

The budget shows that the federal government taxes provincial royalties because it wishes to force provincial governments to lower their royalties—wishes them to be easier on the potash companies, on their corporate friends on the oil companies and the paymasters of the Liberal and Tory parties. The Minister of Energy, Mines and Resources made that clear. In the *Regina Leader Post* of November 30, 1974, he was quoted as saying:

Some oil companies broke a promise to the federal government by not pressing the provinces for a reduction in royalties.

That is a cozy little arrangement. The federal government and the oil companies get together to put the squeeze on the provinces to lower royalties. The cut in royalties will be divided between them, with over half going to the oil companies and less than half going to the federal government. The federal government did its part. The budget is tailored to put the squeeze on the provinces. It is designed to force the provinces to give the oil companies even fatter profits.

The profits of major oil companies have always been high, and in the last three or four years have increased 100 per cent, 200 per cent or more. And the Canadian citizens who own these resources pay. Whom do they pay? They pay birds in the United States and people sitting in board rooms, where no doubt the hon. member for Calgary North (Mr. Woolliams) would rather be sitting right now.

**Mr. Cullen:** Anybody would, right now.

**Mr. Benjamin:** This budget is a clear attempt by the federal government to take the benefit of ownership and the control of resources away from Saskatchewan. It is a violation of the spirit of confederation, and an attempt to ensure that the major benefit from Saskatchewan resources goes not to the people of that province but to the resource companies and people in other parts of Canada.

This poses a major problem for Canada. As the Prime Minister said in the House, the issue is one of an equitable pattern of revenue sharing. Clearly, if resources are developed by private companies these companies should make enough to cover their reasonable and proper costs, with a fair return. Just as clearly there should be corporate profits that the federal government can tax.

And what should a provincial government get as the resource owner? The answer, I think, is clear—the best price possible. Certainly, if an oil company is leasing oil rights from the CPR, the CPR will charge royalties and bonus payments, get all that it can, and still leave the company and attractive and reasonable return. Surely a provincial government should not accept less for the people of Saskatchewan than the CPR gets for itself.

In the whole area of equalization, Mr. Speaker, the government has betrayed that agreement. I spoke about the prohibition of royalties as a deduction for income tax purposes. The people of Saskatchewan and Alberta, and their governments, have never objected to paying their share of the cost of the world energy crisis to Canadians, and I would point out that the province of Saskatchewan has voluntarily forgone \$400 million. But they are not complaining. The people of Saskatchewan played their full part in confederation and national unity.

### Income Tax

Under the previous arrangement Saskatchewan could have received a maximum of \$6.50 per barrel, no matter who used the oil. The \$5.20 taken by the federal government in effect cost Saskatchewan about \$200 million in annual exports. The designated price domestically of \$6.50 per barrel meant that Saskatchewan gave up, for the benefit of all Canadians, another \$200 million. So when the Minister of Finance talked about a way to share equitably revenues from our natural resources, he was indulging in sophistry or chicanery. In the light of recent history the producing provinces, by making concessions, displayed great statesmanship. They entered into an agreement. The Minister of Finance has said how pure he has been, that everything the federal government has done has been right, and that everything done by the provinces has been wrong. Nobody understood the agreement except the Minister of Finance, the Prime Minister and the crows who sit behind him.

● (2050)

**An hon. Member:** Like Otto.

**Mr. Benjamin:** Madam Speaker, let me refer the House to what the minister said on this subject, as recorded at page 2693 of *Hansard*:

In April of last year the price of Canadian oil was increased from around \$3.80 a barrel to \$6.50 a barrel as a result of the agreement reached at the first ministers' conference on March 27. If the existing provincial royalty systems had remained unchanged, the share of production revenue going to provincial governments would have increased to around 31 per cent—the share to the federal government would have increased to about 13 per cent. As a result, the government of Canada on behalf of the Canadian people as a whole would have begun to approach a fairer return from the growing profits yielded by higher prices and the advanced development of the petroleum industry. This prospect was radically altered, however, by the move of several of the provinces to increase substantially their taxes, royalties and other levies on the petroleum companies.

The Minister of Finance conveniently forgot that the new Saskatchewan royalties were already in place, contrary to the impression he tried to leave, and were recognized in the temporary agreement reached at the national energy conference.

The minister was all wet when, later in the same speech, he said this, as recorded also at page 2693 of *Hansard*:

For the last nine months of 1974 the federal share of petroleum production revenue would have been slashed from 13 to 6 per cent, while the provincial share would have jumped from 31 to 42 per cent.

I should like to know how he arrived at those figures. He went on to say:

Over the period to the end of the decade the federal share would have averaged only 8 per cent.

The percentages the minister mentioned may be accurate, yet the actual number of dollars which the federal government would have received would have remained the same, or increased. The minister forgot to make that point.

Let me now turn to the Syncrude matter which has been on our minds for many weeks, and which was mentioned again this afternoon. I paid particular attention when Liberals and Tories yelled at, and ridiculed the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) when he said in reply to the statement on motions today that we should "go it alone with the Syncrude