

*Income Tax*

He is stating that what is important is for the federal government to have 18 per cent, 23 per cent or 30 per cent of the total cash flow from the sale of crude oil in Canada, and that everything else is immaterial—the total cash flow is immaterial as long as it gets its 25 per cent. The fact that the policies it pursues may affect the jobs of many Canadians is not important; what is important is that the government receives its 25 per cent. The question of security of supply for Canadians is not important; what is important is that the government gets its 25 per cent. The question of lost opportunity to Canada—and we had a marvellous opportunity being the only western industrialized nation self-sufficient in energy—is not important; what is important is that the government gets its 25 per cent.

What about the question of federal-provincial relations in Canada? What about the disunity in this country as a result of the actions of the Minister of Finance and of the Minister of Energy, Mines and Resources (Mr. Macdonald)? Apparently that is not important; what is important is that they get their 25 per cent of the cash flow. Madam Speaker, that is totally unacceptable. That is not the type of policy that Canada deserves. It is not the type of responsible government that we should be receiving from the Liberal party.

What did the minister say about this question of sharing the cash flow from the sale of oil and gas in Canada? He alluded to the fact that during the budget debate the Prime Minister (Mr. Trudeau) indicated that this whole question of resource revenue sharing was brought up during the first ministers' conference a year ago January.

Let us consider what happened at that conference. The Prime Minister indicated that he had suggested sharing but the provinces did not listen, they would not consider it, and therefore the federal government had no alternative but to act unilaterally in the manner it first proposed in the budget on May 6, and repeated in the budget of November of last year. A document was presented at that first ministers' meeting—I have a copy here—proposing a sharing. It was presented by the Minister of Energy, Mines and Resources and was entitled "Suggested Distribution of Revenue Flows of Oil for Alternate Price Increases". It suggested a percentage distribution of revenues that with the wellhead price at \$6 per barrel it would be reasonable for the oil producing provinces to receive 28 per cent of the total revenues and for the federal government to receive 6.6 per cent. At a price of \$7 per barrel the suggested breakdown was that oil producing provinces should receive 33.5 per cent of revenues and the federal government 8.9 per cent. These revenues include export tax.

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Let us compare what was suggested with what actually happened. As a result of the first ministers' agreement at 24 Sussex Drive last March, a price of \$6.50 per barrel at the wellhead was agreed to. Using the document of the Minister of Energy, Mines and Resources, the fair share of the oil producing provinces would have been 30.75 per cent. Again I say I am using the figures of the federal government.

The Alberta government introduced a royalty scheme which produced for that government royalties and reve-

[Mr. Andre.]

nues amounting to 23 per cent of total revenues, in other words, 7.75 per cent less than the federal government's own figures suggested. When the Prime Minister and the Minister of Finance turned round in May and said that they were bringing in the May budget which called for the non-deductibility of royalties because the provinces had been acting in bad faith, were being greedy and taking too much of total revenue, they were nothing if not dishonest and deceitful

**Mr. Gilbert:** But honest.

**Mr. Andre:** No, Madam Speaker. Let us look at the figures relating to the federal government's share of revenues, as suggested at the meeting to which I have referred. The federal government could have expected to receive 7 per cent of total revenues; but the May budget would have given the federal government 23 per cent of total revenues, 16 per cent more than it had indicated in its own document would be a fair share.

Then the Prime Minister had the effrontery to come before the House and say that that document provided the provinces with a fair warning about the type of revenue sharing they could anticipate, and therefore it was wrong of them to accuse the government of double dealing, dishonesty and breaking faith by introducing the budget of May 6. The budget certainly broke faith.

The government says one thing one month, and another another month. That is characteristic of how the government has behaved throughout the energy crisis, or since September 4, 1973, when it unilaterally, without consultation, and as a result of pressure, imposed a price freeze on Canadian crude oil. We know what happened after that. The export tax was imposed, again without consultation or discussion. Then there was the commitment that the freeze would be off by January 31; then that the freeze would be off at the end of the heating season; then that prices would be allowed to rise, and then that they would not be allowed to rise.

This is a sad history of double dealing, deceit and plain, hypocritical activity. It is small wonder that it now looks as if Canada's future security of oil supply is very much in jeopardy that the National Energy Board predicts we shall be net importers of oil in the near future and that the level of exploration and development in the oil and gas industry has fallen off at an alarming rate. Yet the Minister of Finance says that the important thing is that the government should get the right share of total revenues. It does not matter if total revenues are less than the potential—the important thing is that the government should get what it considers its proper proportion. It is not important that jobs are being lost in my constituency and in my province. The only important thing is the government's percentage of total revenues. No, Madam Speaker, there we see the sad history of the mishandling of an issue that is vitally important for Canada's future.

There has been mishandling on the part of the government which has no rationale in its approach, and which has its priorities totally distorted and warped. One wonders what goes on at cabinet meetings. Is there not one minister who says, "Hey, we have to worry about our future security of supply, about jobs, about oil drilling rigs