

The Budget—Mr. Schellenberger

to spend that revenue: in our province and in the west. We have in the budget a revenue policy. The budget basically established a revenue policy for this government of direct take from one province. As you look at the taxes and add them up across the country, almost 80 per cent of the revenues coming to the federal government in this budget come directly from one province and the industry that has been established there.

● (1730)

The second area that we find offensive about this budget is the oil pricing formula. Again, it has been imposed upon the people of Alberta and the west without their consent. As I said before, the federal government claims to have repeatedly gone to the west with proposals. When we were the government, we did the same.

Through a series of meetings, we were able to work out a pricing agreement which was almost signed. That means the feasibility of it was there. It was proved that it was possible for two governments, federal and provincial, to sit down and work out a pricing arrangement that was acceptable to both.

We now find the Petroleum Administration Act imposed upon us and a price set without our agreement. We are not opposed to sharing the wealth of a resource. We have done it graciously in the past. Billions and billions of dollars from oil and gas which could have been a part of the sharing agreement between the provinces and the federal government were given up because we kept our prices so low. Now the price is established. We have a new government in power, a government that was not prepared to take an agreement that had been worked out, even though the province of Alberta was prepared to make some changes and drop the price from 85 per cent to 75 per cent of world price. It rejected that agreement which was worked out and imposed its will upon the people of that area.

I want to refer to the oil export tax and the natural gas export tax as it applies to native people. I am very familiar with that. I have watched what it can do to Indian reserves in my area. They are the innocents in this pricing arrangement. They finally found some revenue that might be used to establish priorities for their future. They found, as in 1974 when the oil export tax was imposed upon them, that the revenues were not returned. For some reason, it was different than with provincial governments.

That money is still sitting in the federal treasury and the provincial treasury in Alberta. It has never been returned to the native people of the producing bands. I asked many questions of the ministers. They never refused, but they never agreed. Some \$9 million could be put to excellent use by native people in three western provinces, but has been sitting in the treasury since 1974 and not made available to those people. They have the highest rate of unemployment of any group in Canada. They suffer tremendously socially across this country. When they have a resource they can develop in the future, a good deal is taken away by the federal government.

The same is true of the natural gas export tax now being placed upon these reserves. Under the present revenue-sharing

agreement this coming year, producing bands in western Canada, some 19 of them, can see between \$43 million and \$47 million. They made plans for that. They set those plans out very specifically based on that revenue and revenue they could receive as the price was to increase for oil and gas. They now see one-sixth of that revenue being taken away from them by the federal export tax.

I asked the Minister of Indian Affairs and Northern Development (Mr. Munro) whether he thought he was honouring his faith with the Indian people under sections 87 and 90 which state that native people or bands are exempt from direct or indirect taxation. He said no. I asked him whether he felt they should desist from imposing this tax on native people because in addition to being illegal, this group above all others needs this revenue and the pride of using their own revenue to establish programs in future. He said he had to study that further.

The history is there from the oil export tax right up to the present time. Producing bands and those supporting them, and I believe that is everyone in the 500 native bands in this country, believe this form of taxation on native people is wrong and should not be used. If it is, they believe the money should be returned. There will be tremendous pressure on the government in future from native people and members on this side of the House who sit on the Indian affairs committee.

I want to get back to the oil pricing formula I spoke about before. I know many figures have been quoted from the Crosbie budget and the MacEachen budget. As we look at the wellhead pricing formula in our budget and the pricing formula of the Liberal budget, in 1984-86 the amount is basically about the same. The difference is, as we increased the price in our formula, the amount that was scheduled for the provinces, the companies and the federal government under the \$4.50 per barrel increase by 1981 with our budget, the provinces would have received what they believe is rightfully theirs on the first \$2 and 50 per cent of the next \$2.50 by agreement under the ownership requirements of our constitution, a direct share of the royalties on the total amount.

Under this budget, they receive that on the first \$2 and nothing on the next \$2.50 which is a direct tax to be used for these great schemes which are being developed, such as the \$4-billion trust fund or development fund for western Canada. It smacks in our face. It basically says that the people of a province do not have the ability to use their money to develop western Canada, that the federal government can recycle it in a better fashion for them. It will take a long time before you can convince the people of Alberta that that is the case.

The third area is the tar sands and heavy oil proposals. These plants are essential for energy self-sufficiency in Canada. Under this budget, the feeling now being perpetrated in Canada between the federal government and the producing provinces is such that it is doubtful whether these projects will go ahead.

The suggestion by this government was that \$38 plus the CPI was significant to get the Alsands and the heavy oil plant at Cold Lake to go ahead. Representatives of both these