

Income Tax Act

Liberal government is the best friend the United States has ever had. It assists their economy with the exodus of our capital.

A couple of weeks ago we heard some interesting statistics with regard to the amount of money which is going into the state of New York. With one chunk of Canadian capital going there, 3,700 new jobs were created in the state of New York. That is as a result of the Liberal policy driving investment, truckers, oil companies, and everybody else out of this country.

I want to point out what it costs daily to import oil. With this policy, we have to import more and more of our oil. Approximately a year ago it cost the Canadian taxpayers \$5.1 million per day for imported oil. That is not per week or per month, but per day. Today it costs Canadians \$10.8 million daily for imported oil. This will be increased because we will not be becoming self-sufficient. We will have to rely almost totally on the OPEC countries for oil, at the rate we are going.

Just today I received a letter from a small Canadian oil company. I had never heard of it before. Perhaps most Canadians have not heard of it. I refer to Dynamar Energy Limited, a small struggling firm which is 95 per cent Canadian owned. It is not a multinational. There is not some baron in a foreign country controlling it and gouging the Canadian people, as the Liberals try to make the Canadian public believe.

Dynamar is a junior oil and gas producer, four years old, over 95 per cent Canadian owned, with assets of approximately \$45 million. Its shares are publicly traded on the stock exchange. In the documentation I received today, they point out the effects that the new tax laws and energy package of the Liberal party will have on their company. I quote from a letter to their shareholders and to Members of Parliament:

We believe that Dynamar is representative of a rapidly expanding sector of the oil and gas industry—that is, the Canadian owned independents. The National Energy Program, as presently drafted, will reduce our ability to sustain our rate of growth and thereby seriously endanger the critical search for Canadian oil and gas self-sufficiency.

We earnestly urge you, as one of the leaders of Canada, to re-examine the energy program and to readdress the methods and priorities identified therein.

I hope government members will read this documentation when it comes to their offices and make representations to the stubborn Minister of Finance (Mr. MacEachen) and the very stubborn Minister of Energy, Mines and Resources (Mr. Lalonde), who have given no indication they will bring in corrective measures to this legislation which is having such a devastating effect on Canada's situation.

In the Dynamar documentation, they point out how the contents of this bill and the energy package are affecting them. They go into some detail. I quote:

The 8 per cent Petroleum and Gas Revenue Tax to be applied against all operating income (including royalty production) will reduce our 1981 cash flow by about \$470,000. This represents an 11.2 per cent reduction in net income before income tax. On an after tax basis the reduction would be about 22 per cent.

These firms cannot operate without a proper cash flow. This struggling Canadian company is trying to make a go of it, but cannot handle the additional burden of the Liberal Party on its back.

They also point out:

The Petroleum Incentives Program, which should be maximized for Dynamar since we are over 95 per cent Canadian owned, will have an uncertain effect on our capital planning—

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Capital planning means job losses. They will not be buying goods and services from Ontario which are used for oil companies to operate in the west.

The letter to shareholders continues:

Early indications suggest that the federal government plans to adopt very restrictive definitions relative to these incentives such that their real value will be relatively modest.

Yes, it is a high cost which Canadians will have to pay for these nationalization problems. It is unbelievable that this government is continuing with such a policy when it is evident what a devastating effect it had on Great Britain which nationalized industry, bringing that great country to its knees.

The letter to shareholders continues:

For the interim we will continue work in Canada to the extent of that in progress or meeting specific commitments. Final policy decisions on expanding exploration programs will be taken after the National Energy Program is fully clarified.

That means there will be a slowdown.

The letter continues:

Expansion of our activities principally in the United States is proceeding as a major priority.

It is a major priority to send rigs and to do exploration in the United States. With the ridiculous policy introduced by the Liberal Party there will be a slowdown in Dynamar's operations in Canada. I say three cheers for socialism and nationalization.

This letter continues:

The federal government has apparently decided that new oil and gas resources can be most effectively found through large Crown corporations in combination with full state intrusion into all phases of the industry. Such a position indicates a remarkable lack of comprehension of the nature of the practical aspects of oil and gas exploration and development.

The government is doing this because the Liberal Party is strictly politically motivated. The letter continues:

The delivery of a 25.0 per cent carried interest in federal lands, at no cost, to the Crown corporation is simply a form of expropriation. The rationale that the federal government "earned" this interest through tax incentives is indefensible. This aspect of the program should be distressing to every Canadian.

The letter concludes:

It is apparent that if this federal policy as presently stated continues there will be a very substantial reduction in opportunities for investors in the Canadian oil and gas industry. We urge each shareholder to individually address this matter at every opportunity.

A lot of the shareholders are the little guys who have shares. They are the ones who will be suffering, not the big guys.

There are approximately 700 small oil companies in Canada which belong to the Independent Petroleum Association of Canada. This association has put out an excellent document. It has been distributed around the country in an effort to get the