

Oil and Petroleum

● (2040)

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, I wish to join with my colleague, the hon. member for Peace River, in congratulating and thanking the minister for giving the outline he did this afternoon when opening the debate on the re-introduction of Bill C-32. The minister mentioned that the objectives of the government were a single price across Canada, which all parties believe in, and the bill would provide for compensation to the eastern provinces to the extent that they had to buy their oil from offshore to achieve that single price.

The minister went on to mention that the price setting referred not only to the price of oil but also to natural gas and synthetic oil, and compared the old bill C-18 and Bill C-32 and told us the reason for the changes. He confessed quite frankly that the conference held last week was not able to find a consensus and now the government is engaged in bilateral discussions. Most important, Mr. Chairman, he gave to this House an order of priority which I think in all fairness was clearly put and frankly stated.

The first priority has to be gas export prices for the reasons the minister mentioned. Second, the domestic gas prices are next in importance. These are both crucial to the running of our industries in Canada. And away down the bottom of the list of priorities was the question of domestic oil prices.

All the heat which has been going into the debate across Canada these last 18 months has been focussed on this so-called energy crisis relating to the so-called shortage of oil in the world. No person today in his right mind would say for one second that there is anything like a shortage of oil in the world. What the complaint is all about is that the western world was caught stealing in the last 50 years the oil from the Arabs, and when this stealing stopped—

Mr. Benjamin: The same companies stole it from us.

Mr. Hamilton (Qu'Appelle-Moose Mountain): I don't care whether the Arabs live in the Middle East, Alberta or Saskatchewan. My point, Mr. Chairman, is that what we are dealing with here, the so-called difficulty, is trying to arrive at the single price which the minister described this afternoon. And surely price setting is not a national emergency. I just emphasize this because the minister set out his priorities very clearly and he brings the question to a point. But what is the issue all about if all we are discussing is a single price? And I have to say, Mr. Chairman, that the issue about which we are really quarrelling in Canada has no relationship at all to this bill.

The key question which is causing the difficulty to the minister, the same key question which is causing difficulty in arriving at a consensus, is that we have a budget in place which is a declaration of open war on every provincial government in Canada. The budget of last May, repeated again on November 18, which included even those minor modifications on exploration, is an open declaration of war by the federal government on each provincial government. Until that issue becomes clear there will be no solution to the problems faced by the minister in trying to get a consensus among 11 governments on the question of price.

The province of Ontario's case at the conference last Wednesday was devastating on one point—that the price granted by the governments of the west voluntarily in 1974, raising the price to \$6.50 as their contribution to national unity, resulted in very little of that increase going to find new sources of oil. Everyone knows the figures.

In Saskatchewan, if the price goes up, all the increase is taken by the provincial government. So today we have a situation in Saskatchewan that every time a company produces a barrel of oil it loses between 11 cents and 35 cents a barrel. Many of the figures I am quoting are based on the unaudited figures for 1974, but they are close enough.

In Alberta the case is slightly different. After two budgets the oil companies averaged, I think, about 11 or 13 cents a barrel in profit. Then the provincial government gave way a little and returned part of the federal taxes to the oil companies of that province, and now the oil companies in Alberta receive over a dollar a barrel. Their own figures are quoted at \$1.18. By contrast, in Saskatchewan the average oil company loses a few cents a barrel.

Ontario's case was pretty devastating. What is the use of granting an increase if it is all going to be taken by the provincial government of the producing province and by the federal government?

I'm looking at a chart of the Alberta government and the figures are a little different from those in Saskatchewan. But after the two budgets of last year the cost of bringing the oil to the surface—let us call this operating costs—was 50 cents a barrel. The cost of drilling and exploration, spread over an average in the last 25 years, amounts to \$1.35 a barrel. The thing that annoys me, as a Canadian who comes from western producing areas, is that the bulk of that \$1.35 is not cost at all; the bulk of that \$1.35 is the cost of borrowing money; it is interest charges. The provincial governments, in my view, are not only indifferent to how the wealth of the provinces is being stolen by those who lend money, but they show no intention of changing things.

When you go above the line, industry in Alberta after two budgets, got 13 cents a barrel. The provincial government in Alberta got \$3.34 a barrel compared to the industry's 13 cents. The federal government jumped up its take to \$1.18. Talking about Saskatchewan, where the Saskatchewan government gives the same information it shows that the federal government not only gets \$1.18 but gets an extra \$5.20 to boot. So we have the federal government getting \$6 a barrel out of each barrel.

That's where all the federal money comes from to try to do all the things it wants to do—to compensate the people in the east and to help run the country. But that money is being taken from the people of the producing provinces in the form of the export tax and in the form of corporation taxes.

I am simply pointing out that one key factor in the conference last week which made it impossible to reach a consensus was that the price increase which was agreed to by consensus in 1974—in March—did not produce one extra barrel because it all went to greedy governments, provincial and federal. These are the records as quoted by