

two years ago when it first intervened in the energy question. In watching that energy conference, it seems that even the Prime Minister—when he is in Canada—realizes that Canadians will be running out of oil in the near future and that it is not the question of price which should be concerning governments but the question of supply. If it is a question of supply, then the Premier of Alberta is certainly correct in saying that he wants to know what the federal Minister of Finance is going to do with regard to the question of double taxation.

It might be said that the resource industries for years have been pampered with regard to taxation and encouraged to develop and find resources, but certainly in the last year or two governments have made up for many slack years in taxing resource industries. Now it is quite clear that an increase in the price of oil would mean the federal government would receive the whole of the increase. If one considers the royalty question and the no write-off aspect for the oil companies, they have to pay, in essence, double taxation. Royalties vary. On the last price increase the province of Alberta took 65 per cent. The province of Saskatchewan took it all. It is no longer allowed as an expense.

To me, the principle upon which the federal government deliberately intervened was the reason the last energy conference broke down completely. We see that Ottawa is anxious to have a price increase, knowing that if the price increased \$2 a barrel it would in the long run add the \$2 to the federal treasury. Yet in putting the price up by \$2 a barrel we see another situation developing whereby our exports of oil to the United States will be reduced. Then there will be less money with which to pay the subsidy to communities receiving a subsidy of \$5.20, approximately, on all oil used east of the Ottawa Valley.

The federal government was prudent. If the situation is analysed, it took the only course it could. It had to advocate a higher price. A higher price results in less subsidy out of the federal treasury to all communities east of the Ottawa Valley. A higher price results in more money for the federal coffers, but not necessarily more profit for the provincial governments.

During the energy conference we were told repeatedly by the Prime Minister that the whole purpose of the higher price was to create more money for exploration. I suppose it could be said that with more money in the federal coffers—and by taking the socialist route—Ottawa could then promote Petro-Canada and become involved in exploration in earnest. The Premier of Saskatchewan advocated nearly the same thing, except that he would use the extra \$2 or so per barrel to build up a fund earmarked specifically for exploration—again by the socialist route. We can only hope that the increase of \$2 per barrel which has been advocated by some people, which would go 100 per cent to the federal government, will be used for the most part for further exploration in Canada. Rather than the Minister of Finance travelling abroad to try to settle some of the world's economic problems, he should be in Saskatchewan and Alberta attempting to iron out the squabble between the producing provinces and Ottawa, because it has continued long enough.

Oil and Petroleum

Canada will suffer because it will run out of oil: the last report of the National Energy Board makes that abundantly clear, because it says we will be net importers of oil by 1982. I think Imperial Oil stated some time ago that it estimates we will reach this position by 1983. But let us look at our rate of consumption, our rate of production and our rate of finding more reserves in Canada. Even in the last six months the falling off in discovering reserves has in fact exceeded all estimates. The National Energy Board and the oil companies estimate that our consumption has not been reduced by any appreciable amount, no matter how well the Minister of Energy, Mines and Resources appears on television and shows Canada 100 ways to conserve energy by switching the light off a little earlier, and so on. There is a negligible amount of energy saving as a result of the advertising program. The minister has spent a lot of the taxpayers' money with some advertising firms, but I do not think he really believes he has convinced anybody to save energy.

● (1620)

What is the solution to the squabble over the energy question? I think Canada should get on with exploration. We are not fortunate enough to have the type of land formations that are abundant in oil reserves; in other words, Canada is not the best place in the world to be searching for oil. Of course, we realize now that oil will be a very expensive commodity for many years to come. We can talk about the break-up of the OPEC nations, but I think they have realized the power they hold and will maintain it.

In the past, the federal government had the right to tax a commodity after it was developed. When we saw the OPEC nations increase the price of oil, we realized that the oil companies were going to make huge profits, so both the federal and the provincial governments jumped in to grab that profit. We must realize now that the principle of the royalty question, the tax on doing business within a province, should be allowed as an expense. That is, an initial charge in the development of a resource and traditionally it has been allowed to the provinces. The federal government's position has been to impose an end tax.

If the federal government felt the resource companies would make too much profit, there were two steps available to them. If they were concerned about the profits leaving Canada and being used to find oil in the North Sea, in Indonesia or elsewhere, they could have brought in a measure prohibiting the money leaving Canada; and if the money remained in Canada and was not reinvested in exploration, the companies could have been taxed on it. So far, the governments concerned have not found any solution to the squabble and the country continues to suffer.

In a speech made some months ago in Toronto, the minister said that between now and the year 2000, \$100 billion would be poured into the exploration of oil and other energy resources. He must realize, of course, that he will have to go to the resource industries in order to find people with the knowledge and skill required for exploration, whether they be Canadians or non-Canadians.

How do we go about setting a uniform, stable price which will balance consumer satisfaction with producer satisfaction? I think we need a formula, Mr. Chairman. We