

Petroleum Statistics

the industry will receive 25 cents even if it does no exploration at all. If it spends 50 cents per barrel on exploration, then its share of the increase goes up to 53 cents. If it spends 57 cents per barrel on exploration, the provincial government gets 44 cents, the federal government gets nothing, and the oil industry gets 56 cents. That is how generously they are treated. Few people in Canada realize the extent to which they are paying for any oil and gas exploration that takes place in Canada.

The significant thing to be noted is that even if the oil companies do not invest any of their additional revenues in exploration, they will still receive 25 cents out of every dollar increase in the price of a barrel of oil. This means that \$1 billion in additional revenue will accrue to the industry and, since the government is now committed to a \$1 per barrel increase every six months until the price reaches the world price, this will mean that the oil industry can increase its gross revenue by \$2 billion a year without reinvesting any of its price rise in exploration and development. That seems to me to be an horrendous situation, and one of which I am sure the Canadian public is not fully aware.

● (1532)

It is an inexcusable deception to tell the people of Canada that this long series of price increases is being used for the purpose of finding new energy sources when our tax laws allow the companies to do nothing and at the same time pocket 25 per cent of the price increases.

The most damning indictment, however, of the oil industry's performance is the government's own monitoring survey which was issued in 1977 and covers the period from 1971 to 1976. We find that the cash generation in the industry from 1971 to 1976 rose from \$1,300 million to \$3,059 million, an increase of 135 per cent. In the same period of time net profits increased from \$560 million to \$1,536 million, an increase of nearly 170 per cent. However, total Canadian capital expenditures rose from \$1,143 million to \$2,338 million, an increase of only 104 per cent. At the same time, oil industry investments in foreign lands went up from \$34.7 million to \$231.8 million, which represents an increase of 568 per cent.

The report sums it up by saying that from 1971 to 1976 the companies reporting took in \$13.3 billion, and that of this amount, \$6.7 billion, over 50 per cent, is represented by federal tax profits.

I apologize to the House for using so many statistics, but when we are asking questions on this subject the minister keeps saying that members are being selective in quoting figures from the monitoring survey, that we have picked out items here and there. As a matter of fact I would be very glad if the minister would table the entire monitoring report as an appendix to *Hansard* so that everybody could read it. It is only a few pages long.

In order to clear up the matter once and for all regarding what is contained in the monitoring survey, I think it is necessary to put some more figures on the record.

Let me further examine the extent to which these tremendously swollen revenues have been devoted to exploration. The

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

facts prove they were not re-invested into development to the extent the public had been led to believe they would be. To make a fair comparison, the survey compares the total Canadian capital investment in each year as a percentage of the industry's total cash receipts. Table I on page three makes the following comparison, and I will give you the year and the percentage of the total cash revenue which was spent on total Canadian capital investment: 1971, 87.9 per cent; 1972, 75 per cent; 1973, 66.9 per cent; 1974, 65.8 per cent; 1975, 71 per cent; and, 1976, 76.4 per cent.

I want the House to note that the percentage for total capital expenditure varied from 87.9 per cent to 76.4 per cent in 1976, but did not in any of the five years examined equal the proportion which was invested in 1971.

If we take only the money invested for exploration, the figures are even more revealing. They are: 1971, 30 per cent; 1972, 29.8 per cent; 1973, 25.7 per cent; 1974, 23.4 per cent; 1975, 21.8 per cent; and 1976, 24.6 per cent. Here again we see that exploration investment as a percentage of growth revenue at no time in that five year period equalled the 1971 level. As a matter of fact, the report itself sums the matter up very clearly on page 8, and I quote:

Although the monitoring sample has enjoyed a substantial increase in over-all revenues (and profits) over the 1971-1976 interval, certain negative influences have resulted in domestic capital expenditures failing to maintain the same relative growth throughout the period.

Nothing could be more clear than that, Mr. Speaker. The survey has shown very clearly that the percentage of the gross aggregate income of the oil industry which has gone into exploration has not increased but, as a matter of fact, has declined, and this is something about which the government has done absolutely nothing until now.

I am sure it will not be lost on the Canadian public that while the amounts of money re-invested in Canada from greatly increased revenues and profits did not increase proportionately, the oil majors managed, in the period under review, to invest over \$832 million in foreign exploration and development. This is money which was taken out of the pockets of the Canadian consumer on the pretext that it would be spent to find oil and gas in Canada, but instead found its way into foreign oil and gas ventures. During all this time the government, which imposed the price increases, has stood idly by while this money was siphoned out of the pockets of the Canadian consumer.

Let me close now by turning to the bill. What does this bill do? First of all, Bill C-12 does absolutely nothing to improve the situation. We may get more complete information as a result of making it mandatory for oil companies to report semi-annually, although that is doubtful unless the government is prepared to examine the books of these large oil companies and the books of their parent companies. I am not very optimistic that the monitoring system is going to give us all the information we need. Certainly the monitoring that has been done to date, which amounts to only a dozen or more pages, is sketchy and inadequate, and making this mandatory without the government asking for much more detailed information