

no room in our present-day confederation for the proposal of the government whereby no adjustments can be made with regard to revenue resulting from the development of our natural resources.

● (2120)

[English]

That is the message in so far as the thrust of this budget in respect of natural resource taxation is concerned.

I can remember the Minister of Industry, Trade and Commerce (Mr. Gillespie), then a member of the finance committee, and the hon. member for Labelle (Mr. Dupras), as well as a number of other members in this House who were members of that committee, accepting and backing the resolutions of the committee and the white paper on taxation, which said that exploration and development expenses should be fully depreciated.

What did the minister do in May? He proposed to cut the tax to 30 per cent annually on a declining basis. Then, of course, he had his parallel proposition of disallowing royalties, licences and fees payable to the provinces in respect of the development of provincial natural resources.

As indicated by the hon. member for Regina-Lake Centre, this was not money paid to individuals who had royalty rights, and not payable to foreigners who had royalty rights. This was money payable only to the provincial governments. Like little Jack Horner, and not my good friend, the hon. member for Crowfoot (Mr. Horner), the minister sat in a corner, put in his finger and pulled out a plum. He then said, "I am prepared now to turn to the 100 per cent formula in respect of exploration expenses, and 30 per cent on development expenses, if the provinces will yield their position in respect of royalties." That was two-faced robbery.

His proposition was wrong on two counts. I am not going to go back into the history of negotiations in respect of oil taxes, as that was covered by the hon. member for Calgary Centre (Mr. Andre). I do suggest to the minister, however, that there was a clear breach of the undertaking reached in January with regard to the surplus, above 50 per cent, of the whole export tax.

In that way the federal government was taking the biggest individual slice of this oil pie. It said it would use 50 per cent for the laudable objective of evening out the price of foreign oil eastern Canadians were being subjected to, a price which had been skyrocketing as a result of the action of OPEC countries. It suggested that the remainder would be divided with the oil producing provinces.

Then on March 27 the provinces were faced with the unilateral declaration that all that was off, and that the federal government intended to take the entire export tax. That meant, quite frankly, that the producers of oil and gas in Alberta, Saskatchewan and British Columbia, who were dependent on the oil industry, were paying the entire export tax. As far as the United States was concerned there was nothing special about this. The United States was paying the world price for oil, not a special tax to Canada. This was an export tax taken from western Canadian oil producers, and they have continued to pay it all along.

#### Income Tax

In addition to that the Minister of Finance had the gall, in his budget of May 6, to tell the people in those producing provinces that all their royalties, licences and fees would not be allowed in the computation of income for income tax purposes. We could look at some of the detail in this regard, but I have not got time to do so now. I will cover this when we get into the committee of the whole.

In any event there are inconsistencies, uncertainties and retroactivities in respect of the capital payments for Crown leases, and those things allowed and not allowed. This is an unwarranted raid by the federal treasury—piracy of the worst kind. This is public piracy, and over there we have a bunch of sycophants prepared to back up the government simply because there is a quarrel, led by a government that knows nothing about western Canadians. This minister knows nothing about them, has never known anything about them and, quite frankly, does not care about them. That is the attitude of those across the way.

**An hon. Member:** Some of my best friends are out there.

**Mr. Lambert (Edmonton West):** I would invite the hon. member for St. Catharines—

**An hon. Member:** Hamilton Mountain.

**Mr. Lambert (Edmonton West):** That is not far off, and I am sure the hon. member will not deny the people of St. Catharines. I would invite the hon. member to come out to western Canada and spread around that good cheer of which he has so much. He is a great fellow and easy to get along with, but I would bet my bottom dollar that he would be absolutely astonished, when walking the streets of Edmonton or Calgary, by the reaction of the average John Q. Public to what the federal government is trying to do in respect of oil and gas.

Let me suggest to the transplanted member from British Columbia that he has heard of this reaction in his own province. I invite him to come to what some people in his province call eastern Canada, that is Alberta, to find out the reaction of the people there. He should talk to some of his ex-service friends in Edmonton. They will tell him what they think about the attitude of the government of Canada in this regard. There is a great deal that might be said about what these people think, but I will leave the matter at that.

● (2130)

The minister would have done us a service if he had given some incentives to Canadian taxpayers with regard to ownership and development of Canadian resources. I would like to have seen an incentive beyond that which he has given. After all, the limited incentive with regard to dividends to Canadian companies in 1975, including some bank interest and so on, totaling up to \$1,000 frankly is for senior citizens who are depending upon earnings on their savings, and that is fine. I fully appreciate and support the minister on that proposal. But with regard to the serious investor in this country the minister has done nothing. He has offered crumbs.