

the provincial autonomy and pave the way for revamping the revenue sharing field and also to introduce changes in the financing of the public sector by accepting a reform of our monetary system which would considerably relieve the burden of interest.

[English]

The Acting Speaker (Mr. Penner): Order, please. Before recognizing the parliamentary secretary, I would remind hon. members that he will close the debate when he speaks. Is that agreed?

Some hon. Members: Agreed.

Mr. Cullen: Thank you, Mr. Speaker, and I thank hon. members for their interventions in this debate: I am sure some of them at least will be helpful to the minister when he appears before the committee which will study the bill clause by clause.

Once again the hon. member for Bellechasse (Mr. Lambert) has indicated, not only here but in so many other areas, the main responsibility of the federal government for the fiscal management of the economy of the country. Although he and I disagree on the method or the way in which that might be done, he has indicated as a federalist on many occasions, for which I think he can be singularly proud, that we do have a main responsibility here to see that we keep our economy on the track, as it were. I know the suggestions made by the hon. member are valid because we have heard them in other speeches, particularly at budget time.

● (1630)

The hon. member for Winnipeg North (Mr. Orlikow), I think strayed somewhat from second reading or from the principle of this bill, and we got once again into the question of taxation of natural resources and the stance taken by the respective provincial governments and federal government at budget time. I say, with respect, that it is probably a debate that will go on for some time in an effort to determine which is the chicken and which is the egg in the royalty taxation field.

The hon. member sees fit to place the blame on the federal government. The position of the federal government, in effect, was a reaction to a rather exorbitant increase in rates. In that case, had it not reacted to the situation we would have had an inconsistency. I think that if the hon. member studies the recent speeches of the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. Turner) he will see that the anomalies and the inequities that were built in were such that if someone proposed to drill in the province of Saskatchewan, he would have found himself paying something like 17 times more in the way of taxes than he probably would have paid had the well been drilled in the province of Alberta. With a view to bringing some kind of sanity to the situation, the government was forced to react as it did.

I am happy to see that in the November budget there was a backing off from the position taken in the May budget and that the province of Alberta reacted in kind. It was particularly gratifying to the government to read the recent statements by Mr. Don Getty in his new portfolio, that many of the differences occurred in about 10 per cent

Oil and Gas

of the area and that there is a tremendous amount of co-operation in 90 per cent of it. Perhaps we can work out the difficulties. There was no indication of a stance by the federal government that it would say anything other than that the natural resources are owned by the provinces, but here we are talking about a taxation field in which the federal government has some responsibility, as the hon. member for Bellechasse has indicated, to the national economy.

The Leader of the Opposition (Mr. Stanfield) raised two questions, one in respect of the 58 per cent figure which I mentioned in my opening remarks. I would indicate that the equalization payments to Newfoundland in 1974-75 represented over 58 per cent of the total revenues that Newfoundland raised from its own sources. In other words, equalization is not equal to 58 per cent of Newfoundland's total revenue from all sources; the percentage expressed in this way would be lower.

Second, the Leader of the Opposition wanted to know specifically what provinces opposed the provisions of the bill. My information is that there has been very little in the way of opposition in writing from the provinces in respect of the equalization provisions of the bill. I suppose a review of the correspondence would be necessary in order to read the recommendations, or objections, for that matter, that may have been made. The minister did discuss the provisions of the bill with his provincial colleagues at an in-camera meeting. With great respect, I think it would be inappropriate to go into the exchanges which took place at that time. Certainly, there was no hint that the provinces were not consulted; but in the final analysis the government must make a determination.

The Leader of the Opposition made much of the fact that the Minister of Finance and the government had seemed to reverse or change their stance. I say that in all probability that is true because it is necessary to meet new conditions. If conditions remained basically the same, there would be no necessity for any change. Equalization was never intended to cover the tax revenue explosion which occurred because of the international oil disturbance. What the federal government and the Minister of Finance were endeavouring to do was to protect the equalization program so that it would not lose the confidence of the Canadian public through the necessity of having to tax far beyond what I think the taxpayers would be prepared to pay. When this disturbance came, it was necessary to find some way around it so that the equalization program—which I think everyone agrees is necessary in order to equalize to some extent the differences in our country—could be effective; otherwise the program, in effect, would have been destroyed. The Minister of Finance indicated on more than one occasion, but particularly at the meeting of ministers of finance on December 9 and 10, the following:

I would also like to say that I am conscious of the need to begin looking at the equalization arrangements for the 1977-82 period. As you know, the present program expires on March 31, 1977. There is no doubt in my mind that this program must be renewed. It is customary for the federal government and the provinces to sit down together and examine the program in order to consider any improvements which may be needed. A review will be particularly useful prior to 1977 in view of the recent, and totally unanticipated, disruption brought about by the international oil disturbance.