

*Petroleum and Gas Revenue Tax Act*

corporations typify the spirit of private entrepreneurship and risk-taking which the Government is attempting to encourage. These corporations were ignored by the previous Government in the design of the small producer tax credit. They were left out.

My colleague, the Minister of Finance (Mr. Wilson), met personally in July with representatives of these companies in order to understand their concerns. This has never happened since the tax was first imposed on the country in 1981. Several Hon. Members from Alberta provided valuable input. The result of this combined consultative effort is an amendment which will permit these smaller corporations to claim a credit against the PGRT on royalty income effective January 1 of this year. In dollar terms, the cost to the Government is small, but in human terms, the benefits are large. It will help many smaller operations through these most difficult times. It is also a concrete example of how well representative Government can function.

In addition to these two important measures, the elimination of the PGRT and the retroactive relief, the Bill contains several items of a housekeeping nature which are consequential on the removal of the tax. I will not take up Hon. Members time with details on these measures. I do, however, want Hon. Members to consider the Bill as expeditiously as possible, and I urge the committee to report back at an early date. I am pleased to tell Hon. Members that with the passage of this Bill, it will be the last time we will ever have to consider changes to the petroleum and gas revenue tax.

● (1520)

**Mr. Russell MacLellan (Cape Breton—The Sydneys):** Mr. Speaker, it gives me a great deal of pleasure to have the opportunity to speak on Bill C-17. I would first like to make a few comments with regard to the words of the Minister of State for Finance (Mr. Hockin) who said that the Liberal Government gave with both hands, as if that was a failing at a time of downturn in the energy sector. It seems that the present Government is not giving at all but merely taking away with both hands.

Members of the Government talk about doing away with the petroleum and gas revenue tax, a measure which will cost the federal Government \$150 million. They say it as if they deserve a pat on the back, when they are really just giving back to the oil companies their own money. It is of small comfort to the energy sector which is undergoing the difficulties it is undergoing at the present time.

The Bill states that no petroleum and gas revenue tax will be payable with respect to revenues and royalties attributable to production of petroleum or gas after the end of September, 1986. I think that is a good provision. The Bill also implements tax relief for oil and gas producers, something which was announced earlier by the Prime Minister (Mr. Mulroney). The legislation also exempts the PGRT up to an amount of \$1.5 million in terms of royalty income earned by corporations, a measure which was announced on September 17. This

provision has now been broadened to include individuals who earn up to the same amount of money.

Our Party would not have chosen to give top priority to doing away with the petroleum and gas revenue tax. We felt, and we still feel, that the major need in the energy sector right now is in terms of small producers. These are the people who are vulnerable. In times of a downturn in the energy sector we must not only deal with making life more comfortable for oil and gas companies but we must deal with their very survival. The problems now being experienced by the small producers could be critical to a great many.

It has been said that these small producers brought on their own problems, that they took advantage of the upturn in the economy when things were booming and that they went out and spent. That is not completely true. Of course some did that. Perhaps others spent unwisely or a little too much and became over indebted to the banks of the country. However, a great many companies in the oil patch in difficulty right now are companies which have been in business since as early as the 1930s. They are family businesses, businesses in which the presidents, chairmen and senior executives know all their employees on a first name basis. They know the families of these employees and are often on good terms with most of them, not only in a business sense but in a social sense as well. One can imagine the heartache caused to these managers and executives when they must cut back on employees whom they have had for as long as 20 or 25 years. I ask Hon. Member to imagine being in the position of knowing employees as these people do, and their families, and having to put them on the unemployment rolls. It is not an easy thing for these people to do. It is unfortunate that it has to be done at all. That is why we in the Liberal Party say that priority must be given to helping these small companies.

Most of these small companies are Canadian companies. If the Government feels, as it says it does, a certain sense of urgency and priority toward the principle of Canadianization, then we must protect these Canadian companies. This is Canadianization where it counts most, in the sector which actually produces oil and gas, where it is most important to our economy and to the whole theory of Canadianization.

Most of the benefits which will accrue from doing away with the petroleum and gas revenue tax will go to the 10 to 15 largest companies, including the multinationals. However, a great many benefits will accrue to smaller companies which put together land purchases and farm them out to larger companies under a drilling contract for a royalty share of production. By doing away with the petroleum and gas revenue tax we will be helping a certain number of small companies, which is why our Party does not oppose this Bill. Because of the difficulties which exist in the energy sector right now, even though the programs which we think would be the most helpful have not been put in place, we will not vote against a Bill that will be of some help. The fact that we can give something to this hard-pressed sector is of tremendous importance.