

Petroleum and Gas Revenue Tax Act

developments in an inequitable and arbitrary fashion, they fear that the same may happen to them.

The Minister talked about reimbursing the Post Office for specific services and identified specific subsidies that go to the Post Office. That is fine as an approach, but it begins to appear that perhaps the Minister is attempting to rename the Post Office deficit and copy the American Post Office which has specific subsidies tailored in before it balances its books, in order to say it has arrived at financial self-sufficiency. It seems that this is the approach the Minister is taking so that eventually he can declare victory and say that he has won the war, while we are still subsidizing the Post Office.

The Minister also mentioned private sector counter services. We need more information about this. Does he mean more drug store Post Offices and less full service Post Offices in urban centres? He talks about reducing spending and improving productivity. Until now, that has translated into cuts in services. Is that what will happen?

The disappointment felt by Canadians as a result of the plan the Minister has put before us today is that it fails because it is not the blueprint that Canadians wanted for good service at a reasonable cost. Canadians want reasonable postal service, accessible postal service and equitable postal service. This so-called plan fails on all counts.

Mr. Deputy Speaker: As a result of the Minister's statement and the replies, today's sitting time will be extended for 25 minutes.

GOVERNMENT ORDERS

[English]

PETROLEUM AND GAS REVENUE TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Hockin that Bill C-17, an Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act and to repeal the Petroleum and Gas Revenue Tax Act, be read the second time and referred to a Legislative Committee.

Mr. Deputy Speaker: Resuming debate with the Hon. Member for Vancouver—Kingsway (Mr. Waddell).

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I will try to put my stamp on this debate. I am about to deliver a long speech on the Petroleum and Gas Revenue Tax Act and on the deregulation of natural gas.

I notice that when I speak on the deregulation of natural gas people tend to yawn, as their eyes glaze over. Indeed, I do that myself, in spite of the fact that this is one of the most important subjects in Canada that deals with regional issues in many ways similar to the CF-18 contract, where there are producers in one part of the country and consumers in another. It is an

old Canadian problem of regionalism and trying to satisfy diverse regional interests.

This Bill eliminates the petroleum and gas revenue tax which was implemented as a result of the old Liberal National Energy Program. This tax was put on right at the wellhead rather than being a tax on profits. Oilmen said that this was a unique tax which did not apply to other resource industries where taxes were levied at the profit stage rather than at the wellhead.

The Province of Alberta almost declared a war over this tax by turning off the oil pumps that supplied eastern Canada. Peter Lougheed, the former Premier of Alberta, was called the blue-eyed sheik as a result of his response to the petroleum and gas revenue tax. He thought this was a provincial responsibility, not the responsibility of the federal Government, because it was a royalty, or tax, on the resource itself which provinces are allowed to impose under our system. He said that the federal Government had no business implementing this tax because it was not federal jurisdiction. The premier and the industry were upset about this tax and a seven-day debate ensued in the House, which I will discuss later. We soon forget that interesting period of energy wars, yet we may see it again in the future.

In spite of the criticism of the tax, it collected a lot of money from the oil industry which would rather find a way around paying tax. For instance, Shell did not pay any federal income tax in one year because it could reinvest all of its profits. Ordinary working Canadians pay taxes from their paycheque but sometimes the big oil companies can escape paying tax. However, the industry did pay a lot of money through the petroleum and gas revenue tax and that is why we are having this debate today. The Government indicated that it would phase out the PGRT in its so-called Western Accord which was entered into in 1985.

There has been pressure from the industry and the Government of Alberta as a result of the disaster in the industry out west from the drop in world oil price from \$30 a barrel to \$15 a barrel. There has been a shakeup in Saudi Arabia with the replacement of Sheik Yamani. We will no longer see a Canadian Prime Minister dance "sheik to sheik", as the Hon. Member for St. John's West (Mr. Crosbie) once said.

The dramatic decrease in the oil price has brought on a crisis in Alberta, which produces most of the oil in Canada. It has called for help and one of the ways to assist the people and companies in Alberta is to eliminate the petroleum and gas revenue tax immediately rather than phase it out. That is the purpose of this Bill.

We in the New Democratic Party support the Bill, but we have some real concerns. I do not believe that it is really the answer to the problem of the oil companies. I have been the energy critic in my Party for six years now and have seen the ups and downs throughout the National Energy Program. I have learned certain things as a result of watching this happen, which I will talk about later. This Bill is not the answer. It is