

course, before they were double-crossed by the budget which told them that the royalties they receive will no longer be deductible for income tax purposes. I imagine that the attitude of the provinces is somewhat different now; it is not the same as it was previously. Therefore I think the federal government should keep in mind several things.

If the oil producing provinces had not agreed to forgo any claim upon the export charge revenue, the federal government would have been required to compensate people east of the Ottawa valley line out of general revenue. That compensation would have involved a considerable sum of money.

The federal government must do something else. It must stop misrepresenting the resource tax situation to the Canadian people. In the House, on television and on the radio, the Minister of Finance (Mr. Turner) keeps talking about the provinces eroding the federal government's capacity to get taxes from resources. That is a complete misrepresentation. The Minister of Finance ought to tell the people of Canada that the federal government is collecting 54 cents on every dollar of oil exported from this country, and that if Bill C-32 is passed in its present form the federal government will have power to set the price of oil at any level it likes and set the export tax at any figure it wishes. It can push the provincial governments right out of the picture; they may not be able to collect royalties from oil companies if they want those companies to stay in business in the provinces.

I think the minister ought to give the whole story to the public. The Prime Minister (Mr. Trudeau) did it on March 28 last in the House when he said that the goodwill and commitment of the premiers of Alberta and Saskatchewan had made the settlement possible, that they were great Canadians, and that that was a great day for Confederation. Surely the government should not now distort the picture and leave the general public with the impression that the oil producing provinces have grabbed every nickel they can get and that the poor, starved federal government is being pushed out of the resource taxation field. That is the wrong impression to leave, as at present more money from the sale of oil is coming under the control of the federal government than is flowing into the hands of the provincial governments.

I was disappointed in the minister's failure to make a statement—I hope he will make one in committee of the whole—because we need to know more about the basis upon which these compensation cost payments will be made. Bill C-32, the petroleum administration bill, contains a provision for regulations to be issued. But there are no regulations governing these supplementary estimates; therefore we need to know, before we give \$365 million in three months to multi-national oil companies, the bases on which these payments will be made.

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We know, of course, that one of the bases is that we will be paying for the difference in the price of imported oil compared with the price in Canada. However, what about the host country participation? How is that to be estimated? How are the tanker rates to be estimated? There is a real chance here for a gigantic rip-off by the oil compa-

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nies. Most of the oil which is delivered into eastern Canada is delivered by the multi-national oil companies, Creole, Exxon or Aramco, which own their own tankers or have scores of tankers under charter. Many of the payments which they put on their books are simply transfers from a subsidiary to the parent company, or even transfers within a company from one department to another.

Will the government have access to the books of these multi-national corporations? Are we going to accept their figures or take the average tanker rate? There is very little value in estimating their cost on the basis of what a tramp steamer costs. There is no comparison with the gigantic tankers used by the multi-national corporations.

We need to know the basis on which we are going to make payments. What scrutiny will be involved to ensure the Canadian people are not being ripped off? Incidentally, the provinces have some interest in this fund from the export charge. They should know whether the money being paid to the oil companies under compensation cost payments is actually what they are entitled to rather than what they are asking.

I am supporting this supplementary estimate only because I think it ought to be nothing more than an interim measure to deal with a situation that we in this country have gotten ourselves into because of a lack of foresight and long-term economic planning. However, we ought to move quickly to the point where we will not have to make this kind of compensation cost payment to the oil industry.

We should have in Canada a mechanism, and maybe the minister is going to use the national petroleum corporation as the mechanism, for purchasing offshore oil and then distributing it, if the minister chooses, through the regular channels within this country. There is nothing magic about hiring tankers to bring oil. As a matter of fact at the rate the OPEC countries are nationalizing the oil industry, middleman is about all the oil companies are going to be doing.

Saudi Arabia has announced it is going to nationalize Aramco. What does this mean? It means that Aramco will simply be a middle man between a state petroleum organization in Saudi Arabia and the consuming public in North America. There is no reason why a Canadian petroleum corporation cannot be getting oil from these state oil companies in the Middle East and Venezuela, and shipping it to this country. That is the only way we will be able to scrutinize the cost and ensure that the Canadian people are not being ripped off, as they have so often been by the oil industry in this country.

Some time ago the Shah of Iran, who can hardly be described as a raving radical, said his country was prepared to reduce the price of oil provided they were dealing on a government-to-government basis. However, he said they were not prepared to reduce the price of oil if it was handled through the multi-national corporations which could increase the exorbitant profits they already make. Therefore, I want to stress that what we are doing now should be looked upon as a necessary interim step, but not a solution. The ultimate solution lies in importing oil into this country under the control of the government of Canada.