

*Oil Tax*

export tax was collected. If the statistic is \$4 million, that amount of money could be put to tremendous use on the Indian reserves in my constituency and the constituencies of other Alberta members. I speak of the Hobbema and Enoch who have put the money they have collected from their royalty to great use in providing for trailer factories, a home furnishing factory and drapery factories. Still they find that more than 50 per cent of their people are unemployed. This \$4 million could have been put into those economic areas. In my opinion, we have been dragging our feet on this issue for the past four years.

As I understand the minister and the departmental officials, the province of Alberta will first have to decide whether it will get back its 50 per cent. For a number of years, the subject bounced back and forth between the federal government and the provincial government. On February 15, 1977, I suggested that, in order to expedite the situation, the Minister of Indian Affairs and Northern Development (Mr. Faulkner) should take the initiative and call a tripartite meeting between the native people, the provincial Department of Indian Affairs, and the federal Department of Indian Affairs.

The minister acknowledged that it was a very important question and that he would do everything he could to provide me with a satisfactory answer. However, almost a year has passed, and still we have no definite word on what is going to happen to this money. These native people are looking forward to the kind of development they could proceed with if the money were returned to them.

I checked with the department early this year. They informed me this was on the list of priorities for the cabinet in January. I then checked with the province of Alberta. I received an assurance from the province that they were prepared to give back their 50 per cent to the producing bands. As it looks now, it is the federal government that is holding up the return of this money to these people in Alberta.

In this motion I am asking that the House and the government do everything in their power to have the Department of Indian Affairs and Treasury Board act expeditiously on the return of the export tax which in fact is money belonging to those Indian bands. This money has been collected from them and held in the treasury. After four years, it is time that we make the decision and return that money to these people so that they can put it to use.

I urge the government to take immediate steps on this issue in order that this money, and hopefully the interest that has accrued, can be returned to the Indian bands because it is rightfully theirs.

**Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State):** Mr. Speaker, as usual the hon. member raises in a sincere way an interesting and complex problem, for which I would like to thank him. It has given me the opportunity to do some research into a problem with which I have not been completely familiar. It leads me rapidly to the conclusion that this is a complex problem raised by the hon. member. Some detailed background information as to the tax itself and how

[Mr. Schellenberger.]

the tax affects the Indian people is necessary before one can enter into a debate on the subject.

The motion, as presented, appears to deal with all moneys derived from the oil export tax since its inception in 1973, as it now exists and as it is likely to exist for some years to come. On the other hand, the total formal claim on record that has been made on behalf of the Indian bands from Alberta and Saskatchewan deal only with the amount of money collected under the oil export tax during the first six months that it was levied.

In the first case, we are talking about a sum of money which could amount to \$100 million, whereas the Indian claim is slightly less than one tenth of that figure. Lest anyone question the \$100 million figure, let me point out that no attempt has been made to refine the rough estimate since it is sensitive to the rate of oil export, the price differential between Canadian and foreign oil, the types of oil to which it applies, and the length of time it will remain in effect, together with a number of other imponderables.

I do not want to over-stress the dollar value of the oil export tax levied on oil production from Indian reserves. I merely want to emphasize that it is necessary to be specific about the size and nature of the problem introduced by the hon. member in his motion.

A moment ago I referred to the fact that the claim on record only deals with the first six months. I believe the hon. member has made that reasonably clear. By that I meant that all correspondence received indicates that the Indian people are claiming only that portion of the tax collected during the first six months. Nothing has been presented to indicate that the Indian people feel that they have a claim on the tax collected since that time. In fact, correspondence specifically states that the claim is made on moral grounds and will not set a precedent for possible future claims.

Perhaps the hon. member is suggesting in his motion that there is a basic principle that Indians shall not be taxed and that on this basis all of the tax levied on oil from Indian reserves should be returned to the Indian people. This, of course, would introduce a number of parallel situations with respect to any form of taxation of any product from an Indian reserve.

If this is the direction we are going in this debate, then we will be heading into some rather complex technicalities. I would prefer to think that this is a special case which is based on the handling of a specific tax during a specific period. On the assumption that we are considering only the first six month period, I have not attempted to look into the ramifications of the more general situation. The hon. member seems to agree that we are talking specifically and purely about the six month situation.

• (1712)

This is a complex problem. In order to place things in their proper perspective, I intend to discuss the oil export tax, past, present and future; the Indian involvement; the amount of money involved; the legal and moral implications of the claim;