

Adjournment Debate

organizations which the Government strove to put in business under the National Energy Program.

Ultimately, the major problem facing us today is the fact that the National Energy Program, as devised in 1980, is in a state of collapse. There is no doubt that Canadianization has gone ahead, as the Minister correctly pointed out the other day. Nevertheless, in the present economic circumstances, those companies are in the greatest jeopardy, carrying as they do larger debt loads and dealing with areas of the country, especially Canada lands, where the costs of operation are extremely high. Therefore, those companies are in danger of losing their activities while, in fact, the major multinational corporations, the ones that we tried to deal with, are in a much stronger position in relation to Canadian companies.

The conservation effort has certainly moved ahead, and structural changes have occurred in the economy. However, on the other side of the coin, we are confronted with a severe cutback in the use of energy because of the recession, and the recession does not reflect the true need for appropriate sources of energy.

The next problem, of course, concerns Government revenues and the collapse of the National Energy Program. The federal Government moved ahead in an attempt to concentrate on one single industrial sector, which was probably the greatest single failing of the federal Government. It was a quick cash grab. We have seen the projected revenues drop from \$65 billion down to approximately \$30 billion, and continuing to drop to \$20 billion. In fact, the projections for economic growth and for revenue sharing by the federal Government certainly depict a very difficult situation.

The National Energy Program as it related to economic growth between now and the end of the century was based exclusively on megaprojects which have all gone down the drain. Again, there has been a tremendous failing, not only of the national energy policy but also of our economic policy, or lack of one.

The question with which we are dealing is an integral part of the National Energy Program which has gone amok, and a made-in-Canada oil price is what we have basically considered, and it will have to be maintained. It is a fact that Canadians, if given a slightly beneficial price in relation to the world price of oil, would gain the advantage. There would be an acceleration in economic recovery which would improve the entire country.

The last aspect of the collapse of the National Energy Program which we are attempting to address tonight concerns the agreements between the producing and consuming Provinces. We are in a state of absolute turmoil. Recent events between the Government of Canada and the Government of Newfoundland have been of tremendous concern to the people of Canada and to the people of Newfoundland. The federal Government's role in that process has been less than honourable, I would suggest. Further, a wedge must not be driven between Alberta and Canada. It is very necessary to resolve the problems arising in an attempt to come to an agreement

with the Province of Newfoundland in a fair and equitable way.

• (1825)

I think that the sixth point is the necessity of reaching agreements that will develop a unity of purpose between the producing Province and the consuming Provinces, with representation from the federal Government, is vitally important, and the fact that it matters not whether the federal Government is able to exercise jurisdiction through the courts. Ultimately the caring and sharing and the fair approach of the National Energy Program which was outlined in that basic document is not being displayed or adhered to by the federal Government. What we see on the part of the federal Government, particularly in the Newfoundland agreement, is a failure to take into account the needs of certain regions in this country for some control over the pacing and nature of development that occurs there, within the greater context of energy security for Canada as a whole.

Mr. Garnet M. Bloomfield (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, 18 months ago today an agreement was signed between the Government of Canada and the Province of Alberta which established the basis for our current petroleum pricing policy. This policy is that the world price is paid for oil imported into Canada and for newly discovered oil from domestic sources, while a maximum of 75 per cent of the world price is paid for oil produced in Canada that was discovered several years ago. The pricing mechanism administered by the government provides for a blending of these prices and, consequently, the Canadian price of petroleum products paid by consumers is always lower than the international price.

To encourage greater use of our abundant natural gas resources, our pricing policy includes a provision whereby the price of natural gas in the market is determined at Toronto in a 65 per cent price relationship with oil. The prices of oil and gas also strongly influence the prices of electrical energy and other energy sources and, consequently, our entire energy price structure is established at highly competitive levels in relation to energy prices in other countries.

• (1830)

The Hon. Member for Comox-Powell River (Mr. Skelly) in this House on February 22 stated that the U.S. price of gasoline was only 95 cents a gallon whereas the price in Canada is \$2 or more a gallon. Even if one makes the generous assumption that he was expressing the U.S. price in terms of the U.S. dollar and the American gallon, and comparing it with the Canadian price in imperial gallons, his apples and oranges comparison is still in error. The fact is that Canadian and U.S. gasoline prices are not greatly different on an average basis. Where Canadian gasoline prices do exceed those south of the border, it is largely due to higher provincial Government taxes in relation to state taxes in the U.S. Heating oil prices in Canada are considerably lower than U.S. heating