

Adjournment Debate

position, and the direction in which the minister was heading.

Since the beginning of the exercise on consensus, we believed that if we were able to develop an agreement setting the right balance to be struck, it would be in the common interest of us all. We entered into these discussions with an open mind receptive to new ideas. We refused to be stampeded into rash and ill-considered action, and did not want any hard and fast agreement but one that would be fair to all and which would bring inflation down to acceptable levels.

Once again I commend a very careful reading of the speech on budget night, and I am more and more convinced that either the hon. member has not read it or he chose to put upon it the interpretation that suited his own argument. If I can give the hon. member one suggestion tonight, it would be that he carefully re-read the budget speech.

ENERGY—OIL—BASIS FOR CALCULATING LENGTH OF DELAY
BEFORE INCREASING PRICE

Mr. Cyril Symes (Sault Ste. Marie): Madam Speaker, on July 16 I asked the Minister of Energy, Mines and Resources (Mr. Macdonald) two questions relating to the oil price increase in Canada. The first was how he proposed to monitor the oil price increase, and he explained that a federal agency would do so and that if any oil companies overcharged they would face a reduction in their oil compensation payment. By way of supplementary I asked how the federal government arrived at the delay of 45 days, until August 15, in the increase of the price, whereas the province of Ontario has calculated that the oil companies would not be justified in increasing the price of oil in that province until some time in early or mid-October. It is the latter question I should like to pursue.

The federal government has allowed the multinational oil companies in Canada, which control 90 per cent of our oil resources, to hit the consumers of this country with a further \$1.50 increase in the price of a barrel of oil. But the federal government has said that because these oil companies have a certain amount of oil in storage, they would be required to delay increasing the price for some 45 days, or until August 15. The figure of 45 days is a national average of the amount of oil in stock across the country at the old price of \$6.50 a barrel. Studies have shown that the amount of oil available varies from province to province. The province of Ontario has calculated that it has enough oil to last 90 days, not 45. That is 90 days' supply of oil at the old price of \$6.50 a barrel, not \$8 a barrel.

I draw to the attention of the House that the last oil price increase occurred in April, 1974, and there was a similar 45 day delay until the middle of May. We now know that in Ontario on April 1, 1974, there were 46.3 million barrels of oil on hand, or enough to last not 45 days but 95 days. But the federal government asked the oil companies to delay increasing the price for only 45 days. This brought about a windfall profit to the oil companies in Ontario in 1974 of some \$61.8 million. This profit came to the oil companies because they did not have to extend the delay past 45 days. Ontario consumers, therefore, paid

[Mr. Cullen.]

dearly for this miscalculation on the part of the federal government.

On July 1, 1975, we had a similar increase, to come into effect on August 15. The figures I have indicated that as of July 1 there were on hand in the province of Ontario some 49.8 million barrels of oil at the old price of \$6.50 a barrel, or enough for some 90 days.

The federal and provincial governments let the oil companies get away with windfall profits in Ontario last year by insisting only upon a 45 day delay in the price increase. Circumstances have now changed. The Ontario Conservatives are facing a fall election, and because of pressure by the NDP in the provincial legislature and the exposure of these figures I have just related, the province of Ontario has extended the 45 day freeze to 90 days.

● (2210)

Now we read in the newspapers that Imperial Oil, the largest oil company, is saying that if the province does extend the freeze to 90 days it will then increase the price per gallon of gasoline not five cents a gallon, as will every other company, but some eight cents a gallon or higher, after the 90 days are up.

Where is federal government leadership on this issue of the freeze? Why does the federal government not do an inventory of individual oil companies in each province, and if there is more oil, say in Ontario than in Saskatchewan, it would seem logical that there be a longer delay in the province of Ontario than elsewhere? As it is now, the oil companies that got us into this crisis will be able to get away with the 45-day national average.

The minister said in reply to my first question on July 16 that if the oil companies do not conform to federal guidelines the federal government will penalize them by reducing oil compensation payments. Imperial Oil has thrown out a direct challenge to the federal government by stating it will increase the price of a gallon of gasoline by more than the federal guideline of five cents a gallon after the 90-day provincial freeze has expired. My question to the parliamentary secretary is: will the federal government allow Imperial Oil to raise prices higher than the federal guideline of five cents after the 90-day freeze in Ontario expires?

Mr. Maurice Foster (Parliamentary Secretary to the Minister of Energy, Mines and Resources): Madam Speaker, in reply to the question of the hon. member for Sault Ste. Marie (Mr. Symes) concerning the delay in the implementation of the oil price increase to allow for oil inventory at the time of the increase, let me say that the government has again this year had to deal with the difficult question of inventory treatment in a situation of rising oil prices. There are significant variances in inventory levels regionally; by product and by company. Some companies have no inventories. Particularly in import-dependent areas it is in the national interest that the industry should hold large inventories from a security of supply point of view.

Generally speaking, the largest inventories are held by the major companies. As the hon. member has pointed out, many of the large companies with large inventories are located in Ontario, and thus the Ontario government was