

extension of the Canadian crude oil pipeline system into the Montreal market area, which is underway, and a proposal has also been put forth for an all-Canadian pipeline in the future; an oil export tax has been imposed to ensure that the difference between the lower Canadian price for crude oil and its return from export markets flows back to the Canadian public through the federal and provincial governments; the establishment of an energy supplies allocation board to ensure our capability to respond rapidly and effectively to any future deterioration in world oil supply and the proposed establishment of a national petroleum company to expedite the search for and development of new petroleum resources. We have proposed, in that context, the expenditure of \$40 million on oil sands research and technology to permit full and rapid development of that resource. The proposals have also included a system to use oil export tax revenues and federal funds to ensure that during the period to the end of March of this year there will be no widening of the east-west price differential on oil, and a proposal for a one-price oil system in Canada which, from the first of April this year, will keep Canadian prices at less than international prices but which will provide the revenues necessary to first find and develop new resources and to offset the higher costs of oil imported into eastern Canada.

● (1420)

An office of energy conservation has been established to develop short and long-term plans for a more prudent and efficient use of our energy resources. A federal government task force has been set up to ensure an effective system of establishing and following priorities for research and development of new energy sources and improvements in existing technology. Federal financial assistance has been offered for the development of stronger regional electric transmission links to improve security of supply and to minimize utility costs.

Federal financial support has also been offered for the first nuclear power unit in any province, and for a second unit if regional benefits and security of supply result therefrom. A new export policy for uranium has been proposed, designed to ensure future Canadian supplies and to obtain the maximum possible benefit from exports. Programs have been proposed to speed up the development of a national inventory of our uranium resources so that this work would complement the on-going appraisal programs of oil, gas and coal resources.

These and other measures have the ultimate objective of Canadian self-reliance in the energy context. With the assistance of the petroleum industry in Canada, it has been possible to overcome the short-term supply problems this winter, and the longer range measures which have been announced will increase our degree of self-sufficiency in the future.

We recognize that increasing energy costs will be difficult to avoid. But the measures which have been taken on oil costs have had the effect of avoiding a 12 to 14 cents per gallon price increase in fuel oil and gasoline east of the Ottawa valley, and a possible 20 cent increase across the country, had international prices been allowed to prevail in Canada. Pricing proposals for the period commencing April 1 will allow the price increases which are necessary to ensure future supplies, but will establish a pricing

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structure across Canada which will vary only as the result of transportation costs.

Both for the present and for the period after April 1 Canadian consumers must be protected from the tax increases which have been imposed by governments of the producing countries. The purpose of the price cushion will be to protect from such increases and not more. It will not, in particular, be permitted to secure a higher margin of profit to the refiners. So that while the higher cost paid for crude oil by the refiners due to foreign taxes will be reimbursed, particular care will be taken to ensure that public funds are not used to do more than cushion the consumer against such costs.

For the purpose of authorizing such payments in the February-March period, my colleague the President of the Treasury Board (Mr. Drury) will be bringing forward a supplementary estimate to cover this period. Of course, in the period from April 1, following discussions with the provincial government, further legislative measures will be put forward to provide this same cushion.

All of the measures which have been taken have had to be compressed into a much shorter time frame than we would have liked. At the time of the publication of our energy report, I outlined plans for a phased transition allowing ample time for full discussion and debate of the options available to us. But because of pressure of external events we have had to move quickly in some cases, and we still remain in a position of some emergency in dealing particularly with the question of price.

This brief review of recent events relative to energy supply and demand in Canada and of the policy actions being taken by the federal government is made at a time of unprecedented change in the country's energy economy.

**Mr. Diefenbaker:** Would the hon. minister permit a question at this point?

**Mr. Macdonald (Rosedale):** Mr. Speaker, I have only a few minutes.

**Mr. Diefenbaker:** Just one short question. What is the estimated cost, the amount that will be in the supplementary estimate to cover the particular expenditure to which the minister has referred?

**Mr. Macdonald (Rosedale):** I must say to the right hon. gentleman that this will depend on the actual tax cost imposed by the various sources, but we are talking of a sum that will not be lower than \$240 million for the two-month period. Depending, as I say, on what the tax cost from the exporting countries will be, it may be as high as \$300 million, perhaps even more.

The Prime Minister (Mr. Trudeau) noted in his opening statement on January 22 at the first ministers conference on energy that not since the world collapse of 1929 has an economic event struck so quickly and on such a scale, or produced so potentially dramatic a difference in the lives and fortunes of Canadians in different parts of the country. The more than fourfold increase in the world price of oil in such a short period of time has had even greater impact on most other countries of the world. An event of such magnitude, above all, highlights the federal responsibility to act fairly in the interest of the national economy