28 per cent while the federal government suggests that its take is 43 per cent.

There are differences of opinion with respect to supply projections. Under the National Energy Program, Alberta says that net imports will be 525,000 barrels a day by 1985, and 734,000 barrels a day by 1990. This will cost something in the order of $20 billion to $30 billion a year. Ottawa claims the reliance on imports will be 260,000 barrels a day by 1985 but by 1990, no imports will be required. Obviously, there is a major discrepancy and that is the first thing to be overcome.

The federal government has to recognize that because it moved unilaterally in placing before this House the kind of National Energy Program and pricing regime that it did, and because this is not going to be bought by the provinces, it will have to make the next move to get back to the bargaining table. There can be no question about that. There must be a demonstration of some flexibility, reason, and concern. It is universal now that the National Energy Program is very detrimental in many aspects. Unless the federal government takes a position of flexibility I can say to you, Mr. Speaker, that there will be no harmony and there will be continued discord and chaos in the country.

We have to work toward an agreement which is fair, fair to all regions and fair to all Canadians. Until such time as we approach it in that fashion, the division and animosity in the country will continue.

I say in conclusion that this is perhaps one of the most important periods in the history of Canada. It could very well be the turning point between failure and success, and I mean that in the broadest sense. We have the opportunity to transform this country into one of the great industrialized giants of the world. Canada has the potential, the strength, manpower resources and natural resources. We have it all. It is unfortunate that the difficulties we have are not those caused by nature. They are difficulties caused by governments and people. The time has come for us to get the show on the road. We must ensure that this very important issue is resolved quickly, not only for the west but for all of Canada.

It was said once, "What is good for General Motors is good for Canada." We should now say, "What is good for the west is good for all of Canada." Strong regions mean a strong country. The provinces of Ontario, Quebec and eastern Canada will all reap the benefits of a satisfactorily concluded agreement. Therefore, I urge the members of this House to prevail upon the cabinet to get back to the negotiating table, and to do it quickly.

Some hon. Members: Hear, hear!

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, it is a great pleasure for me to rise today to speak on Bill C-54, an act to amend the Income Tax Act.

The Income Tax Act is a piece of legislation which touches all Canadians. I am sure many of us in the House today wish that it did not touch most of us as directly as it does. However, we all know that the legislation is essential to the financing of government programs and services. The Income Tax Act does far more than simply provide the wherewithal for us to run the nation's business, it also contains many different measures aimed at stimulating the economy of the country.

● (1630)

Today I would like to speak briefly on one of the measures contained in Bill C-54, the special investment tax credit, which was described by the Minister of Finance (Mr. MacEachen) on budget night as a bold and experimental new program to help deal with regional inequalities in the country. As Parliamentary Secretary to the Minister of Regional Economic Expansion and as the member for Cape Breton-The Sydneys, I know a considerable amount about regional disparities and inequalities. That is why I heartily support this measure, for I know that the special investment tax credit program will go a long way toward reducing regional inequalities in this country.

By providing this 50 per cent tax credit, the federal government, through the Department of Regional Economic Expansion, will be able to help generate much needed industrial development in some of the most seriously affected parts of Canada. These areas, which are marked by both high family unemployment and low per capita income, can be found in every province and territory. And while these areas contain only some five per cent of the Canadian population, it is important to remember that this is the five per cent most in need of this kind of assistance.

As you might expect, since the program was announced on October 28 there have been many requests for it to be broadened, to include a larger portion of the country. While I agree that there certainly are localities outside the designated areas which could well benefit from the program, economic realities necessitate the focusing of available funds on those parts of Canada where this program can be most effective.

Let me say a few words, about this innovative program. Simply put, it is a tax credit. That means that a company, or individual, making an eligible investment in a designated area is entitled to deduct 50 per cent of the cost of that investment from the federal income tax payable. For example, if a business person invests $100,000 in a new manufacturing facility, he or she will be able to deduct $50,000 from any federal tax which is payable. If there is no federal tax payable in that year, or very little, the business person may defer the unused credit to a future year.

There are, of course, some restrictions on how and when you can use some of these credits. For example, an entrepreneur must reduce any capital cost allowances available to him or her by the amount of the tax credit in order to avoid duplication of benefits. Also, the credit must be used within five years of the year in which the investment was made.

However, these restrictions aside, it should be noted that the administration of this program is very simple. No prior