

HOUSE OF COMMONS

Friday, March 15, 1974

The House met at 11 a.m.

[English]

PRIVILEGE

MR. STANFIELD—ENERGY EXPORT TAX PROCEEDS AND
EQUALIZATION—POSITION OF MINISTER OF FINANCE

Hon. Robert L. Stanfield (Leader of the Opposition):
Mr. Speaker, I rise on a question of privilege arising from a report in today's *Globe and Mail* which states, among other things:

Mr. Stanfield said Mr. Turner had promised the House and him privately that equalization would be paid on the export tax revenues in order to obtain Conservative support for the export tax bill passed in early January.

There was never any question of the Minister of Finance (Mr. Turner) making me or the House a promise to pay equalization. That is not the point. The point is that the minister said in the House on January 4 that equalization had to be paid. He referred to the transfer of the money, that is, 50 per cent of the proceeds from the export tax to be received by the producing provinces for October, November, December and January, and said:

—As a result of the transfer of that money, those revenues will qualify under the Federal-Provincial Fiscal Arrangements Act as shared revenues and the bill to the Canadian taxpayer under the heading of equalization will be in the nature of \$25 million.

This is not a question of the Minister of Finance making any promise to me; it is a question of a statement made in the House and to me regarding the basis on which, in respect of the bill before the House, we should consider whether or not to give the unanimous consent that he required in order that it could be considered and passed.

The minister emphasized to me in those early days of January, as he did in the House, the importance of the federal government going to the then upcoming federal-provincial energy conference with a free hand to negotiate at that conference, and that if the federal government were to continue the commitment it had made in respect of the export tax for the first four months, with all that money going either directly or indirectly to the producing provinces, the federal government would be faced with very large equalization payments for the months of February and March because of the very large jump in the size of the export tax. Under existing law very large sums would have to be paid out of the federal treasury and, therefore, financed by the federal taxpayers unless some agreement to the contrary could be negotiated at the then forthcoming conference.

The Minister of Finance took the position with me that he could not put the federal government in the position of having to make large equalization payments in respect of the months of February and March and therefore could not commit himself to earmarking the entire 100 per cent of the proceeds from the export tax for February and

March for the oil producing provinces. The minister emphasized that he must have half the proceeds from the tax for the months of February and March in the federal treasury without strings because of these equalization requirements and also because of the money that might be required in terms of price cushioning in the eastern provinces. I thought the minister's position and his request, in terms of the equalization provisions and price cushioning, were reasonable and that he should be given unanimous consent on the basis of 50 per cent of the proceeds from the export tax for February and March going into the federal treasury without strings. We gave that consent.

Since then the federal government has changed its position with regard to the receipts by the producing provinces from the export tax being subject to equalization. The Prime Minister (Mr. Trudeau) stated in the House last week that the government's position is that these receipts by the oil producing provinces are not subject to equalization. Recently the Minister of Finance denied in the House that he ever said they were subject to equalization.

● (1110)

In view of the change in the position of the government, I believe that both the House and myself are entitled to some explanation in view of the fact that the House and myself were invited to take a position on the basis of certain statements in this regard by the Minister of Finance which has since been completely reversed. The newspaper this morning mentions a document, supposedly a confidential document, from the Deputy Minister of Finance which, if it is genuine, seems to confirm that the position of the Minister of Finance and of the government in January was that these portions of the receipts from the export tax received by the producing provinces were subject to equalization.

I want to say two things, in fairness to the Minister of Finance. The first is that he now seems to admit, on the basis of what I also read in the press, that he did say what he said in fact in the House on January 4 of this year, that is, that the payments received by the provinces for the months of October, November, December and January were subject to equalization and that this would cost the federal government \$25 million. The minister now seems to admit that he did say that and that it was not a conditional statement on his part. I want also to say that the minister, since our exchange the other day, indicated to me that he wanted to see me personally and discuss this matter. He tried to see me yesterday without success because of my own commitments. However, I believe that not only am I but the House is also entitled to an explanation, in view of the representations made in the House in the course of a debate on a bill and the representations made to me in the course of negotiations leading to unanimous consent, of why the position stated by the govern-