

recent. For example, one has only to look at deferred taxes. Those are the ones that have been a federal responsibility.

Until the end of 1973 Esso owed \$226 million in deferred taxes, Gulf owed \$116 million, Texaco \$50 million, and the Shell oil Company says that if they were recording deferred taxes, they would have \$122 million in deferred taxes to the end of 1973. Shell accountants have come to the conclusion that it is not likely that they will have to pay these taxes "in the foreseeable future," to use their words. Therefore they do not regard these as a liability in their accounts. In fact Shell accountants have put into practice what in the whole industry is the unwritten rule. I will say for these accountants that at least they are being honest and open.

The amount in deferred taxes that the Minister of Finance and his predecessors have allowed up to the end of 1973 totals over half a billion dollars among the big four. If you were to include 1974, you could safely add \$100 million in deferred taxes. If, by some remote chance, those taxes were ever paid, those big four would in fact have had an interest free loan. Let us assume that they paid 8 per cent or 10 per cent interest on that loan. If, by some remote possibility, they ever paid those deferred taxes they would have saved \$40 million to \$50 million a year in interest charges—not a bad deal. What is the minister complaining about? Here was his opportunity to gather, in a legitimate area of the taxation field, a fair share of the tax revenue, and he blew it. He blew \$600 million.

The argument that these deferred taxes will eventually have to be paid is nothing more than a polite fiction. Everyone knows that they will not be, so they amount to a gift of over half a billion dollars to the end of 1973.

The minister's own figures show that the federal government was getting about 5 per cent of the production revenue when oil was priced at \$3.80 a barrel. This is about 19 cents a barrel. With the new royalty system in effect, the federal government would have obtained about 8 per cent on a \$6.50 barrel, with no disallowance for provincial royalties. This comes to about 57 cents a barrel. With the disallowance, the federal government's share goes up to \$1.17 a barrel on a \$6.50 barrel of oil.

What is the reason for the sudden interest in fair shares when it is clear that the federal government has not been even vaguely interested until just now? I would suggest that there are two reasons. The first one is that the federal government is trying to muscle the provincial governments out of an area of jurisdiction that is their legitimate right under the BNA Act. This is a most serious matter and I hope the Minister of Finance and the Prime Minister will have the courage to say in public that this is just what is being done.

I contend that there has been some measure of bad faith, in spite of the protestations of the Minister of Finance. Let me give you some examples of the kind of negotiating in bad faith that has gone on in recent months to indicate that the federal government is not interested in making confederation work. You will recall, Mr. Speaker, that from early 1968 until this day the Prime Minister, his cabinet ministers and his backbenchers, have repeatedly talked about national unity and making confederation work, and yet they continue to perpetuate old practices

Income Tax

and to bring in new policies that divide this country and prevent national confederation from working.

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The Minister of Finance says that the government lived up to the spirit and the letter of the March, 1974, agreement. He is probably safe in saying that it lived up to the letter because there was nothing in writing. That is an easy statement for him to make. The Saskatchewan premier, and others at that conference, came away with the understanding that money from increased oil revenues put into a capital fund would not be subject to equalization. Saskatchewan lived up to that agreement. Saskatchewan put 100 per cent of its increased oil revenues into a capital fund, everything between \$3.80 per barrel and \$6.50 per barrel. Saskatchewan lived up to its part of the deal.

Mr. Nystrom: Not Ottawa.

Mr. Benjamin: Saskatchewan put 100 per cent of its increased oil revenues into the capital fund, but the Minister of Finance, however, did not live up to the spirit, as he puts it. He now says that all increased revenue will be subject to equalization. The next time our innocent, trusting prairie boys sit down with this government, with the Prime Minister and the Minister of Finance, I hope that they will sit with their backs to the wall, keep their guns loose in their holsters, and get everything down on paper.

An hon. Member: They should sit facing the wall.

Mr. Benjamin: The minister's budget arbitrarily betrays that agreement and that understanding. The great protector of prairie Canada, the Minister of Justice (Mr. Lang), has not said a word other than to back up the Minister of Finance, which I expected him to do. Both sides agreed that the agreement was that any of the increased oil revenue put into a capital fund would not be subject to equalization, and that funds which went into general revenue would be subject to equalization. At that point that was the only agreement which was reached.

After that agreement the Minister of Finance, the Minister of Energy Mines and Resources (Mr. Macdonald), and the premiers and their representatives talking amongst themselves arrived at a consensus that possibly about one-third of the revenue of those provinces would go into the general revenue of each province and that that would be subject to equalization, but that talk amongst themselves was never formalized into an agreement, and never was agreed to then. In fact Saskatchewan had the understanding, when its representatives left that meeting, that it had the right to put up to 100 per cent of its increased oil revenues into a capital fund which would not be subject to equalization. The minister's budget betrays that understanding, which Saskatchewan has totally lived up to, Madam Speaker. After the fact, the minister says that even though Saskatchewan has put 100 per cent of its revenue into a capital fund one-third of it will be calibrated under equalization, which in turn will cost Saskatchewan between \$35 million and \$40 million in equalization payments from the federal government. The Minister of Finance, the Prime Minister and the Minister of Justice talk about national unity and making confederation work. That is a lot of crap, coming from them.

Mr. Nystrom: I would use stronger language.