

*Oral Questions*

east of the Ottawa Valley line and when it might be expected to have any such effect upon consumers there?

**Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources):** Mr. Speaker, we cannot be sure it will necessarily result in an immediate price increase. I would think it would be a matter of some weeks at least before a price increase would be felt in the crude feedstock supply to eastern Canadian refiners. At that time I think the government will have to look at the cost situation and see, in light of recent increases, whether any further increase would be justified.

**Mr. Stanfield:** Can the minister tell the House whether the increases in product prices he has already approved, the most recent of which went into effect a couple of days ago, have now taken into account all previous offshore crude price increases, that is, previous to the most recent announcement by Venezuela, or are there still more price rises to be anticipated as a result of previous increases in offshore crude prices without even taking into account the most recent increase in Venezuelan posted prices?

**Mr. Macdonald (Rosedale):** Mr. Speaker, my understanding is that the two most recent increases take into account increases that occurred during the autumn, specifically from the end of September to early October and the one between the middle and the end of October which resulted from substantial increases in both Arab and Venezuelan prices. I believe there was an increase in the late summer, in August, which was not covered at the time the restraint went on. That has not been recovered, but I am not anticipating that it will be the subject matter of an application for a price increase. At the moment I am not anticipating any further applications.

**Mr. Stanfield:** Mr. Speaker, I have a further supplementary question. In view of the close contact the minister has established with the government of Venezuela as a result of his visit there, is he in a position to tell the House whether we should anticipate any further increases in the posted price of Venezuelan crude in the near future?

**Mr. Macdonald (Rosedale):** Mr. Speaker, I think it is fair to say that in the course of our discussions with Venezuela they never made any commitment with regard to price; it was really on the question of supply that they expressed interest in a possible accord. As to whether additional increases will take place, I think this may depend on the international supply situation, and it may very well be that the Venezuelan government will find a basis for further increases in its tax reference price as the months go on.

INTENTION RESPECTING ESTABLISHMENT OF  
GOVERNMENT AGENCY TO PURCHASE OIL FROM  
VENEZUELAN GOVERNMENT AND LIFTING OF PRICE  
FREEZE

**Mr. David Lewis (York South):** Mr. Speaker, I have a supplementary question for the minister. Has the government given any further thought to setting up a government agency to purchase oil on a government to government basis? As I understood his answer a moment ago, Venezuela has not yet decided to take its royalties in kind

[Mr. Stanfield.]

rather than in money. May I ask the minister whether further discussions have taken place so that the Venezuelan government may be encouraged to take them in kind on the basis that Canada will have a government purchasing agency to deal with the Venezuelan government?

**Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources):** Mr. Speaker, I think it would be a correct description of our position that we have not attempted to persuade Venezuela to follow this practice, although we have indicated to the Venezuelan government that we would be interested in discussion with them if they took the decision to take royalties in kind.

**Mr. Lewis:** Mr. Speaker, may I ask the Minister of Energy, Mines and Resources or the Prime Minister, whichever wants to answer, whether it is not a fact that the Venezuelan decision to take royalties in kind might well depend on whether a customer like Canada had a government agency to deal with them? If that is the case, can the government take faster steps to set up the necessary agency?

**Mr. Macdonald (Rosedale):** Mr. Speaker, I think the decision whether to take in kind or not would depend on factors other than the presence of an agency. I would agree that over the longer run the possibility of effecting that kind of supply agreement would certainly be assisted by the existence of such a corporation in Canada. I hope to be able to announce to the House in a relatively short period of time the government's decision in the latter regard.

**Mr. Lewis:** May I ask the minister or the Prime Minister or the Minister of Finance, although he is absent, whether it is still the government's intention to abandon the price freeze on January 31 and to allow prices across Canada to increase as of February 1 and, if so, to what level?

**Mr. Macdonald (Rosedale):** Mr. Speaker, as the hon. member will know, the government of Alberta has commenced a legislative session today involving certain amendments to its legislation with regard to the taxation of oil royalties in that province arising, in part, from price increases. At the moment we are having discussions, and I expect to have them again this week, with the government of Alberta on this matter in which the question of the price from February 1 onward is intimately involved. At the moment I cannot be more precise than that.

FEDERAL ASSISTANCE TO PEOPLE OF NEWFOUNDLAND  
ON LOW AND FIXED INCOMES TO MEET INCREASED FUEL  
OIL COST

**Mr. James A. McGrath (St. John's East):** Mr. Speaker, may I direct a supplementary question to the Minister of National Health and Welfare. As the price of fuel oil in Newfoundland has doubled in three years and is now substantially higher than in the rest of the country, and as per capita consumption is four times the national average, may I ask the minister, especially in light of the high unemployment rate in that province, if he has had any talks with the government of Newfoundland, or with the Atlantic provinces for that matter, with a view to providing some direct means of federal assistance for those