HOUSE OF COMMONS

Monday, January 27, 1986

The House met at 11 a.m.

GOVERNMENT ORDERS

[*English*]

PETROLEUM AND GAS REVENUE TAX ACT INCOME TAX ACT

MEASURE TO AMEND

The House resumed from Friday, January 24, consideration of the motion of Mrs. McDougall (Minister of State (Finance)) that Bill C-82, an Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act, be read the third time and passed.

Mr. Russell MacLellan (Cape Breton-The Sydneys): Mr. Speaker, I am pleased to have this opportunity to speak on Bill C-82, a Bill with respect to the petroleum and gas revenue tax. The Government, in deleting this tax, promised a great deal. It promised us that this would be the haven of the oil and industry in western Canada and that, as a result of this Bill, the funds which were being freed up from this tax would be put back into the oil and gas sector. It told us this would ensure for us in Canada continued expansion of the oil and gas industry. We are now hearing a very different tune from the Government.

As we on this side of the House speak on behalf of the consumers of Canada, we are told that the prices are the way they are because we have to pay for our social programs and for the development of the oil and gas industry in Canada. I myself and Hon. Members on this side of the House thought we had already paid for the development and expansion of the oil and gas industry. The Government told us when the PGRT was done away with that this was going to be the vehicle through which we would have continued expansion. In the words of the Minister of Energy, Mines and Resources (Miss Carney), this was to be the engine for growth in the oil and gas sector. That evidently is not what the Government is saying at the present time. It is saying that high prices are the guarantee of expansion in the oil and gas sector. The oil companies are now declaring higher profits. They have had the benefit of the funds which were freed up as a result of doing away with the petroleum and gas revenue tax and they have not been taxed on any windfall profit for the old oil they discovered years and years ago. So they are enjoying quite a good deal out of the policies of the Government. However, the Canadian oil companies and the consumers lost the benefit they had through the new oil reference price and by losing that benefit they are placed in the same position as the multinationals but do not have these large reserves of old oil on which they can rely. What we have now with prices going down is a Western Accord, an Atlantic Accord and a Budget presented on May 23 which did not take into consideration the needs of the consumers. Yet the Government is steadfast in saying that the high prices of oil and gas are the answer.

It has been said again and again that it is lower gasoline prices in Canada that are good for the economy, that lower prices will reduce inflation and will allow the manufacturers, industrialists and entrepreneurs a little leeway so they can look after the indebtedness they incurred as well as be able to modernize and expand, and that their backs will come away from the wall in many cases. But the Government is steadfast in its belief, and why? Because it assured the Canadian public that by doing away with the petroleum gas revenue tax the oil and gas industry was assured that its expansion and steady growth would not waver. This is not what Canadians believe. Canadians believe that the Government is callous with regard to the needs of the consumers. They believe they have been forgotten. The Government told the country that it wanted to do away with the petroleum and gas revenue tax in order to develop the energy sector, then immediately it passed along the benefits to the multinational oil companies without any regard to the needs of the consumer. In fact, any regard to the needs of the consumers was negative because the Government immediately proceeded to put on a further tax in September and then again in January of this year.

The Government spent over $1 billion to bail out two banks. On the other hand, our own Crown corporation, Petro-Canada, on two occasions over the last three months raised the price of gasoline. When that company was brought into being the then Minister of Energy, Mines and Resources, Donald Macdonald, told Canadians it would assure us of a supply of oil and gas at a reasonable price. That was the purpose of Petro-Canada initially. What has it now become? It has now become a vehicle for this Government to increase the price of gasoline. Members of this House, like Canadians generally, see Petro-Canada's prices as being higher than those of other companies. Yet the Minister of Energy, Mines and Resources stated last week that she did not know anything about Petro-Canada's higher prices. Why is Petro-Canada doing this? To serve the Government's crazed ambitions.

• (1110)

Mr. Skelly: Crazed ambitions?