

*Petroleum and Gas Revenue Tax Act*

**Mr. W. R. Bud Jardine (Northumberland—Miramichi):** Mr. Speaker, I am pleased to lend my support today to the Government's decision to terminate the petroleum and gas revenue tax, better known as the PGRT. From the outset I should say that I do not know a heck of a lot about gas and petroleum production. There is no gas or petroleum production in my riding. There is no gas or petroleum production in the Province of New Brunswick. We do have a company which is well known both nationally and internationally that refines these products. I have always believed that what is good for one part of the country is good for other parts of the country. Therefore, I am delighted to be able to say a few words on this Bill.

About a year and a half ago I had occasion to visit the oil sands operation in northern Alberta with the Member for Athabasca (Mr. Shields). I had a chance to see first hand this gargantuan operation. When we were students in high school we heard and read about this operation, but you have to be there to appreciate its size.

For a while it was a booming operation. In the City of Fort McMurray with a population of around 35,000 over 7,000 were from Atlantic Canada. This means that we in Atlantic Canada have traditionally gone elsewhere to seek employment. We have travelled to central Canada and western Canada. Therefore, when I say what is good for one part of Canada is good for the other, that in great measure and essence is what I mean.

The heady days were short lived. Unfortunately, many of those from the Maritimes who went out west to seek employment and new opportunity had to return. As we now know, the National Energy Program was a disaster. It was a disaster for the West, and a disaster for the oil producers.

The prime effect of the PGRT was western alienation. However, it was not the sole effect. Equally appalling was the signal that it gave to industry. The Government collected taxes from western oil producing companies—collected on revenue not on profit—then proceeded to turn this money over to finance oil exploration in a different area of the country. This was saying, in effect, that you who are successful in generating revenue with oil are not smart enough to know where to search for oil. But we are, so we will appropriate the funds to do so.

This signals to industry that a successful and regionally critical industry had better watch out, because Ottawa will want a piece of that action, and will invent new ways to get it. That type of taxation also creates disincentives to growth. What business will want to expand and generate revenue when the very act of doing so will increase the tax burden? The thinking behind this tax was that a strong and profitable business can be abused by Ottawa. It means that they will get little support from the average Canadian voter. This is a very dangerous thought, and gives little credit to the sense of fairness held by the average Canadian. Sure, we do want industry to pay its fair share, but only what is fair. This is what Canadians want. Industry creates jobs. Industry creates employment. It needs incentive and not disincentive.

The Minister of Energy, Mines and Resources (Mr. Masse) is helping to prove that when it comes to sensible and fair treatment of the oil companies, the Western Accord is far superior to the National Energy Program. Continuous improvements will indeed bring us closer to national reconciliation.

Hon. Members know that the price of oil on international markets has created a climate in which the oil producing companies in western Canada need cash flow simply to survive this temporary world-wide situation. This situation was not created in Canada, but Canadians have to help to rectify it.

The House has been asked to approve legislation which will accelerate the phase-out in direct response to the immediate needs of the oil industry. I do not think that this is too much to ask to help our friends in a time of need.

Simultaneously, two areas of concern are being addressed in Bill C-17. First, the repeal of PGRT, which will be beneficial to the oil industry retroactive to September 30. Second, in the continuation of the spirit of the Western Accord, this legislation continues the process of healing the rift between the energy producing areas and the federal Government in the area of revenue and taxation. It is important to note that the federal Government's revenue expectations are down because of the fall in world oil prices. Although the removal of the PGRT will result in a further drop in federal revenues of \$150 million, the Government has seen fit to finally shelve this offensive tax.

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Most experts agree that the present price for oil will not remain low. Indeed we have seen the change in the leadership within OPEC and the signal which Saudi Arabia sent out to oil producing countries. Therefore oil producing areas of Canada can look forward to more prosperous times, and we hope it will be soon. It is a task of the federal Government, along with all others concerned, to ensure that our oil companies are still operating and functioning when that happens.

The removal of the tax will greatly improve confidence in the Canadian oil and gas sector. As we know, it is the real catalyst to economic prosperity in western Canada. It is very important to all Canadians that main industrial sectors in all regions of the country have equal chances to contribute to the over-all economic picture.

With petroleum products, agriculture, lumber, manufacturing, and fishing, we have diversification that is the envy of much of the world. We in Government must work to keep all these sectors strong and growing. One way to do it—and I believe it is a critical point—is by ensuring that no sector is asked to provide more than its fair share of taxes to Government. The reasoning is simple; not only will the industry itself be hurt, but all sectors will live under the threat of an inequitable tax system, which destroys confidence and goodwill among all industries.