

### Taxation

1. Why was such a large increase necessary, and how can it be justified?
2. I understand 15 cents is designated to pay for PetroCan. Please advise the advantages to me as a taxpayer in buying PetroCan.

He concludes:

I would appreciate simple clear answers, not the typical political jargon which is so often offered by politicians.

Mr. Chairman, I ask the Minister of State for Finance to answer those questions for my constituent. How can he sit there and say that the natural gas taxes, the PGRT and other energy taxes, are not discriminatory, faced with evidence of that nature?

[Translation]

**Mr. Bussières:** Mr. Chairman, in his remarks the hon. member denounced the conspiracy between the government of his province and the government of Canada in the establishment of a taxation system. I think that he is using an overly strong word. All hon. members, including him, have certainly wished at a certain point in time—in any case, I do recall that before we reached the first agreement with the province of Alberta I heard members of his party express the fervent hope that the government of Canada would conclude an agreement with the producing provinces along the lines of a sharing formula with respect to profits from the development of natural resources, particularly gas and oil. In his remarks the hon. member indicated that a petition tabled in the House had been signed by several thousands of residents of his province urging that exports of natural gas not be taxable. That issue was indeed a major factor in the negotiations.

And as the hon. member mentioned, the government—this is confirmed in the bill under consideration—has reduced to zero, in other words has cancelled the tax on exports of natural gas. However, it did reach agreement with the producing provinces on another type of system. Out of the total \$1.80 increase per cubic metre to which the hon. member referred, the tax on gas, which is the federal government revenue, amounts to 45 cents, and 15 cents are levied for the Canadian ownership program. In other words, the federal government is not the only one that gets money through taxation.

Within the over-all scope of those agreements, one must keep the objectives in mind. First, we must come up with an appropriate system satisfactory to the parties, namely the provinces and the central government whose responsibility is to maintain the great national objectives in the field of energy as well as in others. Those national objectives, which hon. members know as well as I do, consist in achieving self-sufficiency as early as possible and a degree of Canadian ownership in the gas and oil development and exploration sector. Naturally it will cost money to reach those great objectives and all Canadians are expected to pay part of those costs. As I said earlier, the tax does not apply in only one region, it will be levied in all regions of the country and, the tax notwithstanding, the use of natural gas still remains an advantage over other energy sources. I also pointed out that the government has established certain programs aimed at encouraging people to rely on a

different source of energy, oil or natural gas for instance, and despite the tax system Canadians fully understand and realize that it is indeed an advantage to use natural gas to heat their homes.

[English]

**Mr. Siddon:** Mr. Chairman, the Minister of State for Finance knows it is the height of hypocrisy, a ridiculously phony argument and virtually dishonest, to say that if some 30,000 residents of British Columbia were vigorously opposed to an export tax, they would somehow accept a domestic tax on natural gas. That is just the phoniest excuse which could ever be offered by the Minister of State for Finance or anyone else on the government side to justify a general tax on natural gas. It is utterly ridiculous and it is insulting to the people of British Columbia to suggest that, because they oppose an export tax, somehow they would be more favourably inclined to accept a domestic tax which would hit every one of them in the pocket book.

I have just one final short question. When is the Minister of State for Finance going to tell us—and can he tell us right now—how much spending has been undertaken in the name of that elusive western development fund which was promised in the budget of October 28, 1980? Two billion dollars were earmarked to be spent by the end of 1983, with a total commitment of \$4 billion. How much money is in that fund at present, how much has been expended and are the revenue flows coming up to the levels predicted in the budget of 1980? How much is there, and how much has been spent? I think the people of this House and the people of western Canada would certainly be interested in knowing that, considering that all of these energy taxes are collected by ripping off western Canadian residents to the extent of \$15 billion.

**Mr. Benjamin:** They also promised that fund in 1972, in 1974 and in 1979.

[Translation]

**Mr. Bussières:** Mr. Chairman, I did not mean to say that because the citizens in British Columbia or other producing provinces did not want an export tax, a tax was forced on them. This is not at all what I said.

What I said is there were representations made, as the hon. member indicated, there were negotiations involving producing provinces and the Canadian government, during which we attempted to reach a harmonious agreement for the sharing of resource exploration and production revenues between the various levels of government and the industry. In that context, I would suggest to the hon. member that the Canadian government's share of the oil and gas revenues, under the agreement between the Canadian government and the province of British Columbia, is \$3.2 billion; the British Columbia government's share is \$4.6 billion, so it is higher than the Canadian government's share, and the industry's share is \$4.5 billion. In other