

Oil and Petroleum

are not fortunate enough to have bountiful reserves of oil and energy, and we need all we have. We want to be as self-sufficient as possible, yet we want some of the benefits of having the resource. A formula should be established so that the other resource countries would know where they stand. The minister could say that in 1975 it will be 70 per cent of the world price, and by 1980 it could be increased 10 per cent or 20 per cent, for instance.

As a Canadian taxpayer, I should be able to buy oil cheaper from Canada than from the Arab countries. It is reasonable to expect to pay less than the world price for Canadian oil, but that price should not be determined periodically by a federal-provincial conference. That creates instability in the industry and thus instability of supply and, of course, there is no stable price without an assured supply. Setting the formula at 70 per cent or 80 per cent and letting everybody concerned know what the changes would be in the years ahead would reassure the oil industry and encourage them, whether Canadian or multinational, to explore for oil in Canada.

We read in the newspapers that the oil companies are making huge profits, but really most of those profits are not made in Canada at all. If an oil company has made a profit in Canada, it is because they have cut down on exploration; they are not spending the money and therefore the profits are high. The federal government, through taxation, should prohibit the flight of those profits into Indonesia or the North Sea or even the United States. It should consult the petroleum industry in order to bring about a stable, uniform price; but one cannot do this without a stable supply.

We should be ironing out the difficulties between the federal government and the producing provinces. In the long run, of course, we hope there will be ten producing provinces, not just two. The minister talked about needing \$100 billion before the year 2000 for exploration and development. This money should be encouraged to stay at home, Mr. Chairman. Through taxation, the government could give a 150 per cent depreciation allowance for exploration carried out this year in any part of Canada: that would encourage the companies to spend some of their profits in this country. Write-offs should not be allowed to Canadian companies operating outside Canada. Certain measures should be taken along these lines to bring the producing provinces together with the federal government in order to create a stable, uniform price and a balance between consumers and producers.

● (1630)

I do not know which will come first, the budget or Alberta's demands for higher oil prices. In the long run, it will be best for Canada if the Minister of Finance comes forward with his budget and sets out criteria as to how royalties will qualify as an expense. The onus would be on the provinces to make sure that royalty charges adhere to criteria laid down by the Minister of Finance.

The Chairman: Order, please. I regret to interrupt the hon. member, but his time has expired.

Mr. Schumacher: Mr. Chairman, I wish to speak briefly to the amendment proposed by the hon. member for Qu'Appelle-Moose Mountain. As the hon. member for

[Mr. Horner.]

Crowfoot said, Your Honour's argument concerning the amendment could apply equally well to the clause itself. What the Minister of Energy, Mines and Resources and others participating in the debate on the procedural admissibility of the amendment said boiled down to this: the courts will need to decide what is under provincial jurisdiction and what is not. That being so—I hope the minister will reply when I have finished speaking—why include clause 3 in the bill?

When parliament passes a bill, it is binding on the federal Crown, but the federal Crown cannot arrogate unto itself the prerogatives and rights of any provincial Crown. I cannot understand why it is felt necessary to include clause 3 in the bill. I do not think the minister answered the objections of the hon. member for Qu'Appelle-Moose Mountain to clause 3. The hon. member interpreted clause 3 as an attempt by the government to intrude on the valid jurisdiction of the provinces. I suggest that by including clauses 3 and 36 the federal government is attempting to arrogate unto itself power it does not possess under the constitution for regulating the price of commodities the ownership of which falls completely within provincial jurisdiction.

Clause 36 purports to give the federal government power to set the price of various kinds and qualities of crude oil at the wellhead within a province. I understand the act of 1930 transferred the ownership of these resources from the federal government to the provinces. How can the federal government say that its claim to power to set the wellhead price of oil is constitutionally valid? It claims it is given that power by the British North America Act which gives the federal government jurisdiction over interprovincial trade and commerce.

If that is the government's position, it should say it has the right to set the price of any product which leaves one province and crosses the border of another. Surely, any bill which attempts to set the price of a product within a province is beyond the constitutional competence of this government. After all, much of the oil and gas taken out of the ground in Alberta will be refined and consumed in Alberta. I hope the minister will comment on that point. In what way does he feel the constitution of this country gives the federal government power to regulate the price of oil which is produced, refined and consumed within a province? I suggest that this is not a case which comes under the heading of interprovincial trade and commerce.

Mr. Macdonald (Rosedale): Mr. Chairman, to answer the hon. member's first point, we are not purporting to set the price at the wellhead but, rather, the price at the point where the oil or natural gas moves into another province or into export trade. That is clearly within the jurisdiction of the Government of Canada. To answer his second question, the bill expressly excludes oil being consumed within a producing province.

Mr. Ritchie: Mr. Chairman, I ask the minister to clear up some confusion. We have been using the term "well-head price". I suppose that is wrong; we should be speaking about price at the provincial border. If we use that terminology the provisions of the bill may become clearer.

I suggest that the proposed amendment of the hon. member for Qu'Appelle-Moose Mountain is good. On the