

*Adjournment Debate*

national energy policy were implemented, especially the one which hurt the industry the most—the PGRT—big and small producers alike, especially the small ones, were brought to their knees. Many rigs left Alberta and crossed the border to the United States. The unemployment situation, which was around 3 per cent in Alberta, rose in Calgary to 13 per cent, 14 per cent and 15 per cent, and the last indication is that in Edmonton the unemployment rate is 15.7 per cent.

This policy was brought in by design by the former Liberal Government. We as Conservatives criticized it and said that we would amend, change and phase out that national energy policy. Negotiations between oil producing provinces and the federal Minister of Energy, Mines and Resources have been going on for a few months. There are indications that they will come to an agreement. It is essential for that industry to be in a position to function like any other free enterprise company in the country. If we look at the PGRT provision, we find that it is discriminatory. It is a front-end tax. It taxes the oil industry on gross revenue and does not take into consideration that the industry first has to make some money before it is taxed. In this way even the consumer is being punished.

I hope our new Government will bring about a change in its taxation policy as far as the oil and gas industry is concerned. That industry is one that can create jobs in Canada. Not only will it create jobs in western Canada, but in central and eastern Canada as well. It is an industry which has a potential for growth. That is why it is important that it function normally.

The oil and gas industry is being singled out, not only by the Liberal Party but also by the NDP. I heard them today in the House criticizing the big fat cats. They forget that the industry has to find the oil, bring it out of the ground, refine it and sell it. It only receives a small portion of the total revenue. For example, the producers' share of a 50 cent litre of gas is only 6.5 cents. That is not too much. If they make any profit, they must pay taxes on that. Therefore, talking about big fat cats is not reasonable.

● (1825)

I hope that the negotiated conclusion will favour the oil and gas industry situated in western and eastern Canada. There are only a couple of weeks left. The negotiations are supposed to be terminated by the end of this month. Let us hope that the Government will have the foresight to allow this industry to function under its own steam.

**Mr. John McDermid (Parliamentary Secretary to Minister of Energy, Mines and Resources):** Mr. Speaker, I want to thank the Hon. Member for Calgary East (Mr. Kindy) for expanding on his question to the Minister regarding the PGRT. He quite frequently participates in the House and it is a pleasure to reply to the Hon. Member this evening.

I think it is fair to say that this Government has been committed for quite some time to resolving the outstanding federal-provincial energy agreements. This House will remember that our election platform was based on this commitment. As early as June 1984, we presented Newfoundland with a draft of the Atlantic Accord. That was fulfilled on February 11, 1985. The quick and efficient manner in which this final accord was achieved is a perfect example of co-operative federalism. Of course, we are displaying the same co-operative approach with our friends during current negotiations with the western oil producing provinces.

We note the keen interest of Government Members, the Hon. Member for Calgary East being one of them, in the progress of these negotiations. I must reiterate that the Minister said as late as today in the House that negotiations have reached a sensitive point as Governments attempt to unravel a highly complex oil and gas pricing system and assess the impact on government revenues and, of course, the industry itself. To date, the parties to these negotiations have been successful in resolving a number of important issues and they are confident that an energy pricing agreement, which will be beneficial to all parties, will be struck in the near future.

As these negotiations have progressed, the federal Government has demonstrated its commitment to achieving a less complex and more beneficial energy system. This is what the Hon. Member was talking about. We have in place a flexible pricing arrangement for crude oil exports to the United States which, in concert with adjustments made to the National Energy Board's crude oil nominations and licensing system, should minimize the requirement to shut-in crude production from Alberta and Saskatchewan fields in the coming months. The Minister of Energy, Mines and Resources (Miss Carney) regards this federal relaxation of export controls as a significant step toward ultimate deregulation of Canadian crude oil prices and marketing procedures. Additionally, natural gas exports to the United States worth \$4 billion last year are subject to flexible pricing arrangements between the buyer and the seller.

I conclude by saying the extension of the existing agreements between each province and the federal Government to March 31, 1985, was undertaken to ensure that the eventual