

Supplementary Estimates

provinces will not be disadvantaged in relation to other regions of Canada which will also meet higher prices.

The hon. gentleman referred to Fundy tidal power. Although such power would be an important source of energy, there are cyclical difficulties. The tide rises and then ebbs. After it has risen or ebbed, power cannot be generated. In the period of slack water there can be no power generation with the system. Given the present state of technology, Fundy tidal power cannot be base power but must be a supplement to either thermal power or another form of hydroelectric power. The thermal or hydroelectric plants would provide power in times of slack water and the Fundy tidal power plant could come into operation as the tide ebbs or flows.

Mr. Hogan: Mr. Chairman, may I ask the minister a question? Is he aware of the studies Dr. Duff of the University of Toronto has undertaken, which are based on a new mathematical model? Further, are these studies being conducted under the auspices of the minister's department, or under those of private industry?

Mr. Macdonald (Rosedale): Mr. Chairman, I cannot confirm whether that particular professor is acting for a consortium which includes the federal government and provincial governments. Of course, his are the kinds of studies which will be needed to bring the project to fruition. I have dealt with the hon. member's questions. I cannot give him the guarantee he seeks because I cannot be sure when parliament will act. Secondly, we must recognize that by this time next year basic oil prices, after discussions, will probably be higher than they are at present.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Chairman, at the second reading stage I raised certain questions with the minister which I wish to pursue further. The first has to do with clarifying the basis upon which the oil companies are to be paid under the compensation cost program. The minister told me the same things he told the Standing Committee on National Resources and Public Works. I am not yet convinced that the government has assured us that the costs we are paying are actual costs, not inflated costs. Clause 77 of proposed Bill C-32 provides for the setting up of regulations. These are explicit. The *Gazette*, on November 18, I think, set out some of the provisions of the regulations. However, it still seems there are a great many loopholes, and a great many payments will be made without being able to verify actual costs.

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Taking average tanker costs, host country participation costs, prices presented to the government by an affiliate of a parent company which can make its profit through its parent company sales to the affiliate, I am not yet satisfied that the government has been able to plug these loopholes. It may well be that you cannot because in many cases it would mean having access to the books of these large, multinational corporations. I doubt whether they would make that material available to the government or to the Energy Supplies Allocation Board. They might make the books available of the subsidiary, but they will not make them available from the parent company. There will be a

good deal of transfer payments from the company to the subsidiary, or even transfers within the subsidiary. That is why I argued the case for some kind of mechanism to buy imported oil using the national petroleum corporation, if and when it is set up, or some other mechanism.

The minister's answer did not satisfy me. He said that if you set up such a mechanism, all you would do would be to save 50 cents a barrel. I think that is the right figure. I think you can deal with the OPEC countries and save 50 cents a barrel. If you look at the tanker costs and cut out some of these transfer payments, it might be larger. However, even taking the figure of 50 or 55 cents a barrel and importing, as we did last year, 950,000 barrels a day—and we may be importing over a million barrels a day next year—we are talking \$180 million to \$200 million a year. That is a lot of money.

That is not my main reason for suggesting we have some type of national mechanism. I ask the minister to note the words I used when we were in the debate on second reading. I said that setting up some type of national mechanism for importing oil is almost the only way we can be sure that there will be brought under full public scrutiny the moneys being paid out by way of compensation in order to maintain a single price across the country. That is really more important than the money saved, although if you save \$100 million to \$200 million that is not to be sneezed at.

Clause 94 of Bill C-32 requires:

The minister shall as soon as possible after the end of each fiscal year prepare a report on the administration of this act during that year containing a statement setting out therein

(a) the amount of revenue derived by Canada for that year from the charge imposed pursuant to part I, and

(b) the aggregate amount of compensation authorized to be paid pursuant to part IV during the year, and shall cause such report to be laid before parliament forthwith upon the completion thereof . . .

We will discuss this when Bill C-32 is before us. It seems to me that this committee of the whole, and parliament, has a responsibility to insist that if we are going to give the minister \$365 million to be spent by the Energy Supplies Allocation Board, we are entitled to a much better reporting system than a report at the end of the year which will go to the Standing Committee on Public Accounts or the Standing Committee on National Resources and Public Works to examine expenditures that are 15 months old. All we will get is the amount of money raised from the export tax and the amount paid out in compensation cost payments. Surely we ought to know the amount paid out each month, to whom it is paid, the amount paid to each company, the amount paid for compensation in oil, the amount paid for tanker rates, the amount paid for host country participation and the amount paid for petroleum products compensation.

If we are going to discharge our duty as real scrutineers of public expenditures, we have no right to let this money go through without some assurance from the minister and the Energy Supplies Allocation Board that they will issue a monthly statement setting forth the type of information I have just suggested. I hope when Bill C-32 comes before the House and committee of the whole that that will be inserted in the bill and clause 94 will be amended accordingly. I would like assurance from the minister that we will get something better by way of a report on the