

*Petroleum and Gas Revenue Tax Act*

changes to speed the oil and gas industry along the road to recovery.

To refresh the memories of Hon. Members, the Bill contains four significant policy changes to the PGRT. It will completely phase out the PGRT by reducing the existing tax rates applied to both conventional oil and gas production and synthetic production in a gradual fashion over the next three years, ending up with a zero per cent rate in 1989.

A second change is designed to stimulate new activity immediately. The Bill allows a full tax exemption for revenues from new wells drilled after March 31, 1985. In addition, enhanced oil recovery projects including waterfloods are provided with options that will result in a more favourable treatment during the remaining years of the PGRT. Major new projects will also be exempt.

A third change was introduced which will assist companies that are able to realize income tax savings from new exploration and development expenditures under the regular income tax. A new mechanism was included in the Bill which will allow 30 per cent of the value of new unused exploration and development expenditures to be applied against the PGRT.

The final new measure included in the Bill is a \$10,000 annual deduction for individuals starting with the 1986 tax year. This measure will remove the burden of the tax for several thousand Canadians who have very small amounts of royalty income from producing oil and gas wells. I commend the Bill to all Hon. Members for their approval.

**Mr. Jean-Robert Gauthier (Ottawa-Vanier):** Mr. Speaker, I am glad to participate in the debate on Bill C-82. Our critic, the Hon. Member for Cape Breton-The Sydneys (Mr. MacLellan), had to be absent from the House this afternoon. He has asked me to make a few comments on it.

I have gone over the speech of the Minister at second reading and have looked at the debates in committee. I tried to imagine how a person from Ottawa-Vanier, a consumer like me, would look at the proposed legislation to phase out the PGRT over a period of three years, in terms of what it does for consumers and for multinational oil companies, in terms of what it does for those who have received so much from the Government and for those who are still expecting so much from the Government.

By removing the PGRT, which was worth about \$2 billion per year in revenue to the Government, the Government gave in to the wish of the industry. During the election campaign, the PGRT issue was indeed a hot one. The Leader of my Party, The Right Hon. Member for Vancouver Quadra (Mr. Turner), made a commitment to review this measure which was considered harsh by many and which was taxing revenues but not taxing income. In my view, and in the view of many people who think in similar terms, it was a fair object of review.

With the removal of the National Energy Program, the Government gave away a lot of revenue to the oil industry, to the oil companies operating in Canada; so much so that predictions indicate that their incomes will increase by about

160 per cent by the end of the decade. The elimination of the PGRT by itself will increase profits to the companies in the order of 75 per cent in the same decade. At the wave of the magic wand, the Government gave up revenue or income for the Canadian public and gave it to the oil companies.

I return to my original thought concerning what a consumer like me will get from all this. We want lower prices, and I think consumers can expect them. I will get to the debate on lower prices for oil because market prices for oil are going down these days. It is apropos that we will be talking to that subject in a few minutes. However, before dealing with that subject matter, I want to review some of the comments made by the Minister of Energy, Mines and Resources (Miss Carney) and to look at the promises made by her Party during the last election campaign. When the Energy Minister was speaking to the Cities and Energy Conference in March, 1985, in Vancouver, she described deregulation as "much better" for consumers. She said:

This is especially true in today's world of falling international oil prices.

That is very interesting, since deregulation of the industry on June 1 the consumer has seen prices rise mainly because of the increased taxes with which the Government has burdened the consumer. The Government removed the PGRT so that oil companies would not have to pay the tax and told consumers that they would have to foot the bill. Today we see that prices at the pump are going up.

World prices started to waver, to quiver and to show some decline when the OPEC countries started to have difficulty getting along and world prices were dropping in January. The price paid at the pumps in January this year took another jump. Remember, the Government added another 1 per cent sales tax, from 10 per cent to 11 per cent in January. That was reflected immediately in the cost of gasoline at the pump. Yet the Energy Minister said things would be much better for consumers. It possibly is much better for the consumer, and being a chiropractor I think it is good that people should walk more. If you are earning a living, and if you are a salesman, a farmer, or if you are travelling for any type of income then you have to pay higher prices at the pump because the oil companies are getting a nice generous gift from the Government.

● (1520)

I just want to come back—

**Mr. Boudria:** If the oil companies don't get you, the Tories will.

**Mr. Gauthier:** I want to refer to a table that was leaked after the last Budget. It is entitled "Direct Impacts of Budget Measures by National Accounts Component". This document, interesting as it was, reveals that the indirect taxes and the increase in the energy excise taxes will bring into the Government about \$395 million additional in 1985-86, \$930 million in 1986-87 and \$915 million by 1990-91.

The removal and the phasing out of the PGRT, interestingly enough, was going to cause—