

Energy Supplies Emergency Act

Mr. Speaker: May we have order, please. The Prime Minister has the floor.

Mr. Hees: Stick to the straight stuff, Pierre, the humour is terrible.

Mr. Trudeau: However, while prices must go up in the long run if we are to have adequate supplies, that does not mean that they must go up at once.

On September 4, I announced that the government had requested the oil companies not to raise the price of domestically produced oil during the period ending January 31, 1974, and that the companies had voluntarily agreed to this request. The outbreak of hostilities in the Middle East has resulted in a sudden rise in the price of international oil to a level which few, if any, expected at the time of my statement on September 4. In recent weeks there have been some discussions with the province of Alberta and with representatives of some of the companies about the timing and the extent of any price changes. Not unexpectedly, both are anxious to see such changes begin as soon as possible.

After careful consideration, the federal government has come to the conclusion that there is neither need nor justification for changes in the price of domestic heating oil during the present heating season.

Some hon. Members: Hear, hear!

Mr. Hees: If you want to see if David is smiling, he is.

Mr. Trudeau: We will, therefore, undertake new discussions with the government of Alberta and with the oil companies to secure their agreement to maintain the price of domestically produced oil at the current level at least until the end of this winter.

I hope they will understand the reasonableness of this request and will accept it.

Mr. Lambert (Edmonton West): We know the reason.

Mr. Trudeau: I was happy to hear, Mr. Speaker, as I was coming in, that the hon. member for York-Simcoe (Mr. Stevens) on behalf of the Tory party was indicating that he would support this approach, too.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Trudeau: I certainly appreciate that this unanimity in the House will make it easier for the oil companies and for the province of Alberta.

Some hon. Members: Hear, hear!

Mr. Trudeau: The federal government will continue to levy a tax or, after February 1, a charge equal to the difference between our domestic price and the export price as determined by the National Energy Board.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Trudeau: The federal government's offer—

[Mr. Lambert (Edmonton West).]

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I must call again for the co-operation of hon. members who may wish perhaps to allow the Prime Minister to continue with his remarks.

• (1620)

Mr. Trudeau: The federal government's offer to share the proceeds of the tax to January 31 with the producing provinces on a 50/50 basis of course stands. We will discuss with first ministers the disposition of the revenues forthcoming from the charge levied from February 1, 1974 onward.

While it is hoped to defer any change in the level of domestic oil prices as long as it is possible to do so, and while it will be the government's objective to ensure that they do not at any time go beyond what is required to ensure the development of the Alberta oil sands and other Canadian resources, the current increases in international prices as well as any adjustments in domestic prices in the future have serious implications for the people of Canada generally and for the national interest.

[Translation]

So far as the people of Canada are concerned, changes that have already taken place in landed prices in St. Lawrence and Atlantic coast ports impose a burden on low income families. For those in greatest need, the Minister of National Health and Welfare has already informed the provinces that the federal government would view favourably related increases in welfare allowances paid under the Canada Assistance Plan. The federal government pays half of such allowances. Payments under OAS/GIS and under the CPP are now tied to the cost of living index. That index will reflect the higher cost of oil and oil products. The higher family allowances, which will be paid as soon as the necessary legislation is passed, are also tied to the cost of living index. The federal government recognizes that all these higher payments will not in themselves in all cases offset the increase in oil prices, especially in the eastern provinces. Something more may well be required. This is a further matter I will raise at the meeting of first ministers.

So far as any future change in domestic prices is concerned, I want to make clear that the government feels that there will be a national interest to be considered and protected. We will not be prepared to acquiesce in any situation in which windfall profits accrue to private corporations simply because of unusual and unpredictable circumstances of shortage created by major world producers for political and economic reasons of their own. Nor do we feel that it would be fair or just to have any windfall financial benefits accrue only to the producing provinces, leaving all the rest of the people of Canada with nothing but the burdens. There is, in the view of the government, strong justification for a national share in any unforeseen benefits just as there is a national assumption of unexpected costs and losses.

For we must consider the national action and the national commitment that will be required in achieving the capacity for self-sufficiency which is our objective. The pipeline to the east and the rapid development of western oil resources will require very heavy investment.