

*Income Tax*

deal with it today. In his letter to the Syncrude partners the minister committed himself to keeping legally the commitment which he made with respect to deductibility of their royalty payments and other payments to the province of Alberta. Yesterday I asked the minister how he proposed to do that. So far he has not introduced any amendment in the course of the passage of this bill through committee of the whole.

Does the minister propose to do this by using the Financial Administration Act? If so, does he propose to do that annually? By what means is he going to keep that commitment? The minister made a commitment, not just on his own behalf but on behalf of the government, which involves very large sums of money. Surely this House, this committee and the people of Canada have a right to know how he intends to keep that commitment. How is it going to be kept? Will it be done legally, or does the minister propose to go around the back door by orders in council which have had a very dubious history in the past of making rebates which are very difficult to assess properly. Is that how the minister proposes to do it?

The minister ought to tell us at this time the method he intends to use to ensure that the commitment he has made to Imperial Oil, Shell Oil and Cities Service will be carried out in a proper, legal and parliamentary manner.

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, I can give an undertaking to the hon. member that it will be carried out in a proper manner. The Minister of Energy, Mines and Resources and I said that the Syncrude operation was carried on its merits. The only exception from the present budgetary regime is the deductibility of royalties. However, future arrangements will have to be considered on their merits. Because of that position, we are considering the ways in which to implement it, either by a bill under the Financial Administration Act, or in some way reportable to the House of Commons. I tell the hon. member quite categorically that the only distinction is the deductibility of royalty provisions. All the other provisions of the law apply across the board to the Syncrude arrangement.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** Hon. members seem to be in a great hurry to vote. They were not in that hurry at eight o'clock, so why now? I want to ask the Minister of Finance if he is telling this committee of the whole that he, the Minister of Energy, Mines and Resources, and the President of the Treasury Board have made a commitment to guarantee the three private partners in the Syncrude project that their payments to the Alberta government will be deductible for income tax purposes, without any clear idea how he proposes to do that? Surely the minister must know how he is going to do that. Surely the place to do that is in this bill or by a special bill. The minister should tell the committee of the whole which of those two methods he intends to use.

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, I have been entirely specific with the committee and the hon. member. It is not merely deductibility of royalties. In this particular situation we are dealing with a joint venture or partnership. The proportion of the revenue of that partnership attributable to the government of Alberta, the government of Ontario and the government of Canada will

not be attributable to the other three parties in the arrangement. That is how the deductibility feature is fulfilled. It can be remitted either under the Financial Administration Act or by a special appropriation of parliament. In any event I have clearly defined the limits of the situation and of the government's commitment for the committee.

● (2120)

[Translation]

**Mr. Fortin:** Mr. Chairman, the Minister of Finance (Mr. Turner) took a rather clear stand on this bill. We know that this bill, dealing with natural resources, entails some problems of interprovincial and federal-provincial nature.

Mr. Chairman, I should like to put a question to the Minister of Finance. As a federal-provincial conference will soon be held at which natural resources and energy generally will be dealt with, perhaps after this bill has been passed, can the minister tell us whether clauses 4(2) and 4(5) of the bill are an integral part of the negotiations with the provinces, or whether his proposals to the provinces, on the conservation and use of energy, are separate questions?

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, some of the provisions of this bill deal with conservation. In the excise bill, that was introduced before this bill, a special tax was levied on motorboats, private aircraft, etc. In the bill before the House, means are found to share the proceeds from the development of our natural resources, and the energy conservation program depends on other measures which are not contained in that part of the bill.

**Mr. Fortin:** Mr. Chairman, may I ask the Minister of Energy, Mines and Resources (Mr. Macdonald), who honours us with his presence, if he can tell us whether the royalty tax repealed with respect to oil companies is an essential condition of federal-provincial negotiations to come in order to make the federal government's position clear with regard to those negotiations, or whether clauses 4(2) and 4(5) are incidental to those negotiations and not essential to the progress and finalization of this debate?

**Mr. Macdonald (Rosedale):** Mr. Chairman, I must tell the hon. member that those items play an essential part in the federal position. It is a fundamental condition of our situation to the effect that the federal government must get a certain level of revenue in view of the increase in provincial taxes.

**An hon. Member:** How many times did you attend the debates since the beginning of the month?

**Some hon. Members:** Question!

**Mr. Fortin:** Mr. Chairman, I can understand hon. members opposite wanting to rush the passage of this bill, but I would like to investigate this matter thoroughly. If you want to make me lose time, I can play the same game as you do. Go on, enjoy yourselves!

Mr. Chairman, now that we have silence, I will ask my question. Since the minister just said that passing sub-clauses (2) and (5) is an essential condition, I will not question his answer. I would now like to know, in case