

*Oil and Petroleum*

costs being considered apart from the price. I think all members of the House accept the idea of the subsidy to cushion the price of oil in our five eastern provinces. I also think many hon. members believe that the export tax was justified, as it helped the country during the past winter. We do not quarrel with these ideas.

I think what concerns hon. members is that the federal government through this bill is proposing unilaterally, without consulting the western provinces, to go behind the agreement of March 27 and 28 last. The government began this process in the budget of May 6 last, in which it said that royalties paid to provincial governments for oil and gas could not be deducted from income. That was done without consulting the provincial governments concerned, even though an agreement had been entered into last March.

It goes without saying that we were able to surmount the difficulties of last January, February and March because of the consensus which had been arrived at, which was possible because of the compromise arrived at by the western premiers and the Prime Minister. Great credit is due to Premiers Lougheed and Blakeney for agreeing, on their part, to hold down the price of oil to \$6.50 per barrel. Yet under this bill the federal government, without consultation, has decided to force its way into the provincial field and take a greater share of provincial revenues. It has done this by telling the provinces that royalties paid on oil and gas will no longer be deductible from income.

Then, the Minister of Justice said that if provincial governments try to out-manoeuvre the government by nationalizing industries in the provinces or turning them into Crown corporations, the federal government will consider taxing such Crown corporations. Such threats, following a voluntary agreement, make it very difficult for hon. members to grant speedy passage to this bill.

As the Ministers of Finance are to meet on Tuesday—I think the Mines Ministers met today in Ottawa—and as it is not reasonable to expect speedy passage of this bill, would it not be sensible to let them discuss this measure before we finally deal with this bill? If they do this, perhaps some questions that are of concern to hon. members can be clarified, and perhaps this bill could pass. Certainly as things now stand many questions remain to be answered.

The ways and means motions to be considered in connection with the budget have raised many questions in the minds of provincial ministers. How can one consider Bill C-32 without considering what is in the budget, and without referring to negotiations and statements made by the federal government about what is to happen to oil in this country and to oil coming in from outside?

I suggest that the federal government must be given the right, after consultation, to set the domestic price of oil. Ultimately the federal government will be given that right. I wonder whether the government is prepared to consult the provinces on this question. I am referring not only to Saskatchewan and Alberta, but also to Ontario, Quebec and other provinces. Is it ready to negotiate with them and arrive at a position on the basis of consensus and compromise? These are things which I, as a western Canadian representing a constituency in Saskatchewan,

am very concerned about at this stage when we must contend with many difficulties in the field of oil.

There are problems regarding the movement of drilling rigs out of this country. We face problems in terms of long-term supplies of oil. So long as the federal government chooses to act unilaterally it will be difficult for the industry, whether owned publicly or privately, to develop satisfactorily. My party, of course, supports public control and ownership of oil and gas; nevertheless, whether the industry is owned privately or publicly, it will not develop satisfactorily unless the federal government can sit down with the provinces and hammer out some kind of agreement. This must be done to let the industry know where it stands, and to let us all know where we stand.

● (2140)

When I look at statements that have been made at the budget and so on, I wonder what the government has up its sleeve. I have here a press clipping from the November 13 issue of the *Regina Leader-Post*. It quotes the federal minister as saying he had a deal with the oil and gas companies. The article was headlined "Promise broken", and it reported that "Some oil companies broke a promise to the federal government by not pressing the provinces for a reduction in royalties," the Energy Minister was quoted in Ottawa as saying on Thursday. "The oil companies said in meetings before the budget was brought down that if Ottawa reduced its tax burden, they would turn their attention to the provinces. The minister said he regretted that they have not followed through with their promise."

Until I read that article I did not know that a nice cozy little deal had been made between the federal government and the oil companies. If Ottawa were to back down a little—the Minister of Finance says it has—the companies would turn their attention to the provinces. Why was this type of arrangement cooked up?

I have often heard Eric Kierans, a former member of this House, say that multinational oil companies liked to work with this government. They could control this government, but they found the provinces were getting tough and difficult to deal with. I now see a Canadian Press story quoting the minister who said he had cooked up a deal with the oil companies prior to the budget. I wish he would cook up a deal of some sort with the provinces. He should bring the provinces into his confidence and negotiate with them. If those types of things were done, the bill before us today and other energy legislation we are going to deal with in this House could be dealt with in a positive and expeditious manner.

All of us are concerned about unity. We are concerned about the supply of gas and oil. We know we are running into some long-term difficulties. We must sit down with the provinces, lay our cards on the table and be open and frank with each other. If that is done we can look forward to a very positive future for our country in terms of energy in the long term.

These are some of the concerns that I have. They are some of the concerns of my province and, indeed, of all Canadians. I conclude by warning the minister that if we continue in this fashion of unilaterally doing and saying things, all the provinces will be up in arms. The govern-