

Petroleum and Gas Revenue Tax Act

was telling us at the time of the Western Accord and the Budget that deregulation would mean lower prices for Canadian consumers. That is what we were led to believe, but the prices continued to increase.

Even if the Minister wants the price to go down, there is no guarantee that the oil and gas companies will pass those reductions on to the consumer. The oil and gas companies in this country know that they have the Government under their thumb and that it dances to their tune. It is the oil companies rather than the consumers who will tell the Government what its policy on oil and gas will be.

Mr. Skelly: Mr. Speaker, who will be the primary beneficiaries as a result of the elimination of the PGRT? Can the Hon. Member indicate one resource company in Canada that would be the largest beneficiary of the removal of this tax and tell us where the enormous profits earned by it might be disposed of other than in Canada?

Mr. MacLellan: Mr. Speaker, the beneficiaries from the elimination of the PGRT will be the major oil companies in this country. The reason is that the five major multinationals in this country own 75 per cent of the old oil. This is \$3 a barrel for oil that was found prior to 1974. Today, the world oil price has been reduced to under \$20 U.S. a barrel from some \$28 U.S. a barrel a few months ago. That is still a major difference from the \$3 a barrel for oil which these multinationals found and still have locked in their reserves. They will still make a major profit.

They are complaining that lower prices mean that they cannot go ahead with upgraders in the West and cannot proceed with offshore projects like Beaufort, Hibernia and Venture. That will simply not wash in this country.

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, today's debate is very interesting because it illustrates the irony of the Liberal Party's position. My remarks are not intended to detract from the excellent speech made by the Hon. Member for Cape Breton-The Sydneys (Mr. MacLellan) who clearly pinpointed the problem. I see that the Minister of State for Finance (Mrs. McDougall) is nodding her head in agreement. No doubt she feels guilty about participating with a group who is ruining this country. I believe she understands the problem, and if she had a greater voice in Cabinet, there would be much less danger of the Government pursuing this road to destruction. Perhaps there should be a Cabinet shift, as my colleague points out, to place her in charge of energy.

However, it is ironic that the Liberals complain about cutting the PGRT because it is they who started the ball rolling. I recall making many of the same arguments in the last Parliament that the Member for Cape Breton-The Sydneys are making in his speech about the devastation that would follow this kind of action.

I believe that the basic problem is that the PGRT is a very large source of revenue to the Government of Canada. It is essentially a royalty that is imposed on reserves that we hold and that revenue is guaranteed during the good and the bad

times. It can be used to provide services and benefits for Canadians.

It is my understanding that Imperial Oil is the largest holder of old oil in Canada. I understand that at one time the cost of production of that oil, which was discovered years ago and is still in the ground waiting to be produced, was something in the order of 50 cents a barrel. Let us assume that it is slightly higher, if the Tories cannot accept that figure. Nevertheless, the cost of production was very modest compared to today's prices.

Imperial Oil, which holds the largest conventional reserves of old oil stands to be the largest beneficiary. If this tax is eliminated, it will be an absolute windfall to Imperial Oil and the other major multinational oil companies, without any benefit to Canadians. Imperial Oil can decide to invest those profits in the South China Sea or elsewhere in the world. This Bill will add to its \$600 million profit this year.

Furthermore, the tax revenues to the Government of Canada will drop while the profits to Imperial Oil and the other large multinational oil companies will rise. The oil companies will pay less taxes on their profits as a result of the tax incentives to oil companies contained within the provisions devised by the Minister of Finance (Mr. Wilson) and the Minister of Energy, Mines and Resources (Miss Carney). While they will pay less tax under the guise of exploring for oil and guaranteeing the security of supply, the revenues to the Government will decrease by more than \$2 billion. The dramatic rise in profits of the oil companies will not be taxed because of the tax incentives that have been proposed allegedly to help with exploration and improved upgrading of the technology.

The fact is that the Government has given the major oil companies an absolute windfall which it does not intend to tax. The net result for the taxpayer will be reduced Government services. For instance, post-secondary education will suffer, job creation will suffer and health care will suffer because the Government will simply not have the money if it continues to do this on every front. It will simply destroy its source of revenue and be unable to provide the services required by the people of Canada. Moreover, if the Government intends to maintain these services and the oil companies do not have to contribute, you can be sure that the Canadian taxpayers will have to pay more. Let me just say as a brief summary on that line of thought that this initiative was the product of the past Government. Because of the ideological fixation of the present Government in power, this was an ideal opportunity to continue down the same misguided track, basically providing windfalls for banks, oil companies and shafting ordinary Canadians.

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In terms of the energy policy at work in the Government, the point was made by the Minister of Energy, Mines and Resources last night who mentioned that she would like to privatize PetroCan, which does not surprise anybody.

Mr. Nickerson: Hear, hear!