

and standardize prices for all Canadians, the only differential being in the handling and transportation costs?

**Mr. Macdonald (Rosedale):** No, Mr. Speaker. I would not have the hon. member try to read between the lines. The government has not taken a decision on the question of a national petroleum corporation or, indeed, on a marketing mechanism. These are questions that are before the government. I can say to the hon. member there has been no decision taken on this point, either for or against.

REASON FOR INCREASE IN HOME HEATING OIL PRICE  
WEST OF OTTAWA VALLEY

**Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands):** I agree with the minister the government has not taken any decision. That is what is disturbing me. In view of the minister's statement last night that the price of home heating oil will be allowed to rise west of the Ottawa Valley, what is the rationale for that since, particularly in British Columbia and the Prairies, there is no possibility of these supplies of fuel oil moving into the eastern market?

**Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources):** As I mentioned in my statement last night, a very substantial part of the Ontario supply of home heating oil has been imported from overseas refineries. We have been advised by the industry, particularly some of the independents who do not have refinery connections in Canada, that but for the opportunity to pass on the additional costs it simply would not be possible for them to bring in additional supplies for this winter. Therefore we put it on the basis that with regard to incremental supplies they may wish to bring in from now on, if they can establish to our satisfaction what the necessary cost is to purchase the quantity abroad they should be entitled to pass it on to the consumer. The rationale, of course, is that, as between the question of price and supply, obviously supply is pre-eminent.

[Translation]

POSITION OF PROPOSED NATURAL GAS PIPELINE FROM  
ARCTIC ISLANDS TO SERVE EASTERN CANADA

**Mr. Gérard Laprise (Abitibi):** I have a supplementary question, Mr. Speaker.

Still on the subject of energy, I ask the hon. Minister of Energy, Mines and Resources whether there will soon be developments regarding the construction of a gas pipeline from Melville and King Christian islands to supply eastern Canada.

**Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources):** Mr. Speaker, several Canadian companies now have a study group on the feasibility of such a gas pipeline. We should know the results in about a year and I really cannot see how this pipeline could be built soon.

Oral Questions

[English]

AUTHORITY OF GOVERNMENT TO ENFORCE PETROLEUM  
PRICE FREEZE AND PRICE INDEXING

**Mr. Don Blenkarn (Peel South):** Mr. Speaker, I wish to direct my question to the Prime Minister. Are the Prime Minister and the cabinet satisfied the government has the authority, without special empowering legislation, to enforce the petroleum price freeze and the price indexing program, as suggested last night?

**Right Hon. P. E. Trudeau (Prime Minister):** Mr. Speaker, the hon. member is really asking me a question of law. If I understood him correctly, my simple answer is that the members of his own party have been advocating a price freeze across the board, so I cannot see the worry of the hon. member.

**Mr. Blenkarn:** Last night the Minister of Energy, Mines and Resources made some nasty comments about Gulf Canada. Under what law is the government going to discipline Gulf Canada and other oil companies that do not comply with the price freeze?

**Mr. Speaker:** Order, please.

SUGGESTED REDUCTION OF FEDERAL TAX ON DIESEL  
FUEL AND GASOLINE TO EASE BURDEN ON CONSUMERS  
IN EASTERN PROVINCES

**Mr. James A. McGrath (St. John's East):** Mr. Speaker, my supplementary question is for the Minister of Finance. I hope the minister will be allowed to reply. In view of the fact the federal government collects a 12 per cent tax on diesel fuel and gasoline, will the government consider reducing or abating this tax in order to offset the inflationary aspects of the announcement by the Minister of Energy, Mines and Resources and ease the burden on Canadian consumers in the five eastern provinces?

**Hon. John N. Turner (Minister of Finance):** Mr. Speaker, we would, of course, want to review the whole question of the federal sales tax on gasoline, but I would think the preponderant tax on gasoline is a matter about which he ought to talk to his provincial premier.

**Mr. McGrath:** The minister, next to the Canadian consumer, seems to be the real loser in this whole affair. In view of the fact the five provincial governments, because of difficulties in trying to meet their budgetary requirements, are not able to reduce their tax on gasoline, and in view of the fact the federal government has budgeted for a surplus, may I ask the minister whether the same spirit that permitted him to reduce tariffs on some petroleum products coming into Canada will now permit him to reduce substantially or abate the 12 per cent sales tax on gasoline and diesel fuels?

I rise on a point of order, Mr. Speaker. The Minister of Finance is responsible for monetary and fiscal policy and supposedly responsible for the government's war against inflation. I think the House and the consumers of eastern Canada are entitled to an answer.

● (1140)

**Some hon. Members:** Hear, hear!