

Taxation

The other thing that happens because of specific clauses and articles in the bill is that there really is no guidance that the governor in council has as to when and under what circumstances he might levy this tax. So the discretionary power again is something of major concern. Parliament really has no control. The tax statute does not provide control as to when those taxes will be levied—not only the amounts, but when and under what circumstances.

There is a final point that can be made under this specific section, and this might worry all Canadians, Mr. Speaker. It is that the maximum amount of tax that can be levied would actually relate to other provisions in other areas, to a price of oil at \$100 per barrel. I do not know whether that means that the government is expecting that by 1990, or whenever, we will be facing a \$100 a barrel price for oil. It is pretty clear in the last year that we cannot fully anticipate what prices will be charged for oil, what the international circumstances might do, what the cartel might do, which would affect oil prices and subsequently affect the price of natural gas in Canada and, subsequent to that, affect the taxation levels that might be imposed by a government.

The second part of the major taxation section of this bill relates to the PGRT, the petroleum gas revenue tax, and to what is called the IORT, which is the incremental oil revenue tax. For a perspective on these, Mr. Speaker, we can look at the amount of revenue that the government can expect to achieve from these two taxes.

There have been some changes—I think that should be noted—in the oil agreements made between the government of Alberta and the federal government last September. Changes have been made which were not exactly the same as provisions in the National Energy Program. From the changes and from where at best we can estimate these changes will take us, the kind of revenues we are looking at are: for 1981-82, in November 1981, \$1,180 million; for 1982-83 in November, \$3,760 million; for 1983-84 in November again, approximately \$5 billion—and that is in one year, Mr. Speaker, \$5 billion to the federal treasury; and for 1984-85, \$6,115 million. That is revenue from that single tax on petroleum products.

● (1540)

Whether that is an appropriate level of tax is only one part of the discussion. I think one of the things we should also look at while we are looking at that massive increase in taxation and that massive flow of funds to the federal government—and I think this is important for people to understand—is what is happening, in the same time-frame, to the petroleum industry.

Returns to petroleum companies are called netbacks, and during that same period of time netbacks to petroleum companies in Canada will be a critical factor. Under the regime we have now, the netback in December of 1983 will not change in the same way as the tax. The federal government will receive increased revenues, but producers will receive very minimal increases in their returns. These are the people who actually

are responsible for getting the product out. They are responsible for exploring, finding, producing and delivering petroleum products. Under the agreement, by 1983 the old oil field price will have increased by almost 50 per cent as a result of the IORT. The producer netback will increase by only about 10 per cent. The question is whether that is adequate. Events over the past year or two have clearly indicated that the returns are not adequate to achieve the level of exploration and development we need in this country. We have seen that demonstrated in many different ways.

What will be the effects of these taxes? We will see massive increases in taxation on petroleum products. What has happened in the short term? We have heard various things from various people in the industry. The comments of large producers have varied from those of small producers. I would like to quote Mr. Bill Elser, president of the Independent Petroleum Association of Canada, in relation to the way he sees the situation, as follows:

—the industry needs further stimulations, beyond the Alberta action—

That is a reference to concessions which have been made recently by the Alberta government.

—to alleviate unemployment as a result of lagging investment in the oil and gas industry. Obviously this is a responsibility of the other producing provinces, but primarily the Federal Government—

Issues of particular concern to the Independent Petroleum Association of Canada include:

—the early opening up of long term competitively priced natural gas export markets, and,

—an improved financial position for Canadian independents that will encourage investment in this sector of the industry.

I suppose the most vivid and apparent examples of what has happened in the industry relate to large companies. There have been successive events involving large oil companies which have made it obvious to Canadians not only in western Canada but also in Ontario and eastern Canada that it is not possible under the taxation regime of the federal government for megaprojects like Alsands, Cold Lake and the proposed natural gas pipeline to go ahead and become part of our Canadian national energy scene. Those events are probably the most dramatic examples of what has happened because of the National Energy Program, pricing policy, retroactivity and changing the rules midstream. An hon. member shakes his head. Before he shakes his head he should look at the evidence and find out what the bottom line is. Can he tell me that Alsands would not have gone ahead if the Liberal government had not delayed coming to a pricing agreement for nearly two years?

Mr. Fisher: Read yesterday's *Globe and Mail*. It is the government of Alberta.

Mr. Gurbin: The government of Alberta might be taking somewhat of a defensive position because, unfortunately, it is seen by some of its constituents as being in bed with the Liberal government, and it is felt that that has caused a great deal of difficulty across the country. Like the NDP, the government of Alberta knows what a great problem that might create at the political level.