

*Oil and Petroleum*

provide compensation for certain petroleum costs and to regulate the price of Canadian crude oil and natural gas in interprovincial and export trade—Mr. Macdonald (Rose-dale)—Mrs. Morin in the Chair.

[English]

**The Assistant Deputy Chairman:** When the committee rose on April 24, clause 5 was allowed to stand and the committee was studying clause 23. The hon. member for Crowfoot.

On clause 23—*Prescribing maximum.*

**Mr. Horner:** Madam Chairman, last evening when the question of clause 23 came up for discussion I listened to a long dissertation by the hon. member for Nanaimo-Cowichan-The Islands in which he attempted to point out that any price increase would merely go to the oil companies. He attempted to suggest that they had a good deal of money already and that it was not the profits of the oil companies in Canada about which we should be concerned because those profits would only be enhanced by a price increase and they would not spend additional money on exploration in this country.

In a speech on this general subject in the House on April 17, I said that because of the tax structure and its effect on the oil industry a price increase would not bring about any more money in the hands of the oil companies so that they could explore for more oil. It is interesting to note that there is an article in this morning's *Globe and Mail* which states, "Gulf urges no oil increase until laws revised". It goes on to say:

Mr. McAfee said that for each dollar the price of Alberta crude oil might increase, Gulf would retain only about 1 cent.

So the argument made by the hon. member for Nanaimo-Cowichan-The Islands that profits would only increase if oil prices were allowed to increase is certainly, under today's structure, not correct. Mr. McAfee went on, according to this article, to say that an increase would probably cost an integrated company money because of today's soft market. He said that the oil companies would be blamed for the increase while, because of the tax structure, they would still have no more money to spend on exploration in Canada.

I think it is becoming very clear to all Canadians that we must be concerned about oil supply. We are the only industrial nation in the world which in the last two or three years created a climate in the oil industry which in fact turned off oil exploration. I would hope that some kind of pricing mechanism could be devised in this bill to encourage exploration. As I said last evening, I believe the minister has caused more havoc in the whole question of energy than anyone before him, and it will take a person of stature to create as much chaos in the future.

The chaos the minister has created has discouraged exploration and caused a taxation fight with the producing provinces. Now the minister asks for the ultimate authority from parliament to, in essence, price energy commodities. If the minister had a better track record, I am sure this parliament would be eager to give him the authority for which he is asking in this bill. In this morning's *Globe and Mail* we find an article headed, "Major finds needed to meet oil estimates". So, we are in

[Mr. Sharp.]

need of major finds to meet and to keep up to our estimates. Certainly, this should be encouraged. The argument that if we allow the oil companies to make more profits, those profits might escape Canada and be spent on exploring for oil somewhere else, is not valid because it is within the power of this government to prohibit the outflow of money from this country if it so decides, and it can use the carrot approach which I mentioned to encourage money being spent in Canada for oil exploration.

● (1210)

Last evening the hon. member for Nanaimo-Cowichan-The Islands stated that the oil companies, because of their huge profits, have a great deal of money to put into oil exploration. We have created in this country such a degree of uncertainty in the oil and gas industries that both Canadian and multinational oil companies have left Canada: their profits have not been sufficiently rewarding to encourage them to stay. But that has been only one aspect of the problem. The security of their investment certainly has not been very good. This is why one reads reports that oil company profits have been high yet the stock market is uncertain and many Canadians have lost substantial amounts on the stock market.

One would think that if profits were high, shares and stocks would be increasing in value, not decreasing. Why have they decreased, when world prices have gone up? The uncertainty in the oil exploration industry and in the marketing climate that this government has caused has created havoc in the stock market and meant losses to thousands of Canadians across the country. Yesterday's issue of the *Montreal Gazette* contained an article in which the following words appeared:

If big profit increases are a sign of what is called the "corporate rip-off", Canada's big integrated oil companies can be dropped from the critics' black list.

It looks as if first quarter profits for the majors will be about the same as last year. And unless there is a political agreement on higher oil and gas prices, their profits for the full year may actually decline.

The article goes on to suggest the reported profits for the first quarter of this year. It states that they are no higher than they were last year. In debating this bill one cannot overemphasize the question of royalties and the need to straighten out the muddle that has been created between the producing provinces and Ottawa. As I said on April 17, the Minister of Finance would be well advised to talk to the producing provinces rather than to tour the world talking to oil producing nations. Surely we have not given up, and surely, on the question of exploration, we believe that we can find more oil in the Canadian Arctic and even in Alberta. Certainly we can encourage greater investment in the known supplies in the tar-sands, an area where extraction is very costly.

I said the following on April 17, but it bears repeating. Before an increase in price results in greater exploration, an agreement must be reached with regard to royalties and taxation. Double-taxation cannot be imposed on an industry, whatever it may be, whether agriculture, transportation, manufacturing or energy, in the hope that it will encourage expansion of that industry. It does not work that way. So the Minister of Finance must speak to the producing provinces prior to bringing in his budget and he must bring in a budget which will remove double-