

*Fiscal Transfers to Provinces*

My constituency is basically agricultural, but in the constituency there is a considerable amount of heavy oil and sweet oil. A considerable amount of experimentation has been going on in my constituency to enable the people in the business to extract the heavy oil from the ground. I do not want this to sound like a maiden speech, but in my constituency there are several small rural communities of anywhere from 350 to 3,000 people. As a matter of fact, a town with a population of 3,000 is large. If I wanted to go on like the Minister of Agriculture (Mr. Whelan) I could do the "I've been everywhere" act and refer to Kindersley, Eston, Maidstone, Nymont, Marsden and Lloydminster. I could go on, but I am sure not everyone is interested in the number of towns in my constituency.

I would like to talk about something which is not manufactured in my constituency, the automobile. There have been great debates in this House about the support given to the Chrysler Corporation. There have been great debates about supporting the industry in central Canada, and I agree with that. However, I will tell the House what this government's policy has done to some of the small—and I mean small—owner-managed companies in my community which employ anywhere from five to thirty employees.

Let us talk about the energy policy and what it has done. Ackerman Chev-Olds of Kindersley had plans to expand to a daily rental service. It had plans to expand its leasing division. It was going to hire three more people, and in a small community that is an asset. The company was asked to do appraisals, before the budget was brought down, by companies in the oil industry, but now those requests have been withdrawn. The company feels that in the next months it will lose vehicle sales amounting to \$300,000. Those vehicles are not manufactured in Saskatchewan.

Let us talk about Tisdale Ford in Kindersley. That company will lose 20 potential sales which it had planned for over the next three months into the oil patch. The company will have lost sales of approximately \$200,000. It will lose sales of \$75,000 at the gas pumps because of the reduction in the number of vehicles coming in to fill up. That is how drastic the reduction in my area is.

Let us talk about Dodsland, Saskatchewan, which is a small community of 350 to 400 people. One small company lost the sales of four units, which amounts only to \$40,000. But those trucks are not made in Saskatchewan. They are made in Ontario.

**An hon. Member:** It all adds up!

**Mr. McKnight:** Let's carry on. Look at Cavalier Chev-Olds in Lloydminster. One company has cancelled four units. The sale of four units at \$10,000 amounts to \$40,000, but Cavalier Chev-Olds has had orders for four semi-tractors cancelled, and they cost about \$80,000 to \$100,000. And they are not made in Saskatchewan.

**An hon. Member:** What about equalization payments?

**Mr. McKnight:** An hon. member opposite asks about equalization payments. I am telling hon. members opposite that the problem is that they are destroying part of their Ontario industry by the energy policies they are creating. Those policies are destroying the Ontario industry they propose to support. It is not hurting the people of Saskatchewan. We do not manufacture trucks and cars, but we would like to buy them from the good people of Ontario. We would like to support our friends in Ontario by purchasing vehicles, and if we can purchase them and continue in our area of expertise, which happens to be in the oil patch, we will support the industries of central Canada.

I would like to go on to say that Cavalier Chev-Olds in Lloydminster has spent a quarter of a million dollars on expansion, and now the company is wondering if it will be able to maintain its dealership.

Regal Motors in Rosetown took a look at its projected sales after the budget and reduced them by \$1.2 million. Stuart Ford-Mercury in Lloydminster has reduced its potential sales by one-third. These are sales of trucks and heavy trucks.

Let us talk about what has happened to the companies which would have bought these vehicles and which would have contributed to equalization. They would have purchased goods from central Canada, Atlantic Canada and, indeed, western Canada. Let us talk about Husky Oil. Husky has not decided to take its goods out of Canada. It has not decided to drill elsewhere, but it might cut its exploration budget by 60 per cent. It still has faith in this country. It would be its intention to offer help to this government in any area this government might wish so that it could continue to explore for oil and heavy oil in my part of Canada.

Just a few months ago United Canso, led by Canadians, took back control of United Canso from the Buckleys of New York, from Catapa, an American company. United Canso fought a very expensive battle to bring back Canadian control to this company, but let us see what is going to happen. Do hon. members know what will happen after January 1 at \$16.70 a barrel?

The Saskatchewan oil well income tax of \$7.47 is taken from that. Freehold and overriding royalties amount to \$1.11. Petroleum and gas revenue tax is \$1.07. Operating costs, direct with no overhead, amount to \$3.35. Federal income tax amounts to \$3.34. Provincial income tax amounts to 67 cents. The total is \$17.01. They will lose 31 cents per barrel. One cannot expect a company to produce at a loss of 31 cents per barrel.

● (2150)

**An hon. Member:** No, they will not.

**Mr. McKnight:** I hear a socialist saying that they will not. They say they should produce oil and lose 31 cents per barrel because it is a Canadian company. They say, "Please do that." I do not think it is proper, and I am sure most members of the House would agree.