

production on the basis of a world price of \$37. I am sorry if there was some misunderstanding on each side in this respect, but at the present time some royalties are being paid to the government of Alberta out of the tar sands production. It is out of the Suncor plant, not the Syncrude plant, but it is expected that it will come out of the Syncrude plant during the course of this year.

As this is purely a levy, tax or charge that goes into the revolving fund, I want to point out that no impact on the market should be felt because it does not change the position of any company at the present time. Syncrude and Suncor will continue to receive exactly what they were receiving this morning and yesterday. There has been no change at all by this ways and means motion in the financial position of any particular firm in the oil industry.

I can understand why some misunderstanding might have arisen this morning out of a bare reading of the ways and means motion. Some concern was expressed about the impact of this measure being felt more in the east than the west or more in the west than the east. I want again to reassure my friends that this measure has no differential regional impact. It results in an increase of about half a cent per litre in oil products, wherever they are in Canada. There is no difference at all in terms of its regional distribution. The charges are exactly the same everywhere, and as I indicated it means that the revolving fund, the fund for the tar sands production, is going to be put back in a self-financing position rather than being in the red and even at the risk of exceeding the maximum of about \$200 million which I believe has been provided for under the revolving fund.

● (1710)

There was a danger that if the House had adjourned this fund might have exceeded the limits of its borrowing, or, if you wish, its deficit. This is the reason it was felt that in case the House were to adjourn in the next couple of weeks or couple of months—before September, let us say—steps should be taken to ensure that the fund would not find itself in a position where it would have exceeded its authority in terms of maximum borrowing.

I do not wish to take too much of the time of the House since I understand the leaders of the various parties in the House have agreed that we should try not to sit beyond six o'clock. I shall be happy to entertain questions after various members have spoken. I am glad to see that we are recovering the time that may have been lost in the debate on the question of privilege and I apologize if there has been any misunderstanding arising out of the bare reading of this particular motion. I regret any misunderstanding which may have occurred.

**Some hon. Members:** Hear, hear!

**Mr. Harvie Andre (Calgary Centre):** Madam Speaker, may I thank the minister for his statement and wonder what kind of day this might have been had it started differently. However, although acknowledging that the minister has, some five or six

### *Price of Petroleum*

hours too late, come around to making this statement, I should point out it does not really excuse the procedure and approach which have been used, unless, of course, it leads to the change of behaviour which we all hope for. I think this should be re-emphasized because it really goes to the heart of what this institution is about and to the heart of how the public views Parliament and the respect in which it is held.

The procedure was abysmal. What has happened, apparently, is the imposition of a tax in excess of \$500 million. It is a very significant tax with a significant and important impact on the economy of Canada. Imagine the outrage if the Minister of Finance (Mr. MacEachen) were to introduce an income tax change of that magnitude using this kind of procedure, or a sales tax change, or an excise tax change, or any kind of change involving in excess of \$500 million to be taken out of the pockets of consumers in one way or another and redistributed by government in accordance with the law or its own will. That is a very significant step.

There are long traditions—hundreds of years of tradition—setting out the proper way to deal with that kind of imposition by the Crown. Proper procedures were simply not followed today, in spite of what the legal, fine print might say. If, in fact, that is to be the procedure and approach—to do whatever the fine print allows you to do—then we are in for a very chaotic two or three years within which not much will be accomplished.

We as a party—and I believe the NDP too, if my memory serves me right—agreed with the establishment of a tax in the first instance. There is no question that back in 1974, when the Syncrude matter first came up, it was a tax. It was not a levy. A tax was imposed to subsidize the Syncrude plant to give it the difference between the domestic and the world price. That was a tax which had a ways and means motion attached to it.

Subsequently the government and the then minister of energy, the Hon. Alastair Gillespie, decided, for whatever reasons—perhaps because the government wished to create the impression it was holding down expenditures—to take this significant government expenditure out of the consolidated revenue fund and put it aside into a revolving fund. It no longer showed up in the blue book of estimates and no longer showed up in the monthly accounts. It no longer automatically increased government spending, which was the reality of the situation, and this enabled the minister and President of the Treasury Board (Mr. Johnston) and others to claim that in a period of restraint they are holding down expenditures. That was the rationale for establishing this revolving fund outside the Consolidated Revenue Fund and defining it as a levy as opposed to a tax.

I am very clear about this. I can refer the hon. member to discussions in committee where, whenever I attempted to use the word “tax”, the deputy minister, then Mr. Gordon MacNabb, corrected me. He would say: “No, no, no, it is not a tax, it is a levy.” We agreed to that procedure. We agreed because there was a limit of a dollar which seemed reasonable. But it has been raised, and raised very significantly. It has been raised to \$1.75. The impact of that is significant. It warrants