This applies both to exported oil and to oil used domestically. The government has also indicated that it would be prepared to turn over any surplus money which accrues from this export tax to the producing provinces for oil development or research in those provinces. The surplus revenue, over and above the royalties which would be returned to the provinces, would amount to several hundred million dollars a year.

Now, let us look at the alternative that is favoured by the Conservatives in both Alberta and Ottawa. They would like to see price increases levied at the wellhead in progressive stages. What does this mean in terms of revenue to the general public in the producing provinces? Alberta now receives an average royalty of about 22 per cent for oil produced at the wellhead. The oil companies get the other 78 per cent. In the case of the $1.90 export tax, if this were to be the price added to the wellhead cost we would find Alberta would receive 42 cents and the oil companies would receive $1.48 of this additional $1.90 increase.

It has been interesting also to hear the complaints of our Conservative friends in the House about the export tax. As I understand it, there had been no increase to the oil companies in the price at the wellhead in Alberta at the time the tax was levied. If the export tax had not been levied by the federal government, it would have meant that the multinational oil corporations in the United States would have continued to buy Canadian crude at the initial low contract price and they would have reaped 100 per cent of the price increase of 40 cents a barrel when it reached the Chicago market. In my opinion, the Conservative position is a weak one and is certainly not in the best interests of Canadian consumers or in the interests of the citizens in those provinces where oil is produced.

We have heard from a number of speakers in this debate about the unhappy position of the oil companies in Canada. Our Conservative friends in particular talk about the need for increased revenues so that these companies can carry on exploration in various parts of Canada to ensure the future of energy sources in the oil and gas industry. According to the information which I have, these companies have always been able to write off their exploration costs, and more. This was ably explained by Eric Kierans when he showed that the oil companies in Canada paid taxes on 5.4 per cent of their book profits. This scandalous situation has existed for long enough and should be changed. All oil products, including gasoline, used by the Canadian consumer bear part of the cost of exploration carried on by these companies.

There is another very important and distressing aspect about the foreign control of our oil and gas resources by the multinational oil corporations. Most Canadians know that the vast majority of profits made by these corporations operating in Canada goes into the pockets of foreign investors. There is another aspect which we sometimes forget, and that is the increasing value of the resource as the world price increases. For example, big oil companies have the option on most of the oil remaining in Canada's conventional reserves. It is estimated that there is a little over 10 billion barrels of these conventional reserves left. At the present rate of exploitation these reserves will be exhausted in about 12 years. It is doubtful whether they could last that long unless severe export restrictions were put upon our oil exports.

The point I should like to make here, however, is that when the oil companies received a 95 cent increase per barrel over the period November 1972 to August 1, 1973, that increased the value of oil reserves on which they had options by over $9 billion. There will be relatively little increase in production costs from these conventional sources as the wells have been drilled and the distribution system is already installed, so the bulk of this huge increase will go to these firms and will not benefit the Canadian people or the general public in Alberta.

Since the companies were granted this 95 cents increase, the price of crude oil has increased again by at least $1.90, which is reflected in the export tax about which I have spoken. If this additional $1.90 is progressively phased in at the wellhead over the next few months, we will see an additional $19 billion added to the value of these conventional reserves which are controlled by the oil companies. This would make a total of almost $28 billion in additional revenues available to these companies as a result of oil price increases over the last year alone; but only a fraction will be returned to the people of Alberta under their present royalty set up.

There is no doubt that the world price of oil will be further increased, which again will increase the value of our oil and gas reserves. If these conventional reserves had been owned by the people of Alberta, they would have had sufficient revenues coming in over the years to have carried out public development of the Athabasca tar sands without seeking elsewhere for capital. Even now a major change in their royalty and assessment procedure would vastly increase the return to the public purse from what is presently being received.

• (1520)

During the debate on energy resources we have heard a number of Conservatives and Liberal speakers indicate the need for additional revenues for the oil companies so that further exploration could be carried out in various parts of Canada to ensure continuing supplies of oil and gas for both the domestic and export markets. This government and other governments, including the one under former Prime Minister Diefenbaker, have always given the multinational corporations unprecedented concessions, permit lease arrangements and tax exemptions.

The present Canada oil and gas land regulations which are the product of both Liberal and Conservative governments consist of a major sellout, at five sale prices, of our potential oil and gas industries in northern Canada. These regulations are in the process of review, but indications are that there has been relatively little change, and the multinational oil corporations still reap vast fortunes from our northern oil and gas resources once they are tapped. Perhaps a short review of the present situation north of the 60th parallel would make the members of this House more aware of what we must do if Canadians are to get a fair return from this particular resource.

Last March an interesting research paper was presented to the Canadian Arctic Resources Committee in Ottawa by Professor Andrew Thompson of the University of British Columbia. It is a slashing attack on the giveaway resource