

Income Tax

dollars and how these revenue dollars in petroleum and mining are to be shared between the oil industry, the provinces and the federal government. What the minister has forgotten and this government seems to have forgotten over a long period of time is that there is another ingredient in this mixture. It is the private sector. It is the oil and gas industry which the government expects, hopes and has often stated should continue with aggressive exploration plans and activities to meet Canada's energy needs for the future.

● (1630)

The minister asked the question as to how these revenues are to be shared. I wonder whether he wishes the calculation to include the export tax which is presently yielding from oil exports an amount of over \$4 million per day to the federal government to be used for payment of subsidy to eastern provinces. I ask the minister whether this amount is to be included in the calculation of revenue sharing which is referred to, or is it not. I would appreciate if the minister would respond to that question before this debate is over.

It would be interesting if hon. members were to look at this calculation, because they would find that if the export tax was included in the percentage calculation, the federal government would be getting a percentage that is more than twice what is going to the provinces. The minister has an obligation to tell us just what the ground rules are and under what common denominators this calculation is to be made.

In response to his question as to how these revenues are to be divided, I have two suggestions for the minister. I made this proposal to the Prime Minister (Mr. Trudeau) during the question period last December. The Prime Minister replied that I had given him an interesting suggestion, but nothing was done about it. My proposal was that the Government of Canada permit the deductibility of provincial royalties up to the level where provincial royalties were approximately a year before the November budget. At that time the top oil royalty in the province of Alberta was in the order of 24 per cent. The Minister of Energy, Mines and Resources (Mr. Macdonald) told the standing committee at that time he believed that this royalty was too low and that there was considerable room to escalate it.

This being the case, surely there is some level, perhaps between 24 and 30 per cent, which the government would consider as a deductible amount to yield to the provinces a reasonable return for royalty and still provide for the federal government a reasonable share of the proceeds. I am satisfied, as a result of statements made within the industry, that this would also provide for industry sufficient incentive and flow of funds to carry out the urgent exploration programs which are required in this country now. The real question is not, as the minister has said, only a case of dollars. This shows just how blind the government is on the question of resources, because they are merely looking at the short term and the dollars and cents, without regard for the longer term which represents billions of dollars each year and, in fact, a threat to our Canadian way of life.

[Mr. Bawden.]

A look at our oil and gas requirements and potential production is clearly illustrated in the National Energy Board report of October, 1974. This report was prepared over a period of many months prior to October, 1974. Confidence since that time has fallen drastically and activity levels have fallen along with confidence. These reports today might be considered extremely optimistic. The National Energy Board report projects for 1980 a shortfall of 560,000 barrels per day from self-sufficiency for Canada. This means we will be importing one quarter of our oil needs less than five years from now. I hope the Minister of Finance is listening to some of these key points. In 1980, one quarter of Canada's oil needs will have to be imported. We here cannot change that fact. There is no amount of incentive or anything the government can do which will turn that fact around. It is too late. The lead time is too long.

If we look ahead to 1985, just ten years from now, the National Energy Board forecasts a deficiency between Canadian production, including the projected production of the tar sands, and consumption, of 1.5 million barrels a day. The significant fact that I wonder if the Minister of Finance, the Minister of Energy, Mines and Resources and the Prime Minister can see is that in this short time, based on a relatively optimistic forecast by the National Energy Board, Canada will have fallen from a level of complete self-sufficiency to a point where over 50 per cent of its oil and gas needs will have to be imported.

To realize the serious threat this imbalance portends, we must look at the concern expressed and the actions being taken in the United States which today imports only about one-third of its needs. It likely cannot now catch up. In five years Canada will be in approximately the same desperate position the United States is in today. Once self-sufficiency is gone and these serious shortfalls exist, it is difficult if not impossible to catch up. The question must be asked of the Minister of Finance who on a short-term basis has seen fit to impose punitive measures by way of tax to the extent that a viable and vital industry is pulling out of Canada. Last year's Arab boycott of the world, when Canada was able to carry on business as usual, was surely ample evidence for the government and all Canadians of the security importance of oil self-sufficiency.

The minister has at times tried to blame the provinces. I can assure him that in the case of the socialist provinces of British Columbia and Saskatchewan, this is correct. Those provinces have created an atmosphere of despair for the industry within their boundaries. I see the minister laughing.

Mr. Turner (Ottawa-Carleton): No, Mr. Speaker, I was not laughing.

Mr. Bawden: It was the NDP, not the minister. The socialist governments in British Columbia and Saskatchewan are contributing in a meaningful way to an outlook of despair for all Canadian people within the next five years. In Saskatchewan at the present time there are two drilling rigs working. Only three, four or five years ago there were up to 50 rigs working in the province of Saskatchewan. Surely that is an indication of what that government has done in that province.