

the budget will show that there is adequate financial room for the existing industry to engage in exploration and further development of oil properties, whether involving the oil sands or conventional sources, in this country as they are needed. He pointed out that there is a tendency on the part of the companies—indeed, probably a concerted plan on the part of companies having little connection with Canada, by withdrawal and spectacular announcement to attempt to change the fiscal provisions of the budget.

I deduced from the hon. member's argument his feeling that it is appropriate that the oil industry should bear the kind of share of the national cost which is suggested by the Minister of Finance in his budget. At times the hon. member, in his usual skilful way, seemed to argue both sides of the question. He suggested, I think, that a substantial share of the cost should be borne by the industry in favour of the national government, and I think it is perfectly proper to suggest that a share should be borne by the industry in favour of the provincial government. However, we believe that the return to the companies is adequate in order to continue the exploration and development they have under way. The hon. member made specific reference to ARCO and the reported announcement that ARCO will not be going ahead as a partner in the Syncrude project. I understand the other partners will be meeting with Atlantic Richfield for the purpose of defining their intentions from the standpoint of what we will do about it, I would be very interested in pursuing with the partners and, indeed, the government of Alberta the question of federal involvement in that particular project in the oil sands.

● (1610)

Over a period of time it has been made clear to us by the government of Alberta that participation by the federal government, whether by way of research, assistance in surveying or equity investment, would not be welcome in the oil sands. On the other hand, we stand ready to participate in this way. We will entertain any suggestions that the partners or provincial government might have with regard to the nature of this participation. I would say that for areas that are of significance to us, for example in the development of frontier resources whether offshore or in the north, there has been, and is, an indication of a substantial exploration program for this coming winter. That exploration program will be carrying forward the relatively successful results that have been realized heretofore toward better defining that resource.

We should really be talking about this bill and how oil should be priced in Canada. In terms of pricing, this bill is just as important and, indeed, even more important now, not just for the producing companies but for all Canadians, in terms of making certain that while the producers can over a period of time get a fair and adequate return on their resource, consumers should be entitled, not as the Alberta minister of federal and intergovernmental affairs said, that world prices should be shoved to the Canadian consumers right now but to adjust to them.

At this point we do not know the position of the government of Alberta but we can again make clear the position of this government. We do not think we should go into world prices right away. Canadians should be cushioned

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against this kind of increase. This legislative measure we have put forward is just as relevant now as it was last May, and just as relevant as it was before the budget. It is important and relevant now to provide a balanced regime in Canada to make certain that the supreme reality of the change in international oil prices is cushioned for Canadians to the best extent we can.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** Mr. Chairman, may I just say to the minister I am glad to hear him say that the federal government is not ruling out the possibility of any involvement either with the partners in the various Athabasca oil sands projects or with the governments of the producing provinces. When the legislation to set up a national petroleum corporation is before the House we will have an opportunity to get more information from the minister and some statement of policy.

The minister talked about my remarks indicating that I am probably on both sides of the question. I want to make it perfectly clear that as far as the budget is concerned, I am not on both sides. I am prepared to support the government having the right to set the price of oil and gas and to collect the export tax which gives them the larger share of revenue from a barrel of oil. They receive about 54 per cent of the revenue. At the same time, I say they have no right, in an underhand and round about way, to turn around and take the unprecedented action of saying to the provinces, "Whatever you are getting out of your oil, whatever you collect by way of royalties, will not be deductible for income tax purposes."

We are not only doing this with oil. We are doing it with reference to gas and minerals. It is only a next step to do it with reference to renewable resources, lumber, stumpage dues and other royalties. In my opinion, this will reduce the provincial governments of this country to little better than glorified municipalities. That is why I object, not to the government having the power to collect an export tax but to the federal government, in an under-handed way, destroying the fiscal capacity of the provinces to run their own affairs and manage their own resources.

May I say one other thing to the minister. He believes the Canadian people should be cushioned against the world price. I certainly agree. If one goes back to the record, I introduced a motion as far back as January 25, 1973, arguing for exactly the same thing. I am not convinced at this moment that we ought to set, as a goal, ultimately raising the price to the international price. We can produce enough energy in this country so that Canadians can get it at a price that gives to those who produce it a fair return on their investment and pays the province a reasonable royalty and still keeps the price below the world price.

We give to our industry a very advantageous competitive position. My hon. friend who spoke before I did was interested in the industries of Ontario. He ought to be interested in keeping the price of energy at the lowest possible level.

I see no reason at the moment, and I do not know whether the minister is talking about 18 months or three years, why we should be planning ultimately to move toward a world price which in the main would take money out of the pockets of the consumers to either pay larger