

Oil Export Tax

the actual framework is decided, the fear of possible takeover is present.

It is certainly small wonder that investment brokers do not recommend the purchasing of stock of the senior integrated companies because they are prevented from going outside Canada, but recommend those small Canadian companies which have acreages outside Canada and which are not affected by the political quagmire in which Canada finds itself. The North Sea especially is attractive. It seems significant, also, that most of these small companies have more Canadian money in them than the large integrated companies which are precluded from going outside Canada. The small company is able to operate outside Canada and indeed around the world. It seems ironic, at a time when we are complaining about the amount of foreign investment in our resource industry, that it is more practical for a Canadian to invest his money in a Canadian company operating outside this country than it is to invest in a company operating inside the country.

I now turn to the application of this tax and the stated intention of the government to keep the price of oil and gas below the world average in order to prevent hardship throughout Canada. However, there are other sides to the coin. Premier Blakeney showed one of these, as reported in a *Globe and Mail* article, when he pointed out that Saskatchewan, as opposed to Alberta, on the whole is a have-not province except that it does have some extra oil. He points out that as consumers—and the same could be said for Alberta—the people of the province of Saskatchewan depend on the state of the world market for the availability and pricing of commodities such as farm machinery, automobiles, lumber, fruit, vegetables, and so on, which are required by a province with a severe climate.

But this government in Ottawa is saying that it is not right that the province of Saskatchewan should sell its oil at the world market price, and it should be sold at a price related to cost. If Canada is to have a price for oil which in the long run would be below the world price, then this involves really the setting of a political price for gas and oil. If a government must set the price, it will be set on the political pressure of the day and not on any valid market price. A central, national marketing agency for oil will find itself torn between the consumer, who will want oil at as cheap a price as possible, and the producer who naturally will want as high a price as possible. As well as that, conflicts between the various regions of Canada will continue to arise and will become more serious. If these conflicts are not resolved, confederation will become increasingly an empty drum.

● (1550)

I suggest that in the future we should handle so-called windfall profits through a type of excess profits tax. Such a mechanism would allow for further bona fide exploration funds which we need very badly. The minister has said that he has \$76 million to give for exploration. I suggest that the federal government is not involved in the exploration of oil and that \$76 million will not get it very far. My proposal would not disturb the royalty system according to which the provinces obtain their income and, above all, it would include all the resource companies and all the gold companies which have seen the price of their

[Mr. Ritchie.]

product go up three times. It would include the copper companies which have seen the price of their product go up three times, the zinc companies which have seen the price of their product go up eight times, as well as the manufacturing industries which are also making windfall profits as a result of the situation in the world.

Furthermore, if this suggestion were adopted, the tax would not carry the stigma of the present export tax which seems to be directed at one or two of the prairie provinces and these provinces will not be the only ones to carry the brunt of providing cheap oil and gas for Canadian consumers.

Mr. Gleave: Mr. Chairman, I would like to start by saying that I wondered, when I read the statements of the Prime Minister, of the Minister of Energy, Mines and Resources and of the Minister of Justice, who is from Saskatchewan, whether this government by accident or design is heading toward a confrontation with the provinces. Then, when I saw the proposals in this bill which quite deliberately infringe upon the resource base of the provinces in the proposed charges to be levied on oil from the provinces, I wondered if the stage is being set rather deliberately for the meeting between the first ministers of the provinces and the Prime Minister in the future.

The Premier of Saskatchewan—part of which province I have the honour to represent—felt it necessary to state on the public media the position of that province in respect of the oil resources in Saskatchewan. He did not adopt an attitude of confrontation, or an aggressive or belligerent attitude as did the Prime Minister in Vancouver and as did the Minister of Justice when he had the opportunity. In fact, the Premier of Saskatchewan said:

—I want to talk to you about our new oil policy for Saskatchewan.

Before I do let me first say that the Saskatchewan government approves of most of the moves toward a national energy policy announced late last week by the federal government.

We support extension of the oil pipeline to Montreal—

We support the intent of the federal government to hold down the price for Canadian consumers of western Canadian crude.

We do not, however, accept the federal government's division of proceeds from the export tax which gives to the producing provinces only half of the windfall profits on exported oil.

I quote this for the benefit of the members of this committee because I think that the Minister of Finance and those shepherding the bill may not be aware of this fact. The Premier of Saskatchewan continued:

Oil and gas are resources that clearly belong to the provinces. It has been our position from the start that the full proceeds of the export tax, which really represent windfall profits, must be returned to the owners of the resource, the producing provinces.

This is a pretty clear statement. If you look at the bill you will see different sections relating to the export charge which state that those who deliver or handle the fuel shall do so and so, shall keep certain records and do certain things. However, when it comes to what is to be returned to the provinces, the bill states, as the hon. member for Crowfoot mentioned, that the federal government may return half to the province. There is the difference, Mr. Chairman. The premier went on to say:

Our new oil policy . . . is to conserve oil for Saskatchewan consumers in the future, to capture for the people of Saskatche-