

*Taxation*

which were asked to develop these oil deposits and through this petroleum and gas revenue tax, the government is grabbing the golden goose by the neck and choking it.

Let me give an example. I do not think all members understand when a company says: "You have killed our cash flow; therefore, we cannot develop our project." Let me put it this way. If I were to offer a house for sale at \$500,000, if I were to say: "Walk into that house tomorrow and I will give you a month's free rent and I do not want a downpayment, I will sign it over to you.", what would you think, Mr. Speaker? Does that not sound good, Mr. Speaker? It does not sound so good when I tell you that it will cost you \$10,000 a month to pay the principal and interest. So what you do then is look at your cash flow to see if your salary will cover it. You find that it will not.

That situation is no different from expecting a company like Imperial Oil to invest \$13 billion in a project. Imperial Oil is not taking \$13 billion from its cash flow; Imperial Oil is saying that it has to borrow that amount on the market. But immediately the money is used, the repayments must start. That borrowed money is not lent interest free until the plant is finished and then is repaid. The interest accumulates. The interest and the repayment have to be covered from the cash flow of the company. But the company will not have a cash flow from the production of the plant for at least five years because it takes that long to build.

Companies like this say very clearly: "Sure, we would like to build these plants." Imperial Oil would like to build the plant in Cold Lake. These companies want to build plants for the security of the country. The boards of directors are Canadians. The engineers working on the plants are Canadians and the managers are Canadians. The ownership would be through shares on the marketplace. Many of the shares would be owned by Canadians and by pension funds. It is absolutely mind boggling to me that we have a company ready to invest \$13 billion in Canada, to work up a technology and extract oil from the tar sands at a rate of 140,000 barrels a day, and another plant in Fort McMurray called Alsands ready to invest another \$13 billion to extract through a mining process another 140,000 barrels a day. That totals close to 222,700 barrels a day coming onstream in four years which would replace the oil we are importing from Venezuela and Mexico. But what are we doing? We are shipping our money and jobs out of the country. It is a staggering situation.

Alsands has stated repeatedly that it wants a return on its investment, just as though it were putting the money into government bonds with a guaranteed 19 per cent return or a return through long-term investment of 15.5 per cent, which is what this government pays when it floats a bond issue on the marketplace. The Alsands group are saying they need a return on their investment but they do not have the cash flow to proceed with the plant because, during the four years the plant is under construction, principal and interest must be paid on the loan. That debt must be serviced. No institution, no government anywhere, will lend money and say: "Forget about

the interest; we will not start calculating the interest until the plant is built". Everyone knows that does not happen.

Are the companies telling the truth? Of course they are telling the truth. All you have to do, Mr. Speaker, is look at the annual statements of earnings of the major companies across Canada. Everyone can see what happened to them last year. Some of the earnings of these companies have gone down by 75 per cent. They do not have the cash flow to service the debt; therefore, these companies cannot proceed with their projects. Government members are choking the goose; it is gasping.

• (1740)

Now the Minister of Energy, Mines and Resources (Mr. Lalonde) is meeting with oil companies in a last-ditch effort to save the Alsands project in Fort McMurray. We can forget about the Cold Lake plant; it is down the tube. It will not be started for at least three more years. The government put up \$40 million to hold Imperial Oil in line for a few months so that it could do some negotiating, to be repaid to the government only if the plant went ahead in a year. The year will be up in June. I have it marked on my calendar; we will see.

The petroleum gas revenue tax has been devastating to the oil industry, the only viable and strong industry in Canada. The Economic Council of Canada indicated very clearly and emphatically that it was the only industry which would lead Canada to economic recovery. But the Minister of Energy, Mines and Resources came into the House with his National Energy Program and took aim at it. He is reaching out his hand and choking industry. He is killing the goose that laid the golden egg. As a result we are feeling it right across Canada, even in the manufacturing sector in Ontario because oil companies are not buying heavy equipment, trucks, steel, tires or rope; I could go on and on.

Let me look at the number of wells drilled in Canada. In 1981 the number of oil wells drilled in the western basin fell to 6,500, from 9,000 in 1980. We have questioned the Minister of Energy, Mines and Resources and the Minister of Finance (Mr. MacEachen) as to why this happened. We have asked why the government has driven out oil wells, oil drillers and oil rigs to the United States. He admits that this has occurred, but says that there has been a downplay in the market and that we are not using as much oil any more. Why has drilling in the United States, where consumption has also gone down, increased by 20 per cent in 1981 over 1980? It is because the United States has a policy in place which encourages the industry to come in. It has taken a stand for the security of the United States. It will find the oil and become self-sufficient. It will not rely on anyone, including Canada.

We are living in dangerous times. We are on the knife's edge right now. We are saying that we will become self-reliant, but we will buy some of that cheap crap from Mexico which is being pawned off on Montreal refineries. We will even pay Montreal refiners a subsidy if they purchase Mexican crude. Montreal refiners are taking the subsidy and making windfall