

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question deals with a statement on page 6 of the minister's press release. I will quote it so the House will hear it. It reads:

In the case of Alberta, the government has decided that the proceeds resulting from higher prices should be distributed to producers in Alberta on a basis which is mutually acceptable to the Alberta and federal governments.

Is this mutual agreement in harmony with the existing federal budget?

Mr. Macdonald (Rosedale): Mr. Speaker, I have a little difficulty relating that question to what is proposed here. I should explain to the hon. gentleman that as a result of this price increase, some producers in Alberta will receive a very large increment because they have sold their gas for export, while those who have sold their gas into the domestic market will not receive as large an increment, at least at this time.

On that basis, we have discussed with the province of Alberta at least a system of prorating or equalization among Alberta producers so the same percentage benefit would go back to all producers of gas within that province as though they had all sold their gas on a prorated basis into export markets. That is what is contemplated and that is what was discussed with provincial officials about a week and a half ago. I will be meeting with the Alberta minister again this week to further discuss the matter.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I asked whether this deal with the Alberta government concerning these proceeds going back to the producers, even on a quota system, was in conformity with the federal budget of last November. I did not get an answer to that question, so I will ask a second question in relation to the same thing but based on a quotation from page 5 of this press release as follows:

An exception in the flow-back of proceeds to producers will again be made in the case of British Columbia where additional revenues will go in the first instance to the British Columbia Petroleum Corporation with the expectation that the BCPC will take the necessary steps needed to stimulate the production of gas in that province.

My question, once again, is the same. Is this expectation based on ignoring the budget, at the federal level, of last November?

Mr. Macdonald (Rosedale): Mr. Speaker, I find that question obscure. Of course, the hon. member knows that the tax law stands as it is right now, and in no sense does the redistribution of the increase going back to these particular provinces in any way conflict with the budget. It goes back to the producers in Alberta and into their general revenues, and is subject to the provisions of the tax law and may be subject to taxation. In the case of the British Columbia Petroleum Corporation, in essence the arrangement worked out with the province on the deemed value of the gas as of January, 1975, will apply there as well.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, while we always accept your judgment on matters of questions, I should point out that the minister's statement was only half a page in length, but his press release is six pages long and gives a great deal of informa-

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tion which really ought to be dealt with, or at least we ought to be able to get some further information on it.

In the minister's press release he points out that the increase in the export price of natural gas will result in additional revenue of roughly \$583 million per year, and the minister expresses the hope in the release that this will encourage the development of additional sources of supply and stimulate production. I recognize that higher prices will bring in some shallow pools that normally would not be economically viable, but is the minister planning any type of monitoring to ensure that the higher revenue which is derived from this new price will be used for exploration by the companies concerned?

Mr. Macdonald (Rosedale): Mr. Speaker, we are in a position to monitor that now, though not on a day to day or week to week basis. Over any period of time it can be readily determined from the exploration effort going forward, in the province of Alberta and in the foothills particularly, whether the anticipated amount of work is being carried out. As to whether this increase is finding its way back into exploration, or if individual companies are diverting the cash to other purposes, the ability to monitor does exist now, although in somewhat longer time-frames than on a day to day or week to week basis.

As I indicated at the federal-provincial conference, if we find that, despite all their protestations to the contrary, the private sector is diverting these funds out of Canada or not applying them to bring on further supplies, then an appropriate conclusion will have to be brought forward in terms of the budget.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I welcome that statement by the minister, Mr. Speaker. May I ask one additional, short question? Having now made the announcement with reference to the export price of natural gas, how soon does the minister expect to conclude his discussions with the producing provinces in order to be able to make an announcement in respect of the domestic price of natural gas?

Mr. Macdonald (Rosedale): I cannot be sure of that, Mr. Speaker. I will be seeing my Alberta counterpart and the minister of federal and intergovernmental affairs here in Ottawa later this week, and we may have some better indication then as to their viewpoint. After that it will be important, on the question of natural gas, to discuss this question with the governments of the consuming provinces, in this case Saskatchewan, Manitoba, Ontario and Quebec. Those discussions would have to be pursued, and I think only after time has elapsed would it be possible to have contact with some of them. I have already met with Saskatchewan. On that basis, I believe we could arrive at what would seem to be a fair price. I would hope we might have agreement at that time.

● (1520)

[Translation]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I would ask the minister whether he is now aware of the national gas potential in the province of Quebec, and if so, whether he expects a possible self-sufficiency in this area?