

Price of Petroleum

companies which are already making record profits. It is a scandal, Madam Speaker.

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I will be very brief. I have a couple of questions to ask the minister so that I can understand a little more fully the implications of the application of this particular ways and means motion and also what we can expect in the future. I think it is relevant to the discussion.

The minister, in the course of his remarks on statements on motions has said that he has given notice of the invoking of the *force majeure* clause with respect to international prices. He has pointed out as well that he is continuing to pay international prices while negotiations continue with respect to an appropriate or unique price which I understand he has in mind. May I pursue this matter with the minister because I think it is important. I do not expect him to tell me what the negotiations are at present, but it is important for us as parliamentarians and the people of Canada as well as the industry itself to understand what is involved in the principles according to which the minister will operate.

I understand the minister, in the course of some of his remarks, has referred to the fact that he wants to have the price, which is based upon the operating costs, the capital investment, based upon a realistic price which will allow a profit to be made on investments by the participants in the synthetic oil investments. Perhaps the minister could make a note of these questions and answer them. I should also like to ask him whether or not, as a matter of principle, he considers that a certain percentage of profit is appropriate for the participants in the tar sands investments or projects. If that is the basis upon which he is operating, could he give us some idea as to what a reasonable amount of return on the investment might be in his estimation and whether or not, in the course of his negotiations and as part of his investigation of the whole matter, he will arrange, either through legislation or directly, to have the operations of the synthetic oil plants or projects investigated by the new petroleum price auditing agency which was announced in the Speech from the Throne? Will that new agency play a part in determining what a realistic or reasonable international price might be? Could the minister answer those questions now, following which I might have another supplementary question?

Mr. Lalonde: Madam Speaker, I am available to answer the question now, if the hon. member prefers it. Before answering, however, I should like to make a comment about a point raised by the hon. member for Calgary Centre (Mr. Andre). Concerning the statement which was made about the fact that the levy is used to pay for the operating costs, royalties, etc., I do not see why the hon. member should be so sensitive to the fact that the royalties are going to the government of Alberta. There is nothing scandalous about this. It is part of the agreement, as I have said. I have indicated the exact amount of money that is being paid. I do not see why he should be so sensitive when this is mentioned among other facts.

Mr. Andre: Madam Speaker, I rise on a point of order. The minister just mentioned something about extra sensitivity. I wonder if he could inform me right now whether it is his view that royalties would not be paid to Alberta if it were not for this. In other words, is he trying to tell the House that it is this particular change in the levy which allows Alberta royalties to be paid and without which royalties would not be paid to Alberta? Is that the point he is trying to make, because if it is it is totally inaccurate.

Mr. Lalonde: The revolving fund is used to pay money, as I indicated in my opening statement, to indemnify the tar sands companies for their production. It is used to pay them the high international price out of which, in the case of Suncor at present and in the case of Syncrude most likely this year, some of it will go into royalties. The money that the companies get goes into paying everything, including royalties. I do not want to spend too much time on this but I do not see why my hon. friend should be so hypersensitive about the fact that the government of Alberta is collecting royalties.

About the similar or identical nature of the resolution, I did not have the exact facts of the Petroleum Administration Act before me so I indicated that it was similar. But if it is identical, it is extra similar.

As to the impact on the consumers of Canada, when the hon. member said it would be greater than the December 11 budget, that must be the overstatement of the year. The hon. member will remember that if the budget had come into effect on December 11, there would have been an 18 cents tax, and on July 1 another \$2 would have been added which would have probably have increased the price per gallon of gasoline by about 24 cents. We are talking here about 2.5 cents a gallon or 0.5 cents a litre, as I have indicated. So I think that is an overstatement.

In terms of the specific question raised by the hon. member for Saskatoon West (Mr. Hnatyshyn), we had extensive discussions with the parties interested in building tar sands plants. The companies had started with a discounted rate of return of around 16 per cent. Since then they have raised it to about 18 per cent, and the discussion is still going on. I do not know exactly where it will end, but that is what is being talked about by the companies at present as being a reasonable rate of return. I must say that obviously you have to take into account how much will have to be paid in royalties out of this and what in the end would be left to the companies on a net basis. So one cannot conclude exactly what will be the price set, even if it were different from the international price, because then there is a matter of how much the provincial and the federal governments would take over and above what the companies would be left with. Obviously, as the hon. member knows, these are two different things.

● (1740)

With regard to the investigation of the petroleum monitoring agency, this agency has not been set up as such, but there is in my department, under the Petroleum Act, a division that has been monitoring, petroleum, profits and prices for some