

Petroleum and Gas Revenue Tax Act

Mr. Shields: Yes, I am going to attempt to tell you what happened in my community in northeastern Alberta, in Edmonton, Calgary and communities like Grand Prairie when the national energy policy was introduced and the petroleum gas revenue tax was imposed. I have heard Members from the New Democratic Party call it a revenue tax only. It was a production tax.

What would happen to the farming industry if farmers were taxed on every bushel produced before input costs or expenses were taken into account? What would happen if farmers were taxed 20 cents on every bushel they grew whether they were going broke or not? How would that reflect on a farmer's operation?

This was a confiscation tax. It is like a royalty imposed by the federal Government on assets that they do not own. I hear the New Democratic Party saying that the people of Canada own the resources. In one sense that is true because we are all Canadians from coast to coast. However, the jurisdiction of the oil resource belongs to the province. The Minister of Energy, Mines and Resources (Miss Carney) has just gone to Newfoundland to work out a deal whereby Newfoundland's offshore resources will be treated in exactly the same way as the inland resources.

The Member for Nickel Belt (Mr. Rodriguez) was quite vocal. What would happen to the mining industry in northern Ontario if there was a production tax on every tonne of ore removed from the mine—

Mr. Rodriguez: There is a tax.

Mr. Shields:—prior to any other calculation? I heard the other Hon. Member from the NDP say that expenses were taken into account prior to the deduction of the petroleum gas revenue tax. That is absolutely false. Consider a small service station that is franchised and gets a name or a hamburger store like McDonald's that gets a name. Those franchise operators must pay to the franchiser, the head office, based on the volume period. It does not matter whether there is an overrun in expenses because of labour force or new equipment. They pay on a monthly basis based on their total volume in their stores. You see them go out of business all the time. That is exactly what happened in western Canada.

● (1530)

The purpose of the National Energy Program was to Canadianize the industry. I would point out that in 1947, when Leduc No. 1 was found, there was a massive influx of oil companies from the United States, including oil servicing companies, geophysical companies and mud companies with all the ancillary activities that take place in the oil fields. All of these people came from the United States, and indeed I worked with many of those people as a young man. The head-offices were in Oklahoma, Texas, California and other such places.

By 1968, and into the 1970's, 95 per cent of all those companies were Canadian-owned. For example, some of the rigs manufactured in Edmonton and Calgary were used in the

Middle East, the Far East, and Europe. These rigs were produced and developed in Canada. For example, some of the innovations for those rigs were patented and produced in Alberta. Some of the rig producers in Alberta were renowned around the world for the expertise and knowledge which they had gained. These companies were 95 per cent to 98 per cent Canadian-owned.

Did the National Energy Program affect the major oil producers when it was introduced? The National Energy Program affected the small companies that employed Canadians and used Canadian expertise. It actually destroyed the small companies, many of which went bankrupt.

At the same time, nailing the energy industry or the oil industry in western Canada had the ripple effect which hit the manufacturing sector in Ontario and Quebec, resulting in a gigantic loss of jobs. That is what we are talking about.

One Member of the New Democratic Party asked where the oil industry would be had Canada decided not to accept oil from western Canada at higher than world price. He fails to mention that this high price was cut off at ten cents a barrel higher than the world price. That includes some of the transportation costs to bring it to market. These facts are really irrelevant because at the same time the marketing of Canadian oil into the United States market would not be allowed, and that had to be addressed. The quotas were necessary but the sale was there and the industry would have remained at world price, which would have allowed a free economy. This would have worked well. The destruction of the oil industry in western Canada was beyond belief.

The NDP talked about multinational companies and how they are our friends. I live in Fort McMurray which has a population of 35,000 people. When I first went to Fort McMurray there were less than 3,000 people. At that time the Great Canadian Oil Sands Limited plant was being built. This plant was financed 100 per cent by the Sun Oil Company of Canada which came and spent millions and millions of dollars to develop the plant. The boast of the then Premier of the Province, Ernest Manning, was that there was not one nickel of government money in this plant. He was correct.

Although the company lost millions of dollars year after year, the mine remained and it kept producing because of the dream of the chairman of the board who wanted to make it work because the time was coming when oil sands would be very important to the world. I wonder where we would be today if Great Canadian Oil Sands Limited had not gone there and pioneered the development of the oil sands. The population of Fort McMurray grew to 7,000 people as a result of that one plant. The second plant, Syncrude, came onstream, and we now have a population of 35,000. It is an example of the jobs that have been created in that community and across the country. I hope this Bill is passed quickly in order to enable the industry to create more jobs in this country.

Mr. Gagnon: Mr. Speaker, the Hon. Member for Nickel Belt (Mr. Rodriguez) and the Hon. Member for Humboldt-Lake Centre (Mr. Althouse) made the same allegation about