

federal treasury to bear. Does the minister have the basis upon which we can calculate how much it will mean for each dollar below the world price as the government tries to maintain a one price system across the country?

Mr. Macdonald (Rosedale): Mr. Chairman, the answer to that question would depend on the price level at that time and the extent to which demand had been restrained. If it is difficult enough to know what price level will be agreed in 1975, it is obviously even more difficult to do so with respect to 1976.

● (1610)

It could well be that there will be an exposure of the public treasury and that we will have to face at that time collecting from general revenue a sum sufficient to cushion those consumers in that part of Canada dependent upon imported oil. However, that is a step that will be taken at the time the situation arises. But I repeat that what I have said about the impact on consumers remains a matter of major importance. We should try to ease, as far as possible, the degree to which higher prices do have an impact upon Canadians.

Mr. Stanfield: Mr. Chairman, may I ask one more question and then I promise you and the minister I will not bother you again? Is the minister prepared to give any assurance that the one price system below the world price will be maintained through 1976, or is he saying that this is something that will depend upon a lot of conditions that he cannot forecast? In presenting this bill to the committee now, is he prepared to give the committee a firm assurance that a one price system will be maintained across Canada which is significantly below world price? After all, this is a major aspect of the bill.

Mr. Macdonald (Rosedale): Mr. Chairman, this is, of course, the government's objective. One of the interesting questions, of course, is what will be the world price at that time. Will Secretary Simon be correct in anticipating that the world price will drop off by several dollars, or will the OPEC nations, despite their indications of late, put the price up again further? Perhaps I might be excused from speculating about the world price in 1976 and what the regime will be at that time. The general approach of this government, which should commend itself to all corners of the House and to all Canadians, is that we should do our best within our financial means to keep the price down to the point where incremental supplies can be brought on from within Canada, without necessarily going wherever the leaders of the OPEC nations take us in terms of price.

Before the hon. gentleman's questions I had made some reference to what were the government's objectives in terms of oil. At the present time the price is dependent upon the will of the premier and government of Alberta. The position that the government takes—and this is enshrined in the bill—is that while every effort should be taken to arrive at an agreement with the provincial governments as to what the appropriate price level should be for this commodity, whether sold for export or sold into interprovincial trade, it should be the ultimate responsibility of the Government of Canada to determine a price level that is in the interests of all Canadians. In particular, it should not be left to the will of the premier of a single

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province, who after all is elected only by his local electorate and is responsible only to them; it is this parliament that must take the ultimate responsibility, and by this bill we seek to do exactly that.

Mr. Baldwin: Within the constitution.

Mr. Macdonald (Rosedale): Within the constitution. We have been talking about oil, Mr. Chairman, and I should now like to make a few remarks about natural gas which I think may have some relevance to what is behind the suggestion of the hon. member for Peace River. If he did not say so in so many words, I think he suggested that we should let this bill and the budget stand for a couple of months, have a federal-provincial first ministers' meeting and see if we can work things out. I think that was his proposal.

I would have to say that it is certainly a proposal worth considering, but the one difficulty we have regarding natural gas is that the legal regime now created in the province of Alberta means that unless action is taken during 1975 there will be an automatic escalation in the price of natural gas to consumers, an escalation which may be as high as 90 per cent of the price now being paid. In the last two years the prices of natural gas, which of course is sold under long-term contract, have increased from 16 cents a thousand cubic feet to 22 cents a thousand cubic feet. Today, the average price at which TransCanada PipeLines buys natural gas, as of November 1, 1974, is about 45 cents. That is the average price; a number of contracts are still at the 22 cents level, and the price ranges all the way from 22 cents to about 60 cents.

What is proposed under the Alberta arbitration act and by the producers in the province, with the support of the provincial government, is that the price of natural gas at the wellhead on November 1, 1975, should go to 85 cents a thousand cubic feet, which is about a 90 per cent increase over the present day average price. This price of 85 cents for all contracts will, as I think it can be seen, have a substantial impact on consumers in all parts of Canada.

May I again deal with the point made by the hon. member for Dauphin. His constituents and other Manitobans, per capita or per household, are greater users of natural gas than my constituents in Toronto and other parts of Ontario. Close to a 100 per cent increase in natural gas prices to the household is as much against his interests and the interests of the people of Manitoba as it is against the interests of those in Ontario and Quebec. So often this debate is put on the basis of the west versus central Canada; but the critical thing that he has to bear in mind is that when Premier Lougheed talks about the east in speaking of natural gas, he means everybody east of the Alberta border, including Saskatchewan and Manitoba, which provinces will themselves have to bear the impact of higher prices for natural gas unless action is taken of the kind proposed by this bill to moderate the price.

As I have said, I have given the committee the basis for oil pricing that the government has been following, and I should like to restate our approach to natural gas pricing. This is a premium fuel, a fuel which should be used, for example, in certain commercial applications but particularly for residential applications because of its premium qualities. It should not be used as far as possible for