

pleasantly surprised to see in "The National Energy Program", introduced in the budget on October 28, 1980, a reference to just that problem and an admission on the part of the Government of Canada in that document called "The National Energy Program" that the federal-provincial dispute could retard the development of offshore lands. I thought, Mr. Speaker, that the Government of Canada had finally agreed to refer this matter to the Supreme Court of Canada and have it resolved, at least at the legal authority level. But I have since found out that that is not the case. The Government of Canada has no intention of referring the dispute to the Supreme Court of Canada for resolution, and the statement in "The National Energy Program" is only intended to mean that if somebody else wants to go to the trouble of bringing the matter before the courts the federal government will not object. We all know the federal government has no right to object in any event. So it is giving us nothing in this gratuitous statement with respect to reference.

Now, Mr. Speaker, I think because of the way that the National Energy Program and this Bill C-48, will reflect on offshore development, and on the provinces which claim offshore resources, we will see the matter go before the courts very soon. It may have, in the case of Nova Scotia, different results than the Government of Canada might have contemplated, particularly when the historical facts relating to the long history of Nova Scotia, its long involvement with offshore activities and offshore mineral exploration, fisheries, aquaculture, and all those things by which Nova Scotia exercised jurisdiction offshore, are brought out. All of these things may add up to a very strong case before the court and the result may come as a surprise to the Government of Canada.

The third and most effective way to resolve the dispute is by agreement, as I have already indicated. The federal government in 1978 proposed an agreement in which it said that the federal government would own and have control over offshore resources through ownership in land, as well as through jurisdiction under the British North America Act, but would return to the provinces involved 75 per cent of the revenues derived from the ownership of offshore resources. The federal government, of course, retains the other 25 per cent. This appeared to be a sensible agreement, but I am sure it was not the ratio which was offered that gave rise to the concern on the part of the provinces. It was what the federal government intended to do with respect to the development of those offshore resources. Would our federal government exercise its control so as to retard development, perhaps in the interests of some other part of Canada? Would it contribute funds and services of the kind which are required to accelerate development? The provinces involved simply could not leave this whole matter to the control and concern of the Government of Canada. So the agreement failed in 1978 when the Liberal government in Nova Scotia was defeated for just those kinds of reasons, that it was dabbling with the rights of the province of Nova Scotia in a manner unacceptable to most of the people. Any hope of an agreement based on a 75-25 split of revenues was abandoned.

Canada Oil and Gas Act

So we are left with the problem. The problem must be resolved, Mr. Speaker. It cannot be resolved by simply bringing before this House a bill which in effect expropriates the interest of the seacoast provinces, and particularly Nova Scotia, in their offshore resources.

● (1750)

Let me speak more generally of Nova Scotia's energy problem, which is very much related to offshore resource development. In Nova Scotia we are still dependent to a large extent on foreign oil, not only for our transportation fuels but also for heating homes and for other purposes. Part of this problem would be resolved, of course, by the discovery of our coast of gas or oil resources, but in order to take full advantage of those kinds of possibilities we must have certain things in place, and work on those projects must start now.

First and foremost is the natural gas pipeline now extended to the city of Quebec by virtue of permission granted by the National Energy Board, but not extended to the province of Nova Scotia by virtue of a refusal to grant permission by the National Energy Board. The Minister of Energy, Mines and Resources (Mr. Lalonde) has said in the House that an extension of the natural gas pipeline is a matter of national priority and, if the current application before the National Energy Board is refused or delayed, he will introduce a bill in this House to ensure that the natural gas pipeline will be extended to the east coast. To the extent that we can rely on government undertakings—and I sincerely hope we can—that part of the problem is resolved.

The next hope for the future in Nova Scotia is the development of a petroleum-based industry, and that involves the location of a liquid natural gas terminal on the Strait of Canso. This project, too, would be related to the natural gas pipeline and, more important, to the Arctic pilot project which involves the transportation of natural gas from the Arctic to a point on the east coast. Again the matter of the Arctic pilot project is before the National Energy Board, and that board, so we are told, will decide the appropriate location for a liquid natural gas terminal as between the Strait of Canso and Gros Cacouna on the St. Lawrence River.

Let me just say in passing that the Minister of Finance (Mr. MacEachen), as a representative from Nova Scotia, has assured Nova Scotians that this decision respecting the location of a liquid natural gas terminal will be made on the merits of the two locations on the Strait of Canso and on the St. Lawrence River. There are some who would doubt that. We in Nova Scotia take him at his word when he says that decision will be made on the merits.

I remind the Minister of Finance that his colleague, the Minister of Energy, Mines and Resources, on November 26, 1980, in Montreal, said something which might be differently construed when he said that things looked very favourable for Gros Cacouna. I think the Minister of Finance might take a look at what his colleague said because he has made it clear that the National Energy Board is a quasi-judicial body which operates on the basis of facts and information before it, and