

Minister of State for Economic Development willing to admit that Premier Peckford is correct in insisting that Newfoundland should have control over its natural resources in order to lift itself out of this existing welfare gap? If Newfoundland has control of its resources, it can attempt to provide benefits to Newfoundlanders and become a "have" province, which it has not been since 1949.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I do not believe there is any question but that Newfoundland has control over its natural resources. The only question is: How far out to sea does that control extend? The federal government has offered Newfoundland 100 per cent of the revenue from the development of those natural resources. The course my honourable friend is suggesting is not new since we have been on that course for some time.

Senator Marshall: Honourable senators, as I was cleaning out my office today, I discovered files on Newfoundland that cover the past 12 years and which lead me to the conclusion that there have been countless studies done of the problems in Newfoundland. The only thing I can say is that these studies must be of great assistance to the pulp and paper industry.

As a supplementary, would the minister, in his overall supervision of the economic development of Canada—and I compliment him on his appointment to his important portfolio—agree that Newfoundland is correct, and support Newfoundland's position to review the Upper Churchill agreement with Quebec? Would he also support Newfoundland's stand that it should be able to transmit hydro-electric power across Quebec to new customers in the United States?

Senator Olson: Honourable senators, my honourable friend knows that the federal government has made a number of positive assertions with respect to that matter. The Prime Minister has indicated that the federal government is prepared to take some action. I am sure that my honourable friend will agree with me that a negotiated settlement of that is still the most desirable course in the long run.

INCOME TAX

UNINCORPORATED BUSINESSES—DEDUCTION OF SALARIES PAID TO SPOUSES

Hon. Martha P. Bielish: Honourable senators, my question is for the Leader of the Government in the Senate. In his mini budget of April 21 last, the Minister of Finance promised he would introduce the measure first brought in by Mr. Crosbie last December that would provide for the deduction of salaries paid to spouses by persons carrying on an unincorporated business.

In checking with the Department of Finance I am told that the measure is operative, and anyone who asked should be told to count on that spousal deduction. When I checked with Revenue Canada, however, they stated that the deduction would not be permitted unless the legislation was passed.

[Senator Marshall.]

Would the government leader tell us when he anticipates this legislation will reach us, and also what might happen if the legislation is not passed before the income tax forms for 1980 are printed, or before April, 1981, when taxes are due for payment?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, the question will be taken as notice. However, opposition members of Parliament might be helpful in this regard by expediting the passage of some of these measures. The information will be brought to the chamber as soon as possible.

● (2050)

ENERGY

THE BUDGET—EFFECT ON OIL AND NATURAL GAS EXPLORATION

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have an answer to a question asked by Senator Roblin on November 6 concerning the Petroleum Monitoring Agency.

Under the existing legislation, namely, the Petroleum Administration Act, the Petroleum Monitoring Agency will examine *inter alia* all investment patterns. Accordingly, the agency would monitor shifts in expenditures by industry, and this would include capital investments and profits.

Honourable senators would want to know that Mr. Renouf, Chairman of the Petroleum Monitoring Agency, is expected to issue a discussion paper on the proposed functions and operations of the agency as a prelude to drafting the new regulations.

Hon. Duff Roblin (Deputy Leader of the Opposition): Before my honourable friend goes to the next answer, could I ask him to clarify the one he just gave. Does the Petroleum Monitoring Agency just take into account the investment patterns within Canada, or does it also take into account the movement of capital out of Canada in that industry? That is the point I originally made.

Senator Olson: I understand that, and I expect that they are going to be giving us as much information as they can on intentions even in advance of the movement having been made, if there is any movement.

THE BUDGET—PROVISIONS RESPECTING OIL AND NATURAL GAS—EFFECT ON OFFSHORE DEVELOPMENT

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I have an answer to a question asked by Senator Doody on October 31 concerning the impact of the Canada Oil and Gas Act respecting Petro-Canada and Hibernia. It is a rather long and detailed answer and perhaps, since Senator Doody is not here, honourable senators could take it as read.

Hon. Duff Roblin (Deputy Leader of the Opposition): Yes. (The answer follows.)