

Income Tax

did with his rigs. He put them on a truck and took them to the United States.

The mining industry finds itself in another situation.

An hon. Member: There is no work there.

Mr. Peters: I always thought that development companies are making work. There are many mineral deposits in this country.

An hon. Member: You are contradicting yourself.

Mr. Peters: If that is my only sin, it is pardonable. There is much development in the mineral field throughout Ontario, Quebec and in the northern parts of the Northwest Territories. These areas can be developed.

I am interested in the answer that the minister gave a few minutes ago, from which it was obvious that he is not interested in any input from the provincial premiers. They might have been able to suggest other ways of engaging in the development without undue taxation being imposed. But he did say that in the case of Syncrude he was going to use the Financial Administration Act. I suggest that if that happens, we will be in a sorry mess in this country.

I can see INCO coming down here, putting on the screws to try to make the government concede. It has many concessions to make, because the total royalty will be a concession. Even if they get part of the royalty, they will have gained. If the minister will exempt them by the simple practice of amending this through the Financial Administration Act, he will be engaging in political football beyond par.

I suggest that the reverse situation might be very interesting. The Minister of Finance may have given his word. He did not give it in the bill because nothing is said about it in there, but he may have given his word that the act will not apply. The Minister of Energy, Mines and Resources might also have given his word. However, those two ministers will not always be here, and surely the Syncrude project is not here for only four years. We expect it to be here for a long time, at least until the end of this century.

If all it takes to change that agreement is to make a change in the Financial Administration Act, then I would be surprised if Exxon or any of the other companies did not divide such a short term agreement on a four year basis. I also suggest that many of the mining companies are extremely limited. As the hon. member for Nipissing said, the mining companies in northern Ontario are extremely limited if the taxation structure is such that they must return to the treasury over 100 per cent of their earnings in the form of taxation to both the provincial and federal governments.

I have never had to carry a brief for the mining industry. We have gold, asbestos, nickel. Almost any mineral you can name has been mined in the district of Timiskaming, but very seldom have I had to make representations to the government on their behalf, with the exception of the gold mining industry.

There is uncertainty in the development industry in northern Ontario and northern Quebec, both of them areas with which I am familiar. This uncertainty will not end

[Mr. Peters.]

until the federal government and the provincial governments stop their bargaining and come to a conclusion which will not kill the goose which laid the golden egg. This does not just affect the gold mining industry but the mining industry as a whole.

● (2150)

I am shocked that the minister, who has had two or three years to deal with this matter of a fair share of return to the provinces and a fair share of return to the federal government, has not been able to work out an equitable arrangement. What is needed is an arrangement which will not be prohibitive to the exploration and development of additional mineral resources. I suggest that even the oil companies are dependent on the whims of the minister and the political whims which put ministers in their particular portfolios—and move them just as readily. I think it is safe to say that most ministers do not like to stay too long in a portfolio, and I think enough mess has been made of this one.

Whatever decision may come, it will be the decision of the minister who happens to administer the act. It was pointed out by the hon. member for Nanaimo-Cowichan-The Islands, and was repeated by the Minister of Finance, that Syncrude was in a unique position because it had three partners who, I suppose, are not much interested in the problem of royalties because they are governments themselves.

The minister did say that the government was going to allow the participating companies to write off all the profit on that operation. Many have not yet realized it, but Syncrude is a very unique company. Its president spent two hours telling us why Syncrude would never make a profit. It was rather unusual to hear this from a businessman and a promoter. Some of my colleagues said that he was a crook, but I said he is a promoter like some mining people in my area who think they have a good thing and who go out and try to sell it. The president of Syncrude certainly was trying to sell it, but the difficulty was convincing me and a number of other people that this company, with money coming from three or four major oil companies, was not going to make any money.

Yet one of our provinces went into partnership under the law with that company, and stayed in that partnership about two days before it had to withdraw the law because it found that the amount which it had agreed to take in profits was not going to be available. In fact the president was telling us there never could be a profit because, no matter how much money is spent by Syncrude to stay in the game, we have to pay our share. Every oil company has to pay its share, and the oil companies pay the bills and in return receive the product.

But there is in effect no way that Syncrude as an entity can write off any kind of profit because, as a company, it does not exist. As the Minister of Finance said, it is a joint venture or a partnership, or something else, but it is certainly not a normal company. It appears to me there will be a lot of paying on our part and not very much collecting. Any collecting on our part will be in a product which will be difficult for us to handle, and we will have to give it to one of our partners at the regulated price