

Taxation

[Translation]

Mr. Bussières: Mr. Chairman, my answer to the hon. member is the same I gave his colleague a while ago. The hon. member is referring to an individual oil company and asks: Since apparently this company is experiencing difficulties, what proportion of these difficulties is ascribable to our tax system? Well, let me tell the member that there is no way we could determine such a proportion, and he is only taking a simplistic approach or trying to distort reality if he seeks a direct cause-effect relationship in a situation which results from a fairly large number of factors and tries to limit them to only one single factor. And I add that his question, as asked, is a distortion of facts.

[English]

Mr. Blenkarn: Mr. Chairman, the minister knows about the problem with Dome Petroleum. I presume the matter has been discussed in cabinet. If not, then all the speculation on the street with respect to government support to that company is just pure drivel. Perhaps the minister could advise us whether that company has been studied in cabinet. Could he tell us the tax effect of the PGRT on the cash flow of Dome Petroleum? If it were not for this horrendous tax on this primary producer, the primary producer would have the cash flow to make its payments, would not be defaulting and would not have a problem.

[Translation]

Mr. Bussières: Mr. Speaker, the hon. member can speculate if he so wishes and try to establish a cause and effect relationship between the situation of a specific company and the taxation system. I would simply point out that he is trying to look into a crystal ball and that I do not want to become involved in such speculations or such a completely useless exercise.

[English]

Mr. Blenkarn: Mr. Chairman, if the minister will not tell us about the Dome situation, whether he will tax the industry with a PGRT and what hand-out payments or whatever he will make to oil companies to bail them out, then perhaps he could tell us something about the incremental oil tax and how he proposes to deal with that tax in view of the fact that the province of Alberta has rolled back its royalties and that the effects of the incremental oil tax will increase federal government revenues. This is not because there is more profit or any increase in price, but because the provincial royalty has been rolled back to assist the industry. Will the government give the industry credit for that rollback, or will it try to grab a hunk of the rollback in further taxes to the federal government?

[Translation]

Mr. Bussières: Mr. Chairman, as I recall, when the agreement was negotiated with Alberta, the Alberta government had accepted the formula. I am told that representations have been made to the Minister of Finance on behalf of Alberta concerning this particular problem and that the request of the

Alberta government is now being considered by the Minister of Finance.

[English]

Mr. Blenkarn: Well, that is not really a satisfactory answer. We have the bill before us. Is the minister proposing to introduce later an amendment to the bill to reduce the incremental oil tax or oil charge so that the tax will not be increased or the government's revenue will not be increased just because the province of Alberta reduced its royalties on a short-term basis in order to help the industry?

The minister knows from the representations which the government has received from the province of Alberta that the industry is in trouble and that it is being overtaxed. This is why Alberta cut back its taxes, despite what the agreement in September indicated. Why would the minister take advantage of that reduction in tax in order to increase federal taxes, and where are the amendments to cover that situation?

[Translation]

Mr. Bussières: Mr. Chairman, as I have just told the hon. member, this matter has been referred to the Minister of Finance on behalf of the Alberta government, and I do not intend to table any amendment concerning this specific issue today. As I have already stated, the Minister of Finance is now considering the request made by the Alberta government.

[English]

Mr. Blenkarn: Mr. Chairman, if the minister will not take into account the difficulty in the industry, the particular help which the province of Alberta has given the industry, or the fact that the province of Alberta recognizes that the agreement in September was based on false precepts, will the minister withdraw the bill now or delay it today so that he can look again at the situation? Clearly the bill was drafted and these taxes were calculated on the basis of some kind of huge increase in oil prices behind the contemplation in the Alberta agreement. The facts are that oil prices are going down and world energy prices are going down and that companies producing energy are having a hard time because their prices are going down, their taxes are going up and their costs of production, by the very nature of inflation, are going up. Obviously they are having a hard time, and the minister knows this; he and his colleagues are dealing with the problems of Dome Petroleum right now. Will he withdraw the bill and renegotiate the agreement with Alberta to make some sense out of it? The taxes set out here are too high for the industry to bear.

[Translation]

Mr. Bussières: Mr. Chairman, it is quite obvious that, for the moment, there is no question of withdrawing the bill at this stage of the proceedings. The hon. member says that it is the whole energy agreement that should be revised. I would simply note that when specific issues are raised, such as that which he has mentioned, they are taken into consideration. However, there is no need to delay the passing of a piece of legislation