

HOUSE OF COMMONS

Thursday, March 28, 1974

The House met at 2 p.m.

ROUTINE PROCEEDINGS

[Translation]

ENERGY

STATEMENT BY PRIME MINISTER ON AGREEMENT WITH PROVINCES RESPECTING PRICE OF CANADIAN CRUDE OIL

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in less than seven months, soaring international oil prices—that shock wave from the Persian Gulf—has spread its tide of extreme economic disruption to all continents and the majority of nations. Even in Canada, with important oil resources of its own, these world changes have threatened our economy. They have, in fact, created a major challenge in our experience as a nation.

Today, Mr. Speaker, it is my privilege to report to the House the details of a national agreement to meet this challenge. An agreement reached yesterday which underlines the good will and national feeling that exist in all provinces and regions—which stands as a tribute to the vitality of our Canadian community. As I have said, yesterday was a great day for federalism.

The House will recall that when the world changes first became evident last fall, the federal government stepped in to freeze the price of Western crude oil and to assure that sufficient amounts of it would be available in Eastern Canada in case of reductions in imports. At the same time, the government's oil export tax ensured that the international price received for export crude did not become a windfall gain to the oil companies.

It was apparent, however, that Canadian oil resources were limited. It was apparent that if we wished to assure the huge investments necessary for adequate future supplies, somewhat higher domestic prices would be essential; that the oil-producing provinces—mainly Alberta and Saskatchewan—must be assured a fair return. And notwithstanding this, that at a time of worldwide inflation, Canadian consumers in every province must be carefully protected from any unwarranted price increases.

Despite the strongly held and differing views of all concerned, despite the endless complexities on almost every aspect of the problems involved, federal-provincial consultations took place through the fall—and led to the conference on energy held in Ottawa during January. That conference reached the key agreement that no further change would take place in crude oil prices for the interim period, which as you know, will end on Monday next.

I had said in my statement of December 6 that crude oil should become available at the same basic price across

Canada, subject, of course, to the addition of transportation costs.

● (1410)

[English]

On that crucial principle of a “single Canadian price” we have been able to build the agreement reached yesterday.

Some hon. Members: Hear, hear!

Mr. Trudeau: The broader foundation of that agreement has been what I can only describe as a remarkable spirit of cooperation, of understanding and patience, for which I pay tribute to the spirit and generosity of our ten premiers.

It is a good thing, Mr. Speaker, to be living in a country where everyone shows a deep concern for the legitimate interests of all the people and of all parts of the country and, I should add, to have a Minister of Energy, Mines and Resources who has worked so hard to reconcile these interests.

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, it is also good to have the House in such a happy mood following yesterday's conference. I am sure this will set the tone of the remarks of the Leader of the Opposition (Mr. Stanfield) and of the leaders of the other parties.

Some hon. Members: Hear, hear!

An hon. Member: After the comedy part presented by you.

Mr. Trudeau: The gentleman over there talking about comedy will have to wait until his leader speaks.

We have all searched hard for solutions which would meet the reasonable aspirations of the producing provinces as well as the immediate and longer term energy needs of all Canadians. At our meeting yesterday the first ministers agreed, because the trend of world oil prices cannot be predicted with any accuracy, it was not possible to settle at this time on any permanent pricing arrangement for Canada. We recognized, however, that a period of stability in Canadian prices was absolutely essential and we all accepted the arrangements to come into effect on April 1. Those arrangements are as follows:

First, the pricing and other arrangements I will now outline will last for a period of 15 months, beginning on April 1 and therefore going to the end of June next year.

Second, the price level. When domestic oil prices were frozen last September 4, the average price of crude was \$4 at Edmonton. Of course there are many different qualities and places of production for crude oil in western Canada,