inces, particularly those with appreciable oil exports. The oil producing provinces contended that the price of Canadian oil—sometimes referred as domestic oil—had been frozen at an unrealistically low level.

This, of course, meant that the provinces received lower revenues for their provincial royalty share. It also meant that oil and gas exploration was less attractive to the industry than would have been the case if the price had been allowed to seek the level of the international oil price. This in turn meant that the provinces received less revenues in bonuses from the sale of oil and gas rights. At that time several provinces considered the possibility of forming marketing boards, with the idea of exporting in the name of the provincial Crown to avoid payment of the tax or, conversely, to sell as much oil as possible on the export market at the international price.

After several federal-provincial conferences it was agreed that the federal government would return to the producing provinces, in direct proportion to production, half of the tax revenues collected during the first six months. Part of the agreement relating to the disposition of the tax moneys collected during the first six month period was an undertaking by the federal government to invest the money collected during the first four months in energy-related projects within the provinces concerned.

Later the federal government decided that the commitments to the Syncrude development at Fort McMurray satisfied its commitments respecting investments in Alberta.

Part of the agreement also included the fact that domestic, or Canadian, prices would be increased in accordance with a given formula or as re-negotiated between Canada and the provinces from time to time. The tax revenues collected during the last two months of the first period and all future tax revenues were dedicated to the equalization of the cost of the oil to the consumer in eastern provinces where most of the oil used is imported at international prices.

It must be realized that largely as a result of increased Indian royalty rates initiated in 1974 as well as increased oil and gas prices, the current revenues to Indian people are in the order of ten to 15 times those received in 1973. Nevertheless, the Indian people and their advisers at that time were very much aware of the effects of the price freeze and the oil export tax on their revenues, resulting not only from production royalties but also from the sale of exploration rights.

Questions were immediately raised by the Indian bands, particularly the oil-producing bands. The natural gas producing bands were not yet aware of the condensate situation. However, concern was expressed as to the possibility of a parallel gas export tax as well as lower revenues, since gas prices were also being kept lower than would have been the case if the oil price had been set at a higher level.

I have been talking about the concern of the Indian bands. Perhaps it is time to give a few details as to how many bands benefit from their oil and gas resources.

Mr. Deputy Speaker: Order, please. I have to interrupt the hon. member because his time has expired. If he wishes to continue, he will need unanimous consent.

Mr. Paproski: Question.

Mr. Deputy Speaker: Is the House ready for the question?

Mr. Maurice Foster (Algoma): Mr. Speaker, I would like to add a few words to this debate. The hon. member has suggested that the oil export tax, as implemented in 1973 to avoid windfall profits for oil companies, be turned over to Indian bands as a result of settlements on treaty obligations. I think we must realize that as it operates today the export charge is used to compensate for the very expensive oil coming in from the Middle East, Saudi Arabia, Venezuela and other offshore points, and to bring the price down to a Canadian administered price, which is some $3 below the world price. There is not in fact a kitty or a build up of revenues for the government.

According to reports to the Standing Committee on National Resources and Public Works, the revenues derived from the export charge and the excise tax of ten cents, which was implemented, I believe, in 1974, roughly balance the oil compensation program which has been so beneficial to eastern Canada right from Cornwall, Ottawa and the Ottawa Valley to Quebec and all the maritime provinces. Literally hundreds of millions of dollars have been paid in compensation to have that offshore oil reduced from the world price down to the Canadian domestic administered price.

• (1732)

The price of oil shot up rapidly in the fall of 1973 and 1974 as a result of the OPEC cartel. However, it firmed down and we were able to maintain the price. At that time half of the revenues which the federal government imposed and received were returned to the provinces. Thus, the obvious question would be whether the hon. member is referring to returning all the funds to Indian bands in the west where the oil is produced, or just the federal portion of it.

Most people do not fully realize the value of oil export tax funds for energy purposes. The fund is being utilized by Alberta and all of Canada for research into various projects. The agreement was approximately $100 million. It is a very significant amount of money which is being utilized for research and development. Surely there is a great deal to be done in that regard.

If we refer to enhanced recovery from the producing fields, a great deal of research and development must be carried out in that regard in order to increase the fairly small amount of oil which can be extracted in western Canada. The Syncrude project is a full scale research and production project. Even though it is a production model research facility, it will make a very significant contribution to Canadian energy supplies, approximately 125,000 barrels of oil a day. The federal government, as well as the governments of Alberta and Ontario, ought to be congratulated for the $600 million of equity which