

Oral Questions

the National Energy Program will just not be met and that self-sufficiency is not possible under the National Energy Program in this century unless there are changes?

If the government is not monitoring these National Energy Board hearings, will the minister do so in order that he can amend the National Energy Program at the earliest possible stage if the supply objectives of the program are not met?

Mr. MacEachen: Madam Speaker, I welcome the hon. member's support for the main outline of the National Energy Program.

Mr. Clark: Canadianization.

Mr. MacEachen: I am delighted that he supports the major elements of that program. He has suggested that changes ought to be made. No one on this side of the House has ever opposed the notion of changes if they are justified. As the hon. member knows, just before Christmas I had tabled in the House changes to the definition of exploration expenses in response to representations from the industry, and as discussion continues there undoubtedly will be further modifications if they are justified. However, what the hon. member fails to get across in his question is that despite the National Energy Program the cash flow to the industry as a whole is very substantial. It is growing, and when we add the incentive payments, growth in the cash flow to the industry in 1980 and 1981 will be very substantial indeed.

Mr. Clark: Why are they leaving Canada?

Mr. MacEachen: Therefore, the hon. member ought to bear that in mind as he contemplates the details of the program.

Mr. Wilson: Madam Speaker, the impact on cash flows is very substantial. It is causing companies to cut back severely on their exploration programs to help us achieve self-sufficiency. Those cutbacks are severe and we will not achieve self-sufficiency as it stands.

● (1420)

Let me move on to my supplementary question. I mentioned earlier that three banks have stated their objection to the National Energy Program. Clearly there is a message here, Madam Speaker. Their clients, the oil companies, have told them that they will not be able to finance the activities which had been under way prior to October 28, and their financial position has been quite drastically weakened as a result. Has the minister discussed the impact of the program with the chartered banks in order to take their advice as to changes which might be made in the National Energy Program?

Mr. MacEachen: As a matter of fact, Madam Speaker, I have had occasion to discuss briefly, for example, the National Energy Program with the president of the Bank of Montreal, who recently made a statement in which he supported the National Energy Program and the elements and goals of that program. In fact, it was a very supportive statement, in

contrast, I might add, with some of the not so favourable and not so objective comments made by other bank presidents.

The hon. member has again stated that the industry will not be able to finance development activity, and I want to tell him that the cash flow of this industry in 1981, even without the incentive payments which are provided, will be 28 per cent higher than it was in 1979.

An hon. Member: Nonsense, flim-flam.

Mr. MacEachen: Is that an industry that is being hard done by? I again ask the hon. member to think over his question.

CUTBACK BY MOBIL OIL

Hon. James A. McGrath (St. John's East): I should like to ask the minister this question, and I am concerned not only because of the supply aspect, Madam Speaker, but because the \$164 million or 46 per cent cutback bodes serious economic consequences for the Atlantic provinces. My question to the minister is whether the government has been in touch with Mobil Oil and has it determined precisely where the cutback will take place?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): I am not aware of what has been done by the Minister of Energy, Mines and Resources. I personally have not been in touch with Mobil.

OWNERSHIP OF OFFSHORE RESOURCES

Hon. James A. McGrath (St. John's East): My supplementary question has to do with the question of jurisdiction, because the Mobil announcement, in addition to the uncertainty of the government's energy policy, cited the whole question of jurisdiction as being one of the reasons they are cutting back at this time.

Perhaps I should direct my question to the Prime Minister and ask him why the government has shifted its position. Last fall it indicated that the energy offshore question would come in the second phase of the constitutional talks, yet in the energy paper preceding Bill C-48 the government says it is anxious to refer the matter of ownership quickly to the Supreme Court. Now we have Bill C-48 which stakes out the government's claim in terms of the Canada lands, thereby pre-empting the whole question from being discussed at the first ministers' conference. I now submit that the consequence is just further uncertainty and perhaps further cutbacks.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am afraid I do not understand the hon. member. Surely when we have an energy policy, we have to deal with Canada lands. Whether the offshore is in those Canada lands or not will be a matter to be decided either by negotiation, as we have attempted to do for the past ten years, or by the courts; but surely you could not have an energy policy without dealing with the Canada lands, and the matter of what is included in those lands will be determined in some other way.