

Petroleum and Gas Revenue Tax Act

is an indication of our Government's desire to review the whole issue of federal energy taxation.

The Bill effectively doubles the small producer credit against the petroleum and gas revenue tax. We recognize that there is still a lot of scope for further flexibility in the federal energy tax system. Therefore, in our ongoing review of energy taxes we will continue to balance very carefully the interests of producers, producing provinces, consuming provinces, consumers and general taxpayers.

My colleague, the Hon. Minister of Energy, Mines and Resources (Miss Carney), has already consulted with interested parties throughout Canada on this issue. We look forward to increased productivity and satisfaction in this area.

The doubling of the annual tax credit against liability about which I spoke earlier does not penalize the diligent efforts of small-sized Canadian producers. These producers have furthered the exploration of the western sedimentary basin and they deserve our full appreciation and recognition. I also want to signal our Government's appreciation of the steps which other producing provinces have taken to encourage increased activity in that province. We wish to support the positive results from this activity.

The capital deduction related to enhanced oil recovery projects has the effect that no PGRT is payable on the revenue from one of these projects until project participants have recovered their eligible capital investment. My colleagues and I have been most gratified to see the way in which the oil and gas industry has responded to even partial relief from the National Energy Program of the former Government.

Following the introduction of the enhanced oil recovery capital reduction, the industry announced work on three major projects at Cold Lake, Wolf Lake and Elk Point. Many older experimental projects are now also undergoing expansion. This renewed activity not only creates jobs and provides a hint of the vitality which the West used to enjoy before the National Energy Program was introduced by the former Government, but also ensures that Canadians are ready to exploit fully our oil reserves.

This Government applauds the innovation, hard work and willingness to take risks which have made these projects possible. We look forward to working with the industry and the provinces to achieve a more general rebound in exploration and development in all producing regions.

The Bill before us also includes a number of technical amendments. The most important one is a measure which will ease tax compliance for royalty holders. Prior to this amendment, which was effective on January 1, 1984, numerous small freeholders were required to make sense out of the intricacies and the legal concepts associated with the tax. In some cases taxpayers were paying more to their accountants to fill out their returns than they actually received in royalties. Now all royalty recipients will have their tax paid for them on a withholding basis.

The revenue implications of the older measures in the Bill were detailed during the last Parliament. The total cost of the

measures to the Government was computed at that time to be \$1.3 billion over the 1982-86 period. We believe that the energy sector is an area of growth for the Canadian economy rather than a source of revenue for the federal Government. We want a stable national energy policy to achieve energy self-sufficiency, to increase Canadian participation in exploration, to keep prices low, and to ensure that energy issues do not disrupt national unity as they did under the last Government.

In reviewing the energy sector we are striving for a policy which recognizes and supports the contribution oil and gas producers make to economic growth and prosperity in the country. We are still contemplating further action in the areas of oil pricing, energy taxation and incentives in particular. Therefore, we will be continuing our consultations with representatives of industry, provincial Governments and other interested parties before making any changes to this tax which we believe are necessary. Although we may decide to introduce further changes to this tax following a full review of energy policy which is now under way, it is only fair to those taxpayers who have filed their 1982, 1983 and 1984 PGRT returns and who may be awaiting refunds to have the Bill passed as speedily as possible. We prefer not to hold up the assessment of these old returns while a whole new policy is being debated.

Therefore I urge Hon. Members to give the Bill prompt passage to enable affected taxpayers to benefit from its simplifying and relieving amendments.

Some Hon. Members: Hear, hear!

• (1220)

Miss Aileen Nicholson (Trinity): Mr. Speaker, I intend to be very brief because the measure before us is almost identical to those introduced by the previous Government. There is one exception to which the Minister addressed herself, namely that the tax credit is being doubled for small producers. The original wording in the December 7, 1983 version of the corporate tax credit reads as follows:

That an annual tax credit be introduced for a corporation or an associated group of corporations of up to \$250,000 in respect of taxes payable under Division I of the Act on production revenue, other than production royalties, attributed to the period after May 31, 1982.

The current version will increase that with slightly different dates. The current version reads:

That an annual tax credit of up to

(a) \$250,000 for the period from June 1, 1982 to December 31, 1984, and

(b) \$500,000 for the period commencing on January 1, 1985,

be introduced for a corporation or an associated group of corporations in respect of taxes payable under Division I of the Act on production revenue other than production royalties.

We have a measure which is essentially the same as those introduced in the past, except for this doubling of the tax credit. The doubling of the tax credit will result in something in the order of \$64 million forgone by the Government. As the Minister said, these are old measures and it is essential to deal with them promptly so that outstanding tax returns can be dealt with.