burden of larger equalization and other payments has grown much faster than its share of the revenues.

Recently, I have talked about the need for more federal revenues to help offset the effect of rising energy prices on the economies of the non-producing provinces....

The National Energy Program does not, by any stretch of the imagination, achieve this larger goal. Suffice it to say that 90 per cent of the federal share of oil and gas revenues from 1980 to 1983 will be spent on initiatives arising out of the energy program. Only 10 per cent is intended for general economic programs. However, the problem of the enduring deficit can certainly be eased by directing money intelligently into energy development which will enhance our long-term economic prospects. This means money



Energy Minister Marc Lalonde.