brought before the House because of a significant change in the economic realities facing this country, a change brought about by forces external to Canada. The basis of the altered situation is, of course, the cohesive action of the OPEC countries in raising the international price of crude oil fourfold during the past year. By this series of acts, not only have the oil policies of the oil importing nations, including Canada, been changed but the economic base of the world's trading community has been seriously challenged.

In this crisis, Canada is therefore not alone. We have participated in a response at the international level, as is indicated by the agreement on an international energy program which recently has been receiving attention from the Standing Committee on National Resources and Public Works. Because of its geographical and geological good fortune, Canada has been less seriously affected than a number of other countries. We are, nonetheless, affected by this change in the world situation and we wish to play a constructive role as a member of the international community while at the same time taking action to protect ourselves.

I have referred to the international action being taken. In the bill before us this afternoon we are dealing with domestic action contemplated to protect ourselves in this new situation. Bill C-32, the Petroleum Administration Act, is intended to provide the federal government with a statutory basis for the management, necessary in the interests of all Canadians, of important areas of international and interprovincial trade in petroleum and natural gas. Enactment of the legislation is essential if the government is to have the means to continue to guide the Canadian energy economy safely in the present turbulent global oil environment.

The bill before us is a lengthy one and is complex in parts. Hon. members will, however, be familiar with many of the aims and much of the content of the measure. The portions of the bill dealing with, first, petroleum export charges, second, domestic oil price restraint and, third, petroleum import cost compensation, are essentially unchanged from the corresponding sections contained in Bill C-18 which I introduced to the last parliament in April of this year.

[*Translation*]

When Parliament was dissolved, the government was forced to resort to devices to preserve two very important features of Bill C-18, namely the export tax on oil and the compensation of oil importers. Since the beginning of April, the oil industry has voluntarily agreed to collect and pay for export taxes pending this legislation. The compensation was paid to oil importers through special warrants of the governor general which were recently submitted to the House. When the House approved votes and 52a of Supplementary Estimates (A), it allowed for compensation to be paid to importers till the end of the year.

Those makeshift measures obviously do not provide for an adequate permanent base for government programs, less so with regard to those we are concerned with and which involve such great sums of money. The House will realize the importance of putting before Parliament as soon as possible the terms of adequate regulations.

[Mr. Macdonald (Rosedale).]

● (1520)

[*English*]

I hope that the degree of familiarity which most members have with the background to and content of this bill from our previous lengthy hearings in the standing committee on Bill C-18, and from more recent committee discussion of the votes connected with oil import compensation, will enable the House to give these measures speedy passage without a sense that the careful review which is equally necessary has been in any way foregone.

I would like now briefly to review the structure of Bill C-32 in relation to certain stated aims of the government's oil and gas policy. I should like to draw the attention of the House first to part II, the domestic oil price restraint. A central feature, perhaps the central feature, of our oil and energy policy relates to the pricing of domestic crude oil. The government's declared policy is that domestic oil prices should be high enough, but no higher than the level required to bring forward an adequate supply for Canadian requirements. This is a simple enough principle to express, but let me say that I am under no illusions as to the potential difficulty of its application. We recognize two main aspects of this supply price—a technical aspect and what I might call a social aspect.

As to the technical aspect, my department continues to refine and develop assessments of the net price necessary to attract the capital, trained manpower and technology which, applied to our resource base, will provide the supply we will need in the future. The social aspect consists primarily in finding a position of equity between the needs and interests of consuming and producing provinces in relation to the return which is necessary to justify the exploitation of this non-renewable resource.

We must recognize that this price is bound to change over time. For the moment, however, we have a price for crude oil of approximately $6.50 per barrel at the wellhead in Alberta which reflects consensus among the first ministers of Canada as being the appropriate price level to obtain for the period through to July 1, 1975. We do not pretend that this agreed price necessarily meets all the criteria of technical adequacy and social appropriateness by which it might be judged. I do believe, however, that it satisfactorily achieves for the moment a reasonable balance between the interests of consumers and producers in Canada, as well as protecting our national economy from the extraordinary surge of oil prices which took place in international markets during the past year.

The basic reference price of $6.50 which was achieved by consensus at the first minister's energy conference in March could readily have become the prescribed price referred to in part II, division I of the present bill. It would have been but a small step for the government of Canada and the governments of the producer provinces to enter into agreements to give the $6.50 price the character of a prescribed price according to this part.

While it is the government's earnest hope and desire that the price of oil from the producer provinces will always be determined at mutually-acceptable levels by agreement with those provinces, realistically it is prudent