

tary secretary's terms are experiencing a good deal of difficulty, so we unfortunately missed in the French interpretation a major part of explanations on the tabling of amendments. The parliamentary secretary might wish to take note of it. When he explains the amendments he will move, maybe he could do so somewhat more slowly, in order that French-speaking members may enjoy full interpretation.

[English]

Mr. Symes: Mr. Chairman, we are considering an important clause which allows oil companies in Canada to write off 100 per cent of their exploration costs. In an earlier budget the Minister of Finance wanted to reduce write-offs from 100 per cent to 30 per cent. Now that the government has a majority, the write-off provision has been increased once more to 100 per cent. I find it hard to follow the reasoning which allows a 100 per cent write-off to oil companies, in view of the recently increased price of crude oil and the subsequently increased profits of the subsidiaries of multinational oil companies operating in this country.

Mr. Bawden: The hon. member cannot be referring to companies in Saskatchewan.

Mr. Symes: At one time the oil companies, which can hardly plead poverty, were content to explore in western Canada when oil sold for \$2.80 per barrel. They explored before the world price rose to \$6.50 per barrel. The price of crude oil in this country has more than doubled, and later this spring will rise from \$6.50 to \$8.50 per barrel. Oil company profits will, likewise, soar to unprecedented levels.

The concession given to oil companies therefore seems discriminatory, especially when one considers profit levels of manufacturing industries in this country which are labour-intensive. In 1974, manufacturing profits, on average, increased 38 per cent. During the same period, oil refining profits rose 68 per cent and profits for western oils rose 109 per cent. Imperial Oil and Gulf made after tax profits of hundreds of millions of dollars. I think the time has come for the government to cease giving concessions and to collect taxes on these high profits. This clause is a retrograde step as it will allow rich subsidiaries of oil companies a 100 per cent reduction. From my reading of the bill, it would be possible for Imperial Oil, for example, to apply the provisions of this clause to the Syncrude project. For example, if Imperial Oil invests \$300 million in Syncrude, it can, under the tax regime which will be introduced, apply that amount against the profits of its other operations. Oil companies will make unprecedentedly high profits. The government has not recognized this and has increased write-off allowances to 100 per cent from 30 per cent. What is the reasoning behind this move?

The minister has argued that oil companies need incentives because the amount of exploration has declined. We are not fooled by that argument. The Minister of Energy, Mines and Resources has argued that Syncrude can be our salvation. The companies need not explore for the Syncrude oil as they know where the tar sands are. If the companies are blackmailing the government by saying they will not explore unless they are given a 100 per cent write-off of exploration costs, I suggest that the govern-

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ment itself should enter the exploration business through PetroCan. Let it award contracts for exploration and find oil for Canadians. I oppose the government's backing down and allowing the oil companies a 100 per cent write-off, and urge the committee to vote against this provision.

Mr. Bawden: Mr. Chairman, as the parliamentary secretary has the benefit of the advice of the deputy minister, I would like to ask him a question with respect to subclause (3) of clause 36. The subclause would permit Canadian taxpayers to deduct 30 per cent of their cumulative Canadian exploration expenses from taxable income. Would the parliamentary secretary explain how the 30 per cent figure was arrived at?

● (1620)

I would also like to know whether Canadian taxpayers can deduct land acquisition costs and whether any other incentives have been provided for Canadian taxpayers who are not principally in the petroleum business. Is there some incentive to take the step of becoming engaged in petroleum exploration? Some step has been taken in this clause. What other initiatives are there in this bill?

Mr. Cullen: Mr. Chairman, I will answer the questions in reverse order. We feel the package provides the over-all incentive. There is nothing magic about the 30 per cent figure: it has been the traditional figure.

Mr. Bawden: Why not 40 per cent?

Mr. Cullen: Ask the fellow who invented baseball why four balls and not three. It has been the traditional rate; there is probably no more explanation for it than that.

Mr. Bawden: Mr. Chairman, the parliamentary secretary really did not answer my question. I think it is a very important aspect of legislation in this country. Since the petroleum industry came into being, Canadian investors, by reason of the punitive tax laws in Canada, have been excluded from investing in that industry on an equal basis with foreign investors in the United States. This government has continually gone about this in a negative way, trying to artificially exclude investment and change these patterns. There is no question about it, this is the most important factor in bringing foreign ownership of Canadian oil reserves to its very high level at the present time. There is nothing in this budget to significantly turn this around.

I will rephrase my question to the parliamentary secretary. He said 30 per cent is traditional. The first time I saw the 30 per cent figure was in the May 6 budget. I suppose if something has been around for the better part of a year, to this government it has become traditional or long-term policy. I would like to know if the parliamentary secretary considers 30 per cent to be traditional.

Looking at the complexity and the vast number of clauses and changes in the bill, it is only fair that the parliamentary secretary should outline for members what other aspects of the bill can be considered to slant toward incentives for Canadians, if in fact it is the intention of the government to truly have Canadians invest in this industry; or do they want to continually put them at a