

*Taxation*

[Translation]

**Mr. Bussi eres:** Mr. Chairman, I would like to be able to answer the hon. member's question about the gas bank. Unfortunately, I am not that well informed; although I was very careful to examine very closely the provisions related to the excise tax and to the Petroleum and Gas Revenue Tax, I must confess my ignorance and admit that my knowledge does not go that far. I know the hon. member punctiliously attends the hearings of the committee which is studying the energy bills and I feel confident that he will have an opportunity to direct that question to my colleague the Minister of Energy, Mines and Ressources (Mr. Lalonde) and that he will not hold it against me if I am not as knowledgeable as he is.

[English]

**Mr. Waddell:** I thank the minister for his answer. I might suggest that that is one way the government could help the small companies. Another way the government could help small companies is by changing the filling out of forms in this PGRT and IORT, which is just horrendous, I am told. We should not make it any more difficult for these small Canadian companies than is necessary. That is part of the reason they are so alienated from Ottawa. The minister might want to have a look at changing those forms.

On October 1, 1981, the wellhead price of conventional oil increased by \$2.50 a barrel. This brought the wellhead price to \$21.25, or \$2.50 more than the planned increase of \$18.75 under the 1980 NEP price schedule. It was as a result, I think, of the agreement with Alberta. However, there is the incremental oil revenue tax, which is supposed to prevent a windfall gain, between the higher priced schedule and the September 1981, agreement on conventional oil, and the old National Energy Program price. It does not come into effect, by this bill that we are studying here, until January 1, 1982. As a result, no IORT was levied between October 1 and December 31, 1981, when the price went up \$2.50 a barrel more than allowed by the NEP. In addition, the old PGRT rate of 8 per cent, as opposed to the new rate of 12 per cent, also applied to that price increase between October and December. I estimate that the loss of tax revenue to the government was about \$160 million because it did not apply that tax.

● (1600)

Could the minister tell us why the government decided to give the industry this windfall at that point and, if the minister agrees with what I am saying, is he prepared to accept an amendment, or to move an amendment, to collect those taxes from October to the December 1981 price increase?

[Translation]

**Mr. Bussi eres:** Mr. Chairman, the different method of tax collection to which the hon. member is referring must be examined and understood in the context of the general agreement which was signed by the province of Manitoba and the Government of Canada because it was an integral part of the negotiations. It is important to remember that if we keep in

mind the starting positions of the parties and the agreement, there were compromises throughout the negotiation process and, as it happens, that particular development to which the hon. member is referring is one aspect of that compromise. Therefore I very humbly suggest that if we were to accept his proposal we would be breaking one part of the agreement and showing bad faith toward the province with which we have negotiated that agreement.

[English]

**Mr. Waddell:** Mr. Chairman, I wonder if the minister would consider a suggestion. It involves the whole basis for the PGRT and the IORT. Let us be frank; the reason these taxes were imposed was that in one period the oil industry was making a lot of money. The industry is in trouble now; I have acknowledged that before, but their situation last year was like that of the banks. The industry was making piles of money, and now it has been cut down somewhat. The oil industry made money; it was bound to do so as prices went up. When the market price in the United States went up to the world price, what the Americans did was to bring in a windfall profits tax. What we in Canada have done has been to bring in this PGRT.

I pointed out a few minutes ago that there seem to be at least two problems. One is that there is a lot of paper work. The second problem is that it is very difficult for small Canadian companies. They are getting it right off the bottom, and they just do not have the extra money big companies are getting. We are hurting small Canadian companies, the very companies we want to help.

Will the minister consider what I am suggesting as an alternative? Why did he not? Perhaps that should be the question. Perhaps he can enlighten me on this. I suggest one source of collection, a provincial royalty, and then the federal government could get a slice of that provincial royalty. It could be added on. There could be one royalty so that companies do not need to go to this government over here and that government over there. They could have one royalty to pay, and the federal government could get its share out of that royalty. I know that means co-operative federalism, but would that not be a possible way of collecting the money the federal government needs, instead of going by way of the PGRT and the IORT? An accountant told me she has been trying constantly for the last three months to understand how to assess these taxes. People are having a great deal of difficulty.

What does the minister think of my suggestion of proceeding with a different method of taxation and getting the same result?

[Translation]

**Mr. Bussi eres:** Mr. Chairman, I appreciate the concerns of hon. members and I think that the great majority of hon. members are aware of the problems faced by the industry as a result of red tape as such, which is a sort of phenomenon of inertia, and also because there are many kinds of taxes to be collected which are applicable at various levels.