

Petroleum and Gas Revenue Tax Act

cover their behinds in the upstream at the expense of Canadian consumers. I can understand that. But the small Canadian companies in Alberta, which are the companies that get off their behinds and do the most exploration, do not have this lucrative downstream where they can milk the consumer. They only have the upstream, that is, the selling of crude oil and, of course, they have to sell at world market prices which are dramatically declined. That is why we have a problem in the oil industry. That is also why, incidentally, when Canadians drive in the United States, they are shocked by how low gasoline prices are. There are two reasons for our higher prices. One is that we have more tax, which does not tell the whole story. The second reason is that we have what is called an oligopoly. This is a big word which only the Minister of Transport (Mr. Crosbie) will know. It means that a few companies, about four or five, including Petro-Canada, control the refining and the marketing. The Government did not make it easy, by the way, by closing the refinery in the east end of Montreal.

[*Translation*]

This is why gas prices are high, and another reason is that the Conservative Government shut down the Montreal East refinery, and the New Democratic Party believes it was a mistake. This is why Canadian drivers, both men and women, have to pay more for their gas. Driving down to Vermont or New York, for example, one can see that gas prices are not the same.

● (1640)

[*English*]

I wish to suggest that what we need is a made in Canada oil price. It has been suggested by the small producers in Alberta that the Government should give them \$20 per barrel for 500 barrels, the difference between that and the world price which may be even \$15 per barrel, and they will pay the Government back in the future. It seems to me this is a measure which the Minister of Energy, Mines and Resources (Mr. Masse) could have brought in. It is something which could have been considered. It could be something of a stabilization program. However, as the Liberal Member who spoke on this Bill said, perhaps the Opposition has used that word before. The Government could call it something different. It could be called a Conservative energy program, which could give a break to these small producers.

Getting rid of the petroleum and gas revenue tax will provide some relief to some companies. However, by and large, the relief will be provided mostly to the bigger companies and not to the small Canadian producers. This is the flaw in the Government's policy.

There is also a flaw in the Bill. I do not think I can put forward an amendment which will make any difference. However, I will share with Hon. Members what I think the flaw is. The Minister of Energy, Mines and Resources announced in a press release on September 8, 1986, that the Government of Canada will eliminate the petroleum and gas

revenue tax effective October, 1986. It is stated in the news release:

Mr. Masse said he had their assurances that the PGRT savings would be reinvested in exploration and development activity.

I ask Hon. Members, if they controlled an oil company and received a big saving what would they do with the money? Would they use it to pay off their debts? Would they use it to buy up some small Canadian oil companies? Some of these small companies are desperate. In fact, one of the companies in the association of small producers recently announced its bankruptcy. The Alberta company of the Leader of the Liberal Party has just announced its bankruptcy. These small pools of oil can be bought from these companies at \$15 per barrel or less. Why reinvest by going into the ground? This is the flaw in the Bill. The money could be repatriated. For example, Imperial Oil could give it back to Exxon. Shell could give it to Texaco. Mobil could send the money to New York. One must watch that the money that we are not taking from the oil companies as a result of eliminating this tax is reinvested. The companies may take the money and run, if I can put it that way.

I have in my hand a release issued by IPAC on the same day as the Minister's release. IPAC is the Independent Petroleum Association of Canada which represents medium-sized oil companies. These companies state that they are pleased, of course, that the Minister removed the tax. They see it as a positive first step in a sequence of events that will restore viability and investor confidence in the oil and gas industry. The association's spokesman is Mr. John Howard, Chairman of IPAC.

Members of the oil industry are famous for saying: "Just give us this". Once they are given that they then say: "Give us this, which is a good second step. Now go to the third step". First, they wanted to get rid of the PGRT; they got that. They now want the royalties reduced; they got that too. They will then want something else. They will lobby for tax changes. They never get enough. My heart bleeds for these poor oil companies.

The Chairman of IPAC stated in his release:

My discussions with our member companies indicate that the bulk of the money saved by the elimination of the PGRT will be reinvested in the industry . . . The industry response to the Western Accord in 1985 supported the position that most of the PGRT money saved will be reinvested.

Just wait one minute. The Minister of Energy has reassurances that PGRT savings will be reinvested. We now see that the industry says that "most" of the money will be reinvested. This will be determined by whom? Who else but the oil companies? There is nothing in the Bill which states that a company cannot just take the money and run. There is nothing that states that it has to be reinvested in the industry. What I am saying is that if we look at the situation of the industry we will see that there are a great many factors which may go against it in terms of reinvesting this money. It may not want to reinvest the money in exploration and development. That is the real flaw in this Bill.