

COPIES OF SUBSIDIARY AGREEMENTS BETWEEN FEDERAL
GOVERNMENT AND NEWFOUNDLAND—GENERAL
DEVELOPMENT AGREEMENT

Motion No. 12—**Mr. Marshall:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of subsidiary agreements under the General Development Agreement between the government and the Government of Newfoundland.

Motion Agreed to.

ORAL QUESTION PERIOD

[English]

FINANCE

INCENTIVES TO OIL INDUSTRY TO ENSURE
SELF-SUFFICIENCY—POSSIBILITY OF CHANGES IN
BUDGETARY PROPOSALS TO ACHIEVE THAT OBJECTIVE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Finance. I assume that in preparing his budget for presentation to the House the minister had access to the report of the National Energy Board which stressed the importance of the petroleum industry receiving proper economic incentives in order to ensure self-sufficiency in the future. Whether or not the minister had access to it, however, was his budget based upon agreement with the position taken by the National Energy Board that the petroleum industry must have proper economic incentives to ensure self-sufficiency or is it the minister's view that some governmental instrument like Petro-Can can do the job?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, in my address to the House in the budget speech I made reference to the threat of declining petroleum reserves and it was for that reason I restored the immediate write-off at 100 per cent for exploration of petroleum and gas and, indeed, mineral resources.

An hon. Member: Eight cents a barrel!

Mr. Turner (Ottawa-Carleton): I reduced the federal tax from the equivalent of 30 per cent to 25 per cent by increasing the provincial abatement from 20 per cent to 25 per cent and in these measures drew back from the May 6 position as it affected the petroleum industry by about 25 per cent, restored to that industry an additional \$100 million this year, \$170 million for 1975 and on an accelerating increasing basis over the subsequent years.

Mr. Stanfield: A supplementary question, Mr. Speaker. I take it from the minister's response that it is his view that the budget provisions will assure adequate rates of exploration and development within the present economic climate faced by the petroleum industry and that the minister does not intend to introduce any additional measures of encouragement as a result of the report of the National Energy Board?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, if the provinces of Alberta and Saskatchewan make some moves

Oral Questions

then the health of the petroleum industry in terms of international competitiveness would be, I think, restored. Whether in other terms over the period of the next few years we have to look at the question of price, cost and other factors, of course, is something we will be dealing with as the situation develops.

Mr. Speaker: A final supplementary, the hon. Leader of the Opposition.

Mr. Stanfield: Mr. Speaker, if the minister is serious about accepting the proposition that the industry has to be encouraged, in view of the interpretation of the investor as reflected in the market since the minister presented his budget and the decision of the industry to cut back on the amount allocated for investment in the industry, is it the minister's position that the industry simply needs a little more explanation and that he, in fact, knows much more about their business than they do?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I think it is generally accepted by officials in Ottawa and Edmonton and by the industry that a fair rate of return at the wellhead or production profits should give the industry 30 or 35 per cent to ensure the objectives the hon. gentleman mentioned. By increasing the abatement and restoring the exploration incentive, in effect the industry's share has gone from 24 per cent to 29½ per cent. As for the market reaction, in so far as it affected oil and gas, there was some reaction and probably the market was discounting rumours about the National Energy Board report. During the week following the budget the Toronto stock exchange dropped about 2.5 per cent against New York's 5½ per cent.

MINISTER'S KNOWLEDGE OF REPORT OF ECONOMIC COUNCIL
OF CANADA WHEN PREPARING BUDGETARY PROPOSALS FOR
OIL INDUSTRY

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I hope I can get a straight answer from the Minister of Finance rather than a shilly-shally answer. I should like to ask the minister if he had in his possession and did he study the report of the Economic Council of Canada. Did he know its intention prior to the presentation and preparation of his November budget, particularly in reference to petroleum and natural gas and the question of security of supply. I would refer the minister to page 61 and page 141 of the report.

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I received a copy of the report at the same time as every other hon. member.

Mr. Woolliams: Well now, that is a shilly-shally answer. I wonder if the minister would tell us whether he had the report and if he studied it. If he did not have it and did not study it, did he know the intention of the report, particularly the recommendations as to security of supply and price setting?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, the first time I saw the summaries of the report issued by the Economic Council of Canada was yesterday. I had no advance warning of the content of the report whatsoever.