

Why do I say that, Mr. Speaker? The bulk of oil imported to eastern Canada comes from Venezuela. The government of Venezuela has a system under which it sells oil to the oil companies which, in turn, sell the oil abroad. The government of Venezuela has decided to tax these companies on the basis of what it calls the tax reference price. In other words, that government says to the oil companies that they can take oil from the ground of Venezuela, but they must sell it to the Venezuelan government for the tax reference price and the Venezuelan government, in turn, will give it back to them. The point of the tax reference price is this: no matter what the price is, the government of Venezuela will tax the company at the rate of 60 per cent. I hope hon. members will be patient with me; I shall refer to many figures, but the point is important. In mid-October the tax reference price on Venezuelan oil shipped to Canada was \$4.65 a barrel. Recently, that price went up to \$7.25 per barrel, the increase being \$2.60 per barrel. If that \$2.60 increase per barrel is taxed at 60 per cent, it means that the companies should be paying an extra \$1.56 per barrel.

Let me explain what has happened. Exxon Corporation has a subsidiary known as Imperial Oil operating in Canada and another subsidiary known as Creole Oil. Under a cozy arrangement, Creole Oil buys Venezuelan oil and then sells it to Imperial Oil of Canada. I think Creole Oil has not raised the price of Venezuelan oil sold to Imperial Oil merely by \$1.56 per barrel, in line with the tax increase; the company has raised its price by the full \$2.60 per barrel. In other words, a windfall profit of \$1.04 per barrel is accruing to the parent, Exxon Corporation. So, here is a case in which the parent has one subsidiary selling to another subsidiary for a higher price. Imperial Oil can, therefore, go to the government and say, "Our costs have gone up by X dollars, therefore the price must go up by X dollars." Really however, the profit is going back to the parent company. This is a neat and cozy arrangement. That is why I wish to see some of the facts. I want to make certain that there is justification for the seven cents per gallon price increase. According to my figures, an increase of four and a half cents per gallon would be justified. Because the private oil companies control and manipulate the oil market in Canada, government agency such as the national petroleum company must be involved in the market in buying and selling, so that oil is sold at a fair price.

If I may move my attention from the East coast to western Canada, may I speak of another frustrating development. As I said, because our conventional crude oil resources are being depleted, we shall have to develop the Athabasca oil sands. We must consider the question of lead time. If we are to run short of conventional crude oil in ten years, we ought now to be making plans to bring into production the Athabasca oil sands, so that ten years from now we shall have those oil producing plants on stream. That will entail the construction of at least one plant per year, each plant costing about \$1 billion.

Mr. Paproski: That should be \$1.7 billion.

Mr. Symes: If we allow the proposal regarding Syncrude in Alberta to go ahead, I maintain that we shall embark on a \$2 billion sellout to that consortium under existing terms of reference. If the old Alberta royalty scheme were used,

Energy Supplies Emergency Act

there would be a net gain to Alberta of some \$4 billion over the lifetime of the project. Under the present formula of Syncrude, Alberta and the public of the province will receive a maximum of \$1.8 billion. That figure is calculated at an interest rate of 8 per cent over the next 29 years.

What are some of the particulars of this deal? Mr. Speaker, our caucus went to Edmonton last week and had a private meeting with some of the directors of Syncrude. What a revelation that was. The cost of the plant will be some \$800 million, some additional \$200 million being spent for pipelines and supporting facilities. Debenture capital will finance 75 per cent of the cost of this plant.

Mr. Paproski: I thought it was a private meeting.

Mr. Symes: All these details are public knowledge. The government of Alberta will put in \$200 million, and the company itself will put in \$50 million. What will the syndicate called Syncrude get in return? It will, in return for putting up 20 per cent of the equity, gain 100 per cent control of the project and 50 per cent of the profits. The government will put up 80 per cent of the equity, without getting any control; the public of Alberta has been told that the public will get 50 per cent of the profits.

According to the Syncrude people we met in Edmonton, Syncrude will not make any profits or losses. It will not even pay income taxes, because Syncrude will merely be a transfer company. The four multinational oil companies which are the parents of Syncrude will get from Syncrude the synthetic oil and Syncrude, in return, will get from those companies the money to pay operating expenses.

How do the tax laws apply? How does one define profit? If we were defining book profits, the story would be different. But as we may be considering taxable income, as I suspect, then the four multinational companies will apply against the synthetic crude produced by Syncrude all the tax writeoffs in the existing law and all the available depletion allowance formulas. Therefore, there is no guarantee that the people of Alberta will get a fair portion of the profits. That is an example of the kind of sellout that we cannot allow to be continued in this country, if we are to protect future generations of energy consumers in this country. It is obvious that we need joint federal-provincial government development of these vast resources which belong to the people of Canada and should be exploited in the interests of the people of Canada, not in the interests of the multinational oil companies which are there to make a fast buck and, when the resource is depleted, leave Canadians high and dry.

● (1600)

As I have said on many occasions, we have reached the crossroads of energy policy in this country. We have taken a significant step in the right direction with the adoption by the government of many NDP proposals. At the same time, if we are really concerned about the future of this country and its people, we must do more. We must have more public involvement. Only in that way do we guarantee the people of Canada will be best served by the resources they own, and which should be available to all future generations.