Oil and Petroleum

that the federal authority, as the final arbiter of interprovincial interests, should equip itself with powers to provide for oil price restraint in situations where either such agreements cannot be reached or, having been reached, are terminated or are found not to be effective. These powers are embodied in division II of part II of the present bill.

The government is most hopeful that the exercise of such powers will not be required. However, the potential tensions between producer provinces and consuming provinces are such that the only wise course is for the federal authority to equip itself with this latent power. Moreover, it could be that agreement having been reached as to a prescribed price under division I of this part, the province or provinces concerned might find it legally unenforceable, in which case the procedure envisaged in division II would have to be applied.

The federal policy in respect of oil prices means that for the moment, and conceivably for some time to come, the price of Canadian oil will be significantly below the international level. The House is aware that, as a nation, we produce approximately the same volume of oil as we consume. However, we are, by the facts of geography, an important oil trader; about half of the oil we now produce is exported to the United States while about half of our consumption requirement is met by imports from overseas. Special measures are therefore needed if consumers across Canada are to benefit from a domestic oil price level below the international price.

[*Translation*]

Mr. Speaker, about Part IV of the bill which deals with the single price policy for oil, the second essential objective of the government policy is to set up a single price for oil in Canada taking into account, however, the differences in transportation costs and quality. Practically, this will mean that a refinery in Toronto will pay the same price for its crude as a refinery in Edmonton excluding, of course, the difference in transportation costs.

Still, under certain circumstances, with which I shall deal later, it may be necessary to alleviate some abnormally high transportation costs. Similarly, the same oil should be worth the same price at the Montreal and Halifax refineries, the only differences stemming from the cost of moving the oil from overseas suppliers to the refineries.

As far as the government policy is concerned, the problem is one of adjusting the price of the oil products of the Montreal refineries, which use very expensive foreign crude oil, to that of the Toronto refineries which use a far less costly crude oil for western Canada.

Division I of Part IV of the bill stipulates that part of the mechanism must serve to achieve uniform prices through the setting up of an importer compensation program, in fact this was done when Parliament voted certain sums to that effect.

Last January, when the ministers of Energy held their first conference, the "cushion" concept was studied and accepted with regard to international oil prices in those parts of Canada which rely on imported oil. Later, its implementation led to the achievement of our objective, that is the standardization of the cost of crude to Canadian refineries, due allowance being made for the differences in transportation costs and quality. As a result, we saw, for the first time in many years, a remarkable uniformity in wholesale prices of petroleum products.

As an example, the cost of gas is now the same in Montreal as in Toronto. There is a difference of tenths of one cent in the cost of heating oil between those two cities. In Quebec City gas costs just over 1 cent a gallon more than in St. John, N.B. The difference in gas and heating oil prices in the Prairies and Central Canada merely reflects the differences in transportation costs of the crude oil to refineries; it also shows how keen the competition is in Alberta as far as natural gas is concerned. Therefore, we have already succeeded in applying efficiently throughout Canada the single price policy for oil, in spite of geographical characteristics that mark the oil sector of our economy. The House is now asked to establish a permanent regulation for this important aspect of our oil policy.

The government attaches great importance to the single price policy for oil across Canada. Without this legislation, the import-dependent areas would be subject to fluctuations of world prices controlled by OPEC and would actually have to pay oil over $4 or $5 a barrel more than areas supplied with Canadian crude products. That would create an intolerable situation and would bring about tremendous differences between oil-consuming areas and industries. It is almost impossible to imagine the consequences that could result to our way of life and our commercial activities.

The statements made by the Provincial Premiers left no doubt about how important they consider the upholding of price controls, and showed they recognize the marked cost factor of oil in our national economy.

● (1530)

[*English*]

In circumstances where overseas oil supplies are readily available, as they presently are, albeit at high and fluctuating price levels, the single oil price policy can be implemented by means of the import compensation program. However, overseas oil supply could again be subject to disruption as it was last fall and winter. The government is acting vigorously to plan for such emergencies. Earlier this year, the Energy Supplies Emergency Act created an allocation board which is now developing plans to deal with internal aspects of supply stringency. On the international front, Canada has been closely associated with the development of the international energy program which has as its central feature a system of international oil allocation.

Given the size of our domestic oil producing and refining industry, there is much which Canada can do to help itself in circumstances of stringency in overseas supply, but at a cost. Because of the great distances in our country, such help by way of transfers of oil between regions is very expensive. The large-scale shipment of western Canadian crude oil, first by the Seaway and then via Vancouver and the Panama Canal, a distance of some 8,000 miles, was probably the single most important factor enabling the oil industry adequately to maintain product supplies in Quebec and the Atlantic provinces last winter.

The additional cost of the Panama movement could be great, possibly amounting to some $2 per barrel, or about four times the cost of moving oil from Edmonton to