

Income Tax

tired of listening to me, but "If you gotta go, you gotta go". It does not matter if the minister has left or not; I am going to say what I have to say although I would rather he were here.

● (2100)

An hon. Member: He can read.

Mr. Benjamin: I find him to be a very fine fellow to discuss things with, although overly stubborn. I have always worried about him because even when he knows he is wrong he has a great deal of difficulty in reaching an accommodation. If I may return to my main point, this matter of accommodation and discussion and agreement is an essential part of a nation that is a federation of provinces.

The talk about fair market prices and fair shares of our resources has mostly been on the part of the Minister of Finance and the Minister of Energy, Mines and Resources in support of their position of disallowing royalties as a deduction from income for tax purposes. Let us look at what a fair share is. There are some wells in Saskatchewan that produce only ten, 20 or 30 barrels of oil per day. The hon. member for Battleford-Kindersley can confirm this because some of them are in his riding. The Prime Minister and the Minister of Finance talk about fair shares but let us see what happens in cases like this.

The international price of the oil is \$10.62. The federal government takes export tax of \$4.70 so that leaves \$5.92. Take 60 cents per barrel lifting costs and you have \$5.32 left. The federal corporation tax is \$1.47, so there is \$3.85 left. Then come provincial royalties of \$3.04, which is 28 per cent compared to the 58 per cent the federal government has already taken. After that there is the provincial share of income tax, another 27 cents per barrel. The net back to the producer, Mr. Chairman, is 54 cents on that barrel of crude oil.

The Minister of Finance can talk all he likes about fair market value and fair sharing, but the figures I have come from both federal and provincial authorities. The minister and his officials feel that 58.1 per cent for the federal government out of the price of that barrel of oil is unfair sharing. The provincial government gets 31 per cent and we are left with a net takeback of 5.2 per cent for the oil companies, which I feel is more than sufficient.

When the Minister of Finance is lying in bed looking at the ceiling tonight, wondering what to do next with this particular clause, I should like him to think again about fair sharing and the 80 million to 100 million barrels of oil produced in the province of Saskatchewan in any given year. Saskatchewan and Alberta agreed on a national price of \$6.50 per barrel. This has cost Saskatchewan \$200 million in annual exports, and the \$6.50 per barrel domestic price meant that we gave up for the benefit of Canadians—which we are not complaining about—another \$200 million. Surely, Madam Chairman, that is a fair and reasonable share from the province of Saskatchewan.

I am informed by my note senders that there is some disposition to stand this clause until tomorrow; I suspect that is because they all know I will not be here. I know I have almost used up my 20 minutes, and I have another 40 minutes worth to go yet. However, I want to close on a

[Mr. Benjamin.]

more serious note and add to what the hon. member for Qu'Appelle-Moose Mountain said yesterday and what I and others said earlier. In this attempt to arrive at an agreement and accommodation, I sincerely plead with the minister again that he delay any decision, either by proclamation, by splitting the bill, or by whatever technique he chooses, until after the first ministers' conference, or even in the absence of a meeting, so that he and his confreres in the provinces, and the Minister of Energy, Mines and Resources and his confreres in the provinces, can sit down together again and take another look at this.

● (2110)

If they do not do that, we shall run into a great deal of difficulty in months ahead. I hope the minister will agree to standing this clause. Let it lie in abeyance for several months, until federal and provincial ministers arrive at a mutually agreeable understanding which is not confined merely to words. Let it be acted on by both sides, and let federal and provincial ministers understand the agreement before they head back to their respective governments. Otherwise, misunderstandings can arise again. Unless something like this is done, we shall run into great difficulties in future.

Mr. Nystrom: Madam Chairman, I wonder if the minister would consider standing this clause this evening so that we may all reflect on it.

M. Turner (Ottawa-Carleton): Madam Chairman, I am agreeable to standing clause 4, subclauses (1), (2) and (5), which relate to the matters we are talking about. I hope we can deal with subclauses (3) and (4), which deal with other matters. I understand that the hon. member for Edmonton West wishes to raise a question relating to subclause (3).

Mr. Lambert (Edmonton West): Madam Chairman, subclause (3) does not deal with royalties, it deals with the accrued interest of financial corporations and would implement paragraph 18 of the income tax motion. It is a tidying up provision, but I suspect the effect on financial institutions will be stringent.

I wish to make two points. We often ask the minister why he is bringing in a proposal. The explanatory note merely refers to the income tax ways and means motion. Sometimes it refers to the act, as it now stands. But not once are we told the reason for the amendment. The explanatory notes are thus not explanatory notes, as they do not detail reasons for changes.

I think we have the right to ask the minister, why is he doing it this way? I should like to know if a financial corporation, as mentioned in the bill, includes a taxpayer who is, among other things, "a . . . life insurance corporation . . . that borrows money from the public in the course of carrying on the business the principal purpose of which is the making of loans, or whose principal business is the making of loans." Since when has the principal business of a life insurance corporation been the borrowing of money? Surely a life insurance corporation carries on the business of life insurance. Is the payment of a premium by an insured who is, in Canada, a mutual shareholder, considered as the making of a loan to the company? How can the principal business of a life insurance company be the