

*Supplementary Estimates*

expenditure of this \$365 million than we would get if the minister merely followed the provisions of clause 94 of Bill C-32.

**Mr. Macdonald (Rosedale):** Mr. Chairman, with regard to satisfying the hon. member on the question of whether we are getting adequate information from the industry, and his suggestion of, in effect, having the national petroleum corporation or some type of mechanism for importing oil, I think that might be relevant for debate after March 31, 1975. We do not, of course, have any mechanism in existence now: we are operating on the present system.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** That is why I suggested this was an interim measure.

**Mr. Macdonald (Rosedale):** It is definitely an interim measure in that sense. On the question of whether we are being hoodwinked, I would in all honesty have to say we cannot be absolute about this. I just remind the hon. member we are not paying on the company's margin. We are paying against details of actual shipments, say from Ras Tanura in Saudi Arabia to Irving Oil in Saint John, with a bill of lading as to the volume and source. The Saudi Arabian tax regime is a little obscure because all details have not been determined. We know the amount of tax that would be payable on such shipment of oil; that is what we pay against, not on the margin that might be picked off by the affiliate company at sea or in the course of transfer. We are as close as we can possibly be to getting a good fix on the actual tax paid. It is on that we compensate.

On the question of reporting, the hon. member was distracted a moment ago when I responded to the hon. member for Peace River. I mentioned that I sought permission from the governor in council and obtained it to appoint the Auditor General to scrutinize the companies' accounts and prepare a report on the operation of what is in effect the first period involved in this the first Appropriation Act. I would expect to have a report available within a few days and to be able to lay it on the table of the House. I would ask the Auditor General to go in again for the purpose of checking the second period and, in due course, this period as well.

I agree with the hon. member that some scrutiny is necessary. However, since what is involved here is a detailed examination of the procedures and the companies' accounts, I prefer to go by the vehicle of having the government's auditor go in and check rather than laying the full information on the table. That is the proposal we intend to follow throughout the earlier years. I can give the undertaking that I will seek the same authority with regard to the funds to be spent under this appropriation. There might be a further debate as to the terminology of Bill C-32 when we once again get back to discussing that measure.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** Mr. Chairman, I would like to be very clear about the understanding we have here. I heard the minister say the Auditor General would deal with the finances of the allocation board, but that does not really cover the point I had in mind. It seems to me the Standing Committee on National

Resources and Public Works ought to have a report monthly, or quarterly at least so that we might know just how much money was paid out to each of the companies. I agree with the minister that there cannot be a flat rate paid to the companies; they must be paid on the basis of provable cost.

● (2040)

In these circumstances, I see no reason why the information cannot be supplied to us. It is done all the time in the public accounts committee. We have lists of contractors to whom payment has been made, together with the amounts of the payments, and I see no reason why the minister cannot assure us that reports will be available at the end of March and thereafter, or for the entire quarter, along the line I have indicated. This is the only way in which we and the public will be satisfied. I am not questioning anybody's honesty or integrity. But, surely, if parliament means anything, it means that members in one committee or another have an opportunity of examining large expenditures of this kind. On the basis of this \$365 million, we are talking about something like \$1,600 million to \$1,800 million for the full year.

**Mr. Macdonald (Rosedale):** One thousand million for a full year.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** I said \$1,600 million to \$1,800 million. That is a tremendous amount of money. Surely, when huge expenditures of this order are being made to large and wealthy oil companies, we ought to be given a lot more detail as to how it is being put out, who gets it and for what reasons the companies are receiving it.

**Mr. Macdonald (Rosedale):** What I am proposing is to appoint parliament's representative, namely, the Auditor General, to scrutinize the claims made and the payments made in an over-all manner and then to determine whether everything is being done in accordance with the authority conferred by parliament. The argument which is put to me is that companies might be placed at a disadvantage if their competitors knew who was running what crude oil and at what times. Surely, the interests of parliament would be met by having parliament's servant, the Auditor General, scrutinize these transactions, report on the program in general terms and recommend any changes in the practice he may find advisable. In other words, the report I am talking about has been prepared and will be made available. I have not seen it myself.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** I do not want to hold this up. However, I wish to express my dissatisfaction with that answer. The minister says the Auditor General will verify these transactions and determine whether they conform with the will of parliament. Well, the will of parliament is not very specific in this supplementary estimate. The same will apply even to the new legislation when it is passed. The will of the government is set forth in regulations, and even those are not too specific; they are open to a great deal of varied interpretation.

This is not what happens in other committees. The Auditor General does not look at all the contracts put out

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