

● (2022)

Likewise, the provisions relating to research and development are very important, coupled with the announcement this afternoon by the Minister of Public Works responsible for science and technology (Mr. Buchanan). Now Canadian companies which want to make expenditures and carry out important R and D will be able to spend their dollar, which will cost them 20 cents net because of the 150 per cent write off provision in this bill. This program will continue for a ten year period. I understand it is one of the most generous of any in the world. Surely now, at a time when our whole economy and our industry are restructuring to meet the competitive situation in the world, we should be offering that kind of incentive, whether it is to the automobile industry or to any other industry which is competing abroad as well as in the domestic market, for which R and D is essential.

The investment tax credit which was extended last year for R and D and which was made 7.5 per cent higher in areas like Ontario and 10 per cent in the maritimes, coupled with the provisions in this bill and the recent announcements made today by the Minister of State for Science and Technology, are important moves forward.

Another very important provision in this bill which I support is changes to the registered retirement savings program which provide a more flexible means of retirement savings for people so that those who retire do not have to withdraw the funds in such a short time; and if they continue to have other sources of income, they can be spun out over a longer period of time while the taxes of senior citizens are essentially reduced.

Equally important are the provisions for oil and gas production in the west. We have had a remarkable turnaround in exploration and development of natural gas in the past four or five years. A few years ago we were receiving reports that there could be shortfalls in natural gas by 1978-79. In fact, the policies that were introduced at that time to produce natural gas to the BTU equivalent with crude oil have brought on important supplies of natural gas in Alberta so that we have not had to resort to the more expensive gas in the Arctic islands at this point.

The provisions in this bill move in three directions: first, to provide a depletion allowance of \$1 for each \$2 spent on enhanced recovery. Some 65 per cent of the oil in the ground is not recovered with the present level of technology. This incentive to the oil industry will mean that more R and D can take place for enhanced recovery. Likewise in the case of nonconventional oil, the tarsands and heavy oils, the depletion allowance will be increased from 25 per cent to 50 per cent. Also the heavy oil plants will be taxed as a manufacturing facility.

Recently in the Standing Committee on National Resources and Public Works, the Minister of Energy, Mines and Resources (Mr. Gillespie) outlined the prospects for new tarsands plants and heavy oil upgrading facilities for the tremendous reserves in Alberta and Saskatchewan, and he indicated that with the possible upgrading of the two existing plants of Syncrude and GCOS, combined with the new tarsands and heavy oil plants, we could expect in the next eight to ten years

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some 750,000 barrels of oil a day extracted from those areas in Alberta and Saskatchewan. When we look at the resource of some 200 billion barrels of oil or some 37 billion or 38 billion which are available with the present technology, the incentives provided to utilize this resource are appropriate at this time because such companies as Shell and Imperial Oil as well as the Saskatchewan and Alberta governments are considering making investments to develop these resources.

If we look at the Syncrude project, which is a production scale sized plant in which both the federal and provincial governments of Alberta and Ontario invested some \$600 million, we see a very good return to the governments because the three governments involved hold an equity of some 37 per cent in that plant, and yet some 77 per cent of the revenues from the production scale plant will be accruing to these governments. The revenues over the next 25 years are estimated to be some \$25 billion. The federal government will collect some \$3.5 billion in taxes towards the end of the production life of that plant. The Alberta government royalties will amount to some \$13 billion, and the equity of the three governments' return on their investment will amount to some \$2.5 billion, giving a total amount of revenue to the three governments involved of \$19 billion, which amounts to about 77 per cent.

But obviously the policy of the government is not to do all of this itself but rather to have private enterprise invest in this kind of project, both the tarsands and the heavy oil production. In that regard, a considerable amount of research funds of the federal government are being poured in together with those of the province of Saskatchewan in developing the technology for heavy oil production.

Perhaps the most important part of Bill C-56 is, of course, the 3 per cent reduction in the sales tax which, I believe, is already having a very positive effect on provinces such as Ontario where, I am told, retail sales of automobiles have increased dramatically. On a \$6,000 car, you get a reduction in the sales tax of \$180. I think the Minister of Finance (Mr. Chrétien) is to be congratulated on having had the courage to make this new departure in budget making and for having consulted with the provinces with a view to coming up with a direct stimulus by providing sales tax reductions which will have a stimulating effect. The direct encouragement which this provision represents to purchase a major appliance or an automobile because of a reduction of \$100 or \$150 is a great stimulus.

Of course, under our constitution sales taxes are the prerogative of the provincial governments and therefore such provisions require a great deal of consultation and co-operation with the provinces. The Minister of Finance went to great lengths to try to carry out that kind of consultation and at the same time to retain the confidentiality of the budget. It was a very tricky procedure, and I understand that during the Easter break when many members were enjoying a holiday the Minister of Finance was spending time in consultation with his provincial colleagues, those ministers of finance, on this very important and innovative procedure. The fact that he did not get co-operation from the province of Quebec and its separatist