

Proceedings on Adjournment Motion

price, they would attract public attention and cause the public to make comparisons.

On May 7, 1970, the National Energy Board and the Department of Energy Advisory Council (made up exclusively of major companies' representatives) caused the federal government to adopt rules concerning the transportation to Ontario of oil imported from Quebec. On the following day, the barrier raised between the two areas was closed.

The Caloil Company of Quebec having been prohibited by the National Energy Board from distributing west of the Ottawa Valley the oil that it imports from overseas, this prohibition having been confirmed by the Supreme Court, the company is thus deprived of half of its market and is unable to build a refinery near Quebec City where it owns land valued at \$300,000. The land owned by the company, which was incorporated in 1963 pursuant to the Quebec Companies Act, is located at the limits of the municipalities of Saint-Augustin and Neuville. Bordered on the south by the St. Lawrence and on the north by the C.P., this land, across which can be found Hydro-Quebec transmission lines, C.N. tracks and part of Highway No. 2, will also include part of the Northern Highway.

All the company's investigations have confirmed the fact that the site has all the necessary requisites to be an economically valid choice in all respects.

Furthermore, this land is located 13 miles from the Quebec bridge, 60 miles from Trois-Rivières and 110 miles from the Saguenay-Lac-Saint-Jean region.

The setting up of that refinery in Portneuf was announced in 1966 by the former Quebec premier, Mr. Jean Lesage. The project had been part of the electoral platform of liberal candidate Paul-Émile Duplain in the provincial campaign of June 1966. Then, when the federal elections of June 1968 came up, the candidate Jules Lapierre, a friend of the member for Langelier (Mr. Marchand), also included the project in his program. More recently still, in April 1970, during the last Quebec elections, the project was part of the program of Mr. André Sauvageau, liberal candidate for Portneuf.

The regional Chamber of Commerce and the Economic Council of Portneuf have also continuously supported the project. Through the years the company had managed to develop a market for the distribution of imported gasoline and its by-products. That market extended as well in the province of Quebec as throughout Ontario, and annual sales were \$35 million, including \$18 million in the western part of the Ottawa River.

These last few months, Caloil Company multiplied its representations in an attempt to arrive at a compromise. It suggested for instance that for two years and a half it be granted an imported oil sales quota for Ontario.

Afterwards, it would have sold the neighbour province only oil refined in Quebec. That was refused. It also asked for a quota that would apply only for a few months until it could conclude an agreement with one of the refineries established in Quebec, pending the construction of its own facilities. That was also denied to the company.

[Mr. Godin.]

This discrimination will have serious consequences for Caloil which, with a daily capacity of 10,000 barrels, could consider building its own refinery. Not only will Caloil be prevented to do so but the president does not dismiss the possibility of layoffs among its 2,000 employees. All that on account of new regulations.

But the most revolting thing is that the trade barrier raised by the Board between Quebec and Ontario is one-sided and the National Energy Board representatives were even overbearing when they stated to the company spokesmen and I quote:

If you wanted to establish a refinery in Ontario, our attitude would be quite different.

Mr. Speaker, in conclusion I ask whether the Supreme Court is authorized to rule in favour of Ontario and if I am here as a member of the Ontario legislature or the Canadian Parliament.

[English]

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the hon. member has attempted to relate the national oil policy to some sort of dispute between Quebec and Ontario, when in fact the national oil policy has been designed and maintained by the present government of Canada and by previous governments of Canada in the interests of Canada as a whole.

Our national oil policy reserves certain Ontario oil markets for products refined from western crude oil. The government has made it clear to all companies planning refinery construction and expansion in eastern Canada that their planning should not be based on completely free access to Ontario markets. This caused neither surprise nor protest; after all, the oil policy is nearly ten years old. And it has not prevented other companies from proceeding with projects that have included a large refinery at Quebec City, built with federal assistance and due to come on stream shortly.

The claim that sales in the central Ontario market are a precondition for Caloil's refinery project is difficult to understand. A refinery at Quebec City today has access to an eastern Canadian market which is bigger and faster growing than that of Ontario. Moreover, there are large imports of petroleum products to this market which new refineries could displace. The government categorically rejects any suggestion that the national oil policy adversely affects Quebec. Rather, Quebec has been a primary beneficiary of this policy. Quebec's free access to imported oil has given it the lowest petroleum product prices in the country. Industrial development, including the petrochemical industry, has been encouraged, and private consumers have paid less for their oil. At the same time, Quebec has benefited from western Canadian purchases of oil industry equipment and from the use of Alberta natural gas.

As to refining, more crude oil is processed in Quebec than in any other province. There are six refineries in Montreal with a capacity of 450,000 barrels a day. Three refineries in Sarnia producing 205,000 barrels a day and four in Toronto producing 162,000 barrels a day rank next. More crude oil is processed in Quebec than in any