

*Petroleum and Gas*

It takes the same number of people to drill a \$100 million wildcat well in the frontiers as it does to drill a \$500,000 wildcat well in the western sedimentary basin. Therefore, if we are talking about creating jobs and the amount of money we spend on creating jobs, we should consider that we create the same jobs when we wildcat at \$500,000 for a well in the western sedimentary basin as we do with a \$100 million well offshore, and we have fewer of them because they are so darn expensive.

I would like to point out, Mr. Speaker, what I believe must be done to turn the industry around and allow it to lead us out of the recession. I believe we have to go to market pricing. I heard the New Democratic Party a few moments ago question my colleague, the Hon. Member for Ontario (Mr. Fennell), saying, "How can you justify going to world price?" I will tell you, Mr. Speaker, how I would justify it. I only have to look south of the border to the United States where oil has been at market price for a long time now. It deregulated about 18 months to two years ago. I can now pull up to the pumps in the United States and fill my car with gasoline and I pay 30 cents a gallon less than I pay in Canada.

The problem in Canada today is that we are paying more than world prices, as the Hon. Member for Ontario indicated, and it is because of the *ad valorem* taxes. It is because of the federal taxes, the petroleum-gas revenue tax, and the Canadian-ownership charge—which was supposed to be a temporary tax. Look to the taxes. That is where the problem is. We have a bankrupt Government which spends money like a drunken sailor. That is the problem, not going to market pricing. Market pricing benefits the consumer because it increases the available supply. It encourages people to get out there and get it. They know they will get world price. They know that Government will not interfere with them. It provides competitive prices at the pump or the burner tip. Regulated pricing in Canada includes excessive taxes imposed by the federal Government, and by some of the consuming provinces, which has resulted in consumers paying higher than would be the case under a market pricing system.

**Mr. Munro (Esquimalt-Saanich):** Fishermen, too.

**Mr. Shields:** Of course, fishermen and farmers. It reflects all the way through. I believe we must look at investment opportunities for Canadians. We want to Canadianize the industry. I believe we have to encourage Canadians to invest in their own industries. How do we do that? We can do it with the tax system. We can do it with some type of energy registered retirement savings fund, using it in an energy investment way, giving the same kind of tax incentives which are attached to RRSPs which are locked up in insurance and trust companies. We can declare money earned from investment in the oil industry to be non-taxable. There are all sorts of ways to encourage people to invest in the industry.

● (1630)

We have to go to an equitable tax system. I like to think of the PGRT in this way. It is like opening up a hamburger stand, maybe a McDonald's or Dairy Queen. You have a franchise and you must pay the franchisor a percentage of your volume. It does not matter whether you make a profit or not, you have to pay that percentage off the top. That is what the PGRT is. It does not matter a damn whether the company is making any money, the producer must pay that tax at the wellhead. You cannot do that, Mr. Speaker. You have to make it equitable and you have to get rid of that production tax, because all it does is go after the ones who are trying to develop the resource. It hits the young Canadian companies.

**The Acting Speaker (Mr. Guilbault):** We now have a ten-minute period for questions and comments.

**Mr. Skelly:** Mr. Speaker, although we agree with the Hon. Member that the tax problem is important, the fact that he can go across the line and fill up at gas pumps in the United States cheaper than he can in Canada is not exactly true. There are some areas in the U.S. where gas is more expensive than in Canada and other places where it is much cheaper.

Would the Hon. Member be prepared to admit that, while the situation in the U.S. is much different in terms of taxation, it is also different in terms of competition? The majors are much more competitive with each other and therefore the market share seems to be more evenly balanced and the price is right down, giving consumers a break. In this country the majors set and control prices. When the product leaves the wellhead, there is a tacked-on piggyback price that the majors manage to hold on to. Through price wars they have disciplined the independents, the majors have then bought them out and they have ghost companies working for them.

Would the Hon. Member get up and honestly state his Party's position on competition policy as it applies to keeping independent petroleum dealers in position so we get fair competition and consumers can get a price break through competition? Why is his Party against that?

**Mr. Shields:** Mr. Speaker, I do not mind a question but I do resent the Hon. Member attempting to put words in my mouth. My Party stands for competition. That is what we are talking about. When governments come in and start to regulate everything in the way they have done, of course you have a lack of competition. That is the kind of thing he is talking about. He said there is a tacked-on piggyback price. Of course. If he had listened to what I was saying, it does not matter whether the company is making money or not, whether it is a large company or small company, they must pay the petroleum gas revenue tax, the Canadian ownership charge and those *ad valorem* taxes right at the wellhead. What can they do? As I tried to point out, it is no different from my saying that I will let you use my name to start a business but you have to pay me 5 per cent whether you make money or not. That is what we are talking about. It is a production tax. They do not have a production tax in the U.S.