

Bill C-15 because I have a lot to debate with him. He can go back to reading his paper now because I know he does not understand anything about the energy industry.

● (1430)

An Hon. Member: Say something worth listening to.

Mr. McDermid: The Hon. Member may understand why we are in so much trouble in the energy industry when I have finished my remarks.

Mr. Rodriguez: Why don't you read Beauchesne?

Mr. McDermid: I am having enough trouble reading this speech. Because of the downturn in the energy industry, the Members from Windsor who are chuckling were as much affected as anyone. The ripple effect of the energy industry into Ontario is tremendous. In my riding alone there are 42 companies which do a great deal of business with the oil patch. When there is a downturn in the economy out there, it hurts my riding as well as the ridings in the Windsor area. Those Hon. Members can sit there and chuckle all they want, but it is very serious. It is as important to Ontario as it is to the producing provinces. Once they understand that, maybe they will get behind some of the incentives and programs which the Government is putting forward.

In early 1982 the previous Government, after tremendous pressure from the Opposition, finally recognized the damage which had been done by the taxes and put together a package of *ad hoc* changes. It reduced the one-year general PGRT rate from 16 per cent to 14.67 per cent and after the resource allowance it was reduced from 12 per cent to 11 per cent. It introduced the new \$225,000 tax credit for incorporated working interests and reduced the PGRT rate on existing tar sands plants to 8 per cent for two years. The industry responded positively to these measures on the assumption that these changes would in fact be delivered. Therefore we must ensure that Bill C-8 is passed now so that they will finally be enacted and the industry will not be penalized for acting in good faith.

None of these measures did much to change the basic nature of the PGRT. It was still a tax on revenues, not on profits. It took another year of hounding by Her Majesty's Loyal Opposition before the then Government took another step to amend the PGRT and make it partially sensitive to profitability. On April 19, 1983 a Budget was delivered which proposed some capital expenditures for enhanced oil recovery projects, and that capital be deducted in the calculation of PGRT.

Anyone who has taken the time to look at the energy industry and has been west would know that enhanced oil is expensive to produce. It was clear that under the burden of a revenue tax and high provincial royalties, these projects would not have taken place. The result would have been even higher rates of unemployment in an industry which I think it is fair to say—I think the Hon. Member for Athabasca (Mr. Shields) will agree—is an industry that is ready to get back to work. It is ready to go. It wants to go. I think we have seen some changes with mini-megaprojects which the Minister of State

Petroleum and Gas Revenue Tax Act

for Finance mentioned, such as Wolf Lake, Cold Lake, Elk Point and Peace River.

The tragedy is that it took so long for the Liberals to recognize the damage a revenue tax can do in a capital-intensive industry that many jobs were lost in the interim. It is obvious to those of us in the east that many jobs were lost. We see a lot of Alberta licence plates back in Ontario.

It is of concern that this measure was not put into law. We must enact it very quickly. During the years from 1981 to 1983 the PGRT took some \$4.5 billion out of the oil and gas industry. It is not only the total amount that was removed which could otherwise have been used to create jobs; it was also the manner in which it was collected. It was applied to both high reinvestors and low reinvestors without distinction. It not only removed the cash available to be reinvested, it also removed the incentive to reinvest. It created a negative investor psychology. It was a tax which bore no relationship to profit, with a PIP grant system that paid for activity only. It did not reward success.

In the few minutes remaining I want to say that with the election of the new Government we have arrived at a new chapter in the history of the PGRT. As the Minister of Finance indicated in his November 8 economic statement, we are taking the initiative of doubling the \$250,000 PGRT credit and extending the lower rate now provided to existing tar sands plants for an additional year. All these modifications have been packaged into Bill C-8. It is an important step in revitalizing the oil and gas industry, but far from the last one that we are prepared to take. In the not too distant future I am sure we will be discussing many new initiatives from the Minister of Energy, Mines and Resources and the Minister of Finance which will be extremely positive for the country.

Some Hon. Members: Hear, hear!

Miss Nicholson (Trinity): Mr. Speaker, I had one or two questions which I had hoped to put to the Minister of State for Finance (Mrs. McDougall) at Committee of the Whole stage. However, it begins to look as though we may not reach that stage today. I also note that the Minister is no longer in the House. Therefore I will direct them to the Hon. Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. McDermid), since they follow on his speech.

The Bill before us doubles the corporate tax credit from \$250,000 to \$500,000. In the economic statement of the Minister of Finance (Mr. Wilson) on November 8, the cost of these measures was estimated at \$64 million in fiscal year 1985-86. Could the Parliamentary Secretary tell me exactly how this cost was arrived at and what are the elements in it? Since he and other Members on his side have spoken a lot about energy as an engine of growth, may we know exactly what studies have been done and how many jobs will be created as a result of the doubling of the tax credit?

Mr. McDermid: Mr. Speaker, I thank the Hon. Member for her question. I cannot answer specifically how the numbers were arrived at; that was done through the Department of