

Oral Questions

Mr. Macdonald (Rosedale): Mr. Speaker, I gather that at the moment the refinery is not being completed because of a strike situation. It is a matter of judgment as to when the starting up difficulties of a refinery can be overcome, but the opinion of my officials was that it is unlikely to be in full operation before, at the very earliest, the end of the first quarter. I know Mr. Shaheen is rather more optimistic and I suppose his success in life has been based on his optimism rather than otherwise, but this is the informed judgment of the industry.

INQUIRY AS TO MEETINGS BETWEEN GOVERNMENT
MEMBERS AND SHAHEEN INTERESTS PRIOR TO
PUBLICATION OF POSSIBLE OIL SUPPLY SHORTFALL

Mr. James A. McGrath (St. John's East): I have a supplementary question, Mr. Speaker. May I ask the minister by way of supplementary whether, when he made his statement in the House on November 26 regarding the 200,000 barrels a day shortfall, he or other members of the government had had meetings with the Shaheen people prior thereto and, if so, when did these meetings take place?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, in response to the hon. member for Nanaimo-Cowichan-The Islands may I say the shortfall would be reduced to the extent that the refinery could be brought into full operation. The difficulty at that point would, of course, be that during the period of the freeze-up in the St. Lawrence it would be difficult to deliver the product to Montreal where the particular shortfall arises.

In reply to the question put by the hon. member for St. John's East, and I apologize to him, the Shaheen company, Newfoundland Refining, is represented on the technical advisory committee to which I have made reference, and its official has been participating in those discussions.

Mr. Speaker: The Chair will recognize the hon. member for St. John's East for a further supplementary and then I will try with the assistance of the House to complete the first round of questioning. Following that, we might return to further supplementaries, including the hon. member for Edmonton East.

Mr. McGrath: Can the minister tell the House whether he or any other minister of the government held meetings with the Shaheen company prior to his statement on November 26? I am not thinking of any meetings that may have taken place with the advisory committee but meetings at the ministerial level. Was any assurance given at that time that the Come-by-Chance refinery would be able to feed into the Canadian market?

Mr. Macdonald (Rosedale): Mr. Speaker, my understanding is that the Minister of Regional Economic Expansion had met with company representatives earlier in the month of November.

Mr. Speaker: Perhaps we might try to complete the first round of questions and then we will return to hon. members who have supplementaries.

[Mr. Douglas.]

GASOLINE AND DIESEL OIL—SALES TAX REDUCTION
ENABLING IMPERIAL OIL TO REDUCE WHOLESALE PRICE

Mr. David Lewis (York South): Mr. Speaker, still with oil but having to do with price I should like first to address a question to the Minister of National Revenue. Would he explain briefly to the House what magical wand his department was able to hold in its hands in order to reduce the sales tax payable by the oil corporations, which apparently made it possible for Imperial Oil to announce some slight reduction?

Hon. Robert L. Stanbury (Minister of National Revenue): Mr. Speaker, I am happy to have been able to take any step that helps the oil companies to reduce prices for Canadian consumers.

Some hon. Members: Hear, hear!

Mr. Stanbury: In fact, however, it was a rather unspectacular administrative step which was taken.

Mr. Lewis: I expected that.

Mr. Stanbury: For many years the department has widely applied sales tax equalization measures in various industries. The effect is to make the values for tax accounting equivalent to the selling price to wholesalers in industries where manufacturers sell at various marketing levels.

An hon. Member: That's clear.

Some hon. Members: Explain.

Mr. Hees: You must have learned from Paul Martin.

Mr. Lewis: Mr. Speaker, the obvious supplementary would be to ask the minister to explain, but I think that would probably be a further waste of time. I am too dull to follow that. I should now like to ask the Minister of Energy, Mines and Resources whether he or anybody in the government has assured himself that the reductions Imperial Oil has announced in the wholesale price, very significantly not in the retail price, of one and two-fifths of a cent a gallon east of the Ottawa Valley and four-fifths of a cent a gallon west of the Ottawa Valley, something about which the Minister of National Revenue should not boast too hard—

Some hon. Members: Question.

Mr. Lewis:—reflect fully the saving which the Santa Claus National Revenue Department gave to Imperial Oil, and will he also indicate why it is limited to gasoline and diesel oil and does not apply to home heating fuel?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, in answer to the last part of the question, these are the only two commodities covered by the manufacturers' level sales tax. Home heating oil is not subject to federal tax. Therefore it is not a question of lowering the price on it. I would have to say that at the moment, without an audit, it would be difficult to estimate the exact impact on the price, but I would be glad to investigate that to ascertain, from the information we have available, the exact impact.