

*Oral Questions*

Canada told Gulf, namely that it could deduct 100 per cent of its costs in Siberia over 10 years from its taxable income in Canada?

**Hon. Jake Epp (Minister of Energy, Mines and Resources):** Mr. Speaker, Gulf Canada, along with Brit Gas, has a deal in Siberia. The expenditure profile, as I have been given to understand, is about \$250 million Canadian of which Gulf owns half. It could result in the kinds of figures that the hon. member has mentioned. Gulf got its first oil out last week, I believe Thursday to Friday night.

That being the case, I remind the hon. member that what he said about the write-offs for Canadian companies investing in foreign oil or gas plays is correct. That dates back to 1971. In 1971 a provision was put into the Income Tax Act whereby there is a write-off against Canadian tax. This is not unique to the oil and gas industry, but it is a provision of the Income Tax Act for Canadian companies investing and earning profit outside Canada.

• (1450)

**Mr. George S. Baker (Gander—Grand Falls):** Mr. Speaker, that answer should be taken with a large dose of Siberian salt. It was the Liberal government that brought in the PIPs and encouraged companies to invest in Canada. It was this government that cancelled them and beefed up the foreign provisions.

Is the minister also aware that Petro-Canada, which just announced substantial cuts in this country and was trying to sell some of its shares in the Hibernia project, has now committed itself to a major oil development in Burma, and that the Department of National Revenue has informed it that it too can deduct 100 per cent of all of its costs in Burma whether the project succeeds or not?

Will the government explain to the people of Canada why in this time of recession it is encouraging the flow of Canadian money to places like Burma and Siberia? Canadians would like to send this government to Siberia.

**Hon. Jake Epp (Minister of Energy, Mines and Resources):** Mr. Speaker, some of us came from Siberia so we could help this country. Some of our family members came out of Siberia as prisoners only two years ago. I do

not think I need even jocular comments about Siberia or some of the contributions that were made.

I say to the hon. member that he can go back to the PIPS agreement. If he looks at PIPS, he will find that for every \$1 that was invested by Canadians and others in Canada, the Canadian taxpayer paid \$1.04 to \$1.05 and actually lost money.

If he wants to see the success of the program, I remind him of Dome and the costs on Dome. I remind him also about tax provisions which have come to be known in jocular verbiage as the little Egypt bump. There were all kinds of examples where the Canadian taxpayer because of that kind of program lost great amounts of money. It did not help us either in reserves or in building a Canadian industry.

The fact of the matter is he can say what he will, but I go back to this simple point: this provision dates back to 1971 when I think it was his party that was in power.

\* \* \*

**TOBIQUE INDIAN RESERVE**

**Mr. J. W. Bud Bird (Fredericton—York—Sunbury):** Mr. Speaker, I have a question for the Minister of Indian and Northern Affairs.

There is a serious problem at the Tobique Indian Reserve, New Brunswick, where sewage treatment facilities are apparently inadequate and raw sewage has been flowing into the Saint John River system.

I understand that the Department of Indian and Northern Affairs has been aware of this problem for many months but no corrective action has yet occurred.

What steps are being taken to stop this unacceptable environmental damage and when can effective results be expected?

**Hon. Thomas Siddon (Minister of Indian Affairs and Northern Development):** Mr. Speaker, the hon. member has raised a very serious problem, one which concerns me deeply.

Apparently raw sewage is being allowed to overflow from the Tobique Indian Reserve into the Saint John River, threatening the health of hundreds of thousands of residents both on reserve and in downstream communities.