

● (1700)

Parliament did grant the Government authority to remit taxes, fees and penalties by order in council mainly in recognition of the need for quick and selective action where the application of general laws and regulations are having unintended or undesirable results in particular cases. Since most remissions fall into this category, the *raison d'être* for the authority is still valid and it would be inappropriate at this stage to rescind the order in council authorities.

I want to relate a problem that we have in Calgary and southern Alberta that really calls for a faster and more efficient system to rectify unfair duties and tariffs, especially on the conversion side. Let us start at the beginning. Before January 1, 1988, a great deal of equipment utilized by drilling contractors and petroleum service companies in the oil patch came into this country duty-free by virtue of statutory concessionary tariff items. Approximately a year and a half ago, the customs tariff was amended to adopt an international system of numbering. In that conversion, or slotting of all the items into one group during the redrafting of the schedules, there was a mix-up. For some reason, everything duty-free on the petroleum equipment side of the page on the schedule was missing.

In effect, when the harmonization system came into effect on January 1, a lot of oil field equipment and apparatus such as well logging equipment, well perforating equipment, seismic instruments, pressure maintenance or other formation pressure improvement equipment became subject to a 3 per cent to approximately 10 per cent duty. This represents tens of millions of dollars in duty, all because of a mistake. I would like to see fast action on that problem. This equipment is vital to the oil industry. It is vital to the drilling contractors and to the Petroleum Service Association of Canada.

During 1986, when oil prices fell from \$35 Canadian a barrel to some \$15 or \$16 a barrel, the industry came to a slowdown. More than three-quarters of the drilling rigs in western Canada were put out of operation. When the drilling rigs are not operating, the service companies also become inactive.

Progressive Conservative Government policies and programs have been able to assist the medium and the small sized producers by providing incentives to go back to explore, drill, develop and produce. We are working our way out of a very slow time, when over 40,000 in the Province of Alberta were laid off as a result of that slowdown in the oil and gas industry.

As a result of a mistake with regard to the harmonizing system that was put into effect on January 1, the drilling contractors who are importing some portions of equipment, as well as the petroleum service industry, are now faced with an unfair duty that they should not be paying at all. I have been working to rectify this mistake and I believe the process should be much faster.

Financial Administration Act

The implementation of Motion No. 101 which would repeal Section 17 of the Financial Administration Act would require all remissions to be submitted to Parliament. It would create further delays because, unfortunately, the parliamentary system sometimes can come to a crawl, a standstill and indeed, a dead stop. Companies and people need to be assisted in the most efficient and quickest way possible.

Today I understand that these conversions and remission proposals go through a review committee where they are thoroughly reviewed, as they should be. Once they have been approved by the committee, they go to the Minister who reviews the details and recommendations. They then go to Cabinet, and once they have been reviewed by Cabinet they finally receive an order in council. This is extremely important for either the remission or conversion to go through.

I also want to pay a compliment with regard to the remission order with respect to an excellent equestrian area in Calgary called Spruce Meadows. Some time ago they were able to purchase some specialized timing equipment for international events. The equipment had to be purchased overseas and there was a large duty factor on it. Through the assistance of the Department and the committee review of this particular issue, we were able to have the duty remitted, mainly because Spruce Meadows does entertain international equestrian teams for international events. This is an area where fast action took precedence, and I want to compliment the Department.

That is why it is important for Section 17 to remain in the Act. If it came to a parliamentary review, it may take many months to be put on the agenda, and many hours of debate may slow many companies and individuals to a point where people may be put out of action.

I am pleased to speak on this motion today and hope that Section 17 will remain in the Act. I hope the entire procedure can be speeded up so that everyone who has duties or tariffs that prove to be unfair or injurious can have them remitted as quickly as possible.

Let me say on behalf of drilling contractors and petroleum service people in the riding of Calgary South and Calgary generally that their proposal has been approved and is in the Minister's hands today. I believe the system that is in place provides the most efficient service.

[*Translation*]

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I would like to take this opportunity today to speak to motion No. M-101 in the name of the Hon. Member for York East (Mr. Redway), who is also a member of the Public Accounts Committee which in the past made a study of this question and reported to Parliament on the remission of taxes, fees or penalties.