## AFTER RECESS

The committee resumed at 8 p.m.

**The Chairman:** When the committee rose at five o'clock we were considering clause 2 of Bill C-32, and the hon. member for Regina East had the floor.

**Mr. Balfour:** Before rising for the supper adjournment, Mr. Chairman, I had embarked on a few comments respecting the meeting of first ministers held in Ottawa last week. It was perfectly obvious to me, and I suspect to the entire House of Commons, that the outcome of that first ministers' meeting was a foregone conclusion, given the format in which it took place. It is also my belief that this is precisely the result the federal government anticipated and desired. How could it be otherwise? How could the premiers of oil consuming provinces, in that goldfish bowl atmosphere and in the full glare of national television, be expected to enter into meaningful negotiations and discussions on so complex an issue as the future price of their energy supplies? That question is interrelated with collateral questions involving domestic inflation, regional industrial development and, most important of all, long term security of domestic supply.

The format of the meeting was inappropriate, the time frame of the meeting was unrealistic, the whole affair was nothing more or less than an exercise in public relations, and I hope and trust the people of Canada will so perceive it.

There are important questions to be settled if Canada is to evolve a sensible, workable and realistic national energy policy. A strategy must be developed whereby Canada's long term self-reliance in energy will be achieved, and achieved in time, before the existing proven marketable reserves of oil and gas are depleted. There must be agreement with respect to the appropriate sharing of resource revenues between federal and provincial governments and with the industry itself. There must also be an agreement with respect to the appropriate level of the domestic price for both oil and gas.

About the only thing the provincial premiers achieved at the meeting was a free lunch, and even that slight benefit might prove to be a cruel illusion if the impasse between the Government of Canada and the producing provinces continues unresolved.

The minister says that he needs Bill C-32, and in particular he needs the legislative clout provided by clauses 36 and 52 in order to arrive at a satisfactory pricing arrangement. I suggest to him that this is a short sighted view of what will actually result should he have his way, should this bill become law in its present form, and should he purport to implement the unilateral price fixing mechanism contained in the bill.

What will certainly result will be a constitutional challenge by the provinces in the courts, a challenge which, whatever the outcome—and it is by no means certain the outcome would favour the federal position—would bring about a jurisdictional process which will only escalate the increasingly bitter, ongoing confrontation between the western provinces and the government. This confrontation will contribute further to western regional alienation from central Canada, and will further exacerbate the difficulties now being experienced in sustaining a level of resource exploration. This exploration is necessary to develop new sources of supply, which in a few short years will be so desperately needed.

The minister should not discount the depth of feeling on the part of his provincial counterparts with respect to what they perceive to be a jurisdictional power grab.

The attorney general for the province of Alberta in discussing the predecessor bill before the Standing Committee on National Resources and Public Works on May 7, 1974, had this to say:

> Mr. Chairman, I wish to conclude by commenting on part 3, the part to which our most fundamental objections are directed. Far from embodying a term of the first ministers' agreement it stands as a direct negation of the principles upon which that agreement was based. It permits the executive council to terminate an existing agreement between a producer province and the federal government or to decline to negotiate a renewal agreement and to impose by unilateral action maximum prices on a natural resource owned by a province.
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> The inequities of part 3 are plain as well as subtle. If one of the negotiating parties reserves unto itself a right to cancel the bargain or the right not to bargain at all, then the consultative or negotiating process becomes meaningless. The concept, the grand scheme, the sensible formula, for resolving federal-provincial differences loses its very foundation.

He went on to say:

> If one of the negotiating parties by legislation purports to reserve unto itself powers of the most dubious constitutional validity, it invites the other party to embark upon a course of judicial confrontation which to date all sides have attempted to avoid in the interests of the Canadian nation. In the last analysis and when viewed in practical terms part 3 amounts to an assertion by the federal government of a right to regulate the price, the flow, the production, and the sale of a provincial natural resource.
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> It embodies a concept which, I am sure no provincial government after measuring the consequences of its extension to other natural resources such as lumber, hydro power, potash, iron ore, asbestos, nickel, copper and coal, could accept without impliedly acknowledging that in today's economic circumstances the federal government has taken complete charge of the provinces' capacities to determine their future economic development.

Mr. Leitch concluded by saying:

> Mr. Chairman, in our view there is no need for the legislation contained in part 3 which provides for the substitution of the federal will for the negotiated agreements referred to in part 2. The first ministers' conferences demonstrated the presence, strength and vitality of the national concept in a way perhaps unparalleled in our history. I trust that concept will not be impaired by the enactment of legislation which is unnecessary and susceptible to constitutional challenge.

● (2010)

That statement deserves to be carefully weighed, Mr. Chairman. Mr. Crowley, the minister of mineral resources for the province of Saskatchewan, in a letter to the federal minister dated December 2, 1974, said this:

> Part II has two divisions—one providing for agreements with producer provinces on prices and one giving the governor in council discretionary powers to set prices in the absence of, or the breakdown of, an agreement. With the absolute powers provided for in the second division, the question must be asked how meaningful would the negotiations be as provided for in the first division?
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> This question may not have arisen had it not been for the series of events already referred to in this letter. An alternative would be to remove from the bill Division II of Part II. The federal government will have considerable powers under Division I. If agreements cannot be reached under Division I and action is required, then surely this