

Alberta, by a policy decision, has chosen not to issue the orders in council authorizing those additional supplies of natural gas until it is satisfied that Alberta gas generally is being sold at satisfactory prices.

Up to the present time, that has not been a major constraint on the gas companies or users in Canada, but there is some anticipation, particularly on the part of TransCanada, that unless further gas supplies are authorized in the relatively near future, there will indeed be a constraint on meeting further Canadian demand for gas during the coming winter. Therefore, we are faced with the risk of shortages this coming winter, not for any practical reasons in the reservoir but because of a political decision taken by the Alberta government.

The position of the government of Canada is that if we can agree on an appropriate level of domestic gas pricing in Canada, then we would be entitled to look to the government of Alberta at the same time to lift its embargo on gas for its traditional customers in the other parts of Canada. The discussions that are going to take place between federal representatives and the provinces will cover both the question of pricing formula and making additional supplies available.

The third of the major questions in regard to domestic oil pricing is one that has a national impact beyond the area in which Canadian oil is used in that it affects all ten provinces. Therefore, any discussions of this kind would not be confined, as the natural gas discussion would be, to the producing province and its four principal customers but would relate to all provinces. There is really no time constraint involved here. For example, there is no fixed date, unlike the November 1 date with respect to natural gas, by which or in advance of which a government decision has to be reached. Indeed, Premier Lougheed has indicated, and he repeated again in a television broadcast this past weekend, that he sees no need from his standpoint for any increase in the oil price while meaningful discussions are taking place in this regard.

Therefore, we will seek to undertake such discussions both with the producers and with the consumers to see whether we can arrive at some agreement that all will find acceptable within the current state of the economy. The Prime Minister has indicated that our effort would be toward continuing to get a consensus, as we attempted to do so at the meeting just past and as we achieved last year. This will be our first objective.

On the other hand, Mr. Chairman, I noticed that Premier Blakeney of Saskatchewan has indicated that he will be seeking a price increase per barrel of \$2.50, although in the press report that I saw there was no indication as to the time constraint he was seeking. My hope is that he will withhold action of this kind until we can arrive at some agreement; but under the present state of the law, of course, if he chooses to increase the price there is no action that the federal government can take to prevent it from coming about.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** Mr. Chairman, may I ask a question at this point? Did the ministers agree at the conference last week that the agreement that was reached on May 27 last year regarding \$6.50 per barrel would hold until the end of June? Do I take it

### *Oil and Petroleum*

that no producing province is likely to alter the price prior to the termination date of the voluntary agreement entered into last year?

**Mr. Macdonald (Rosedale):** I cannot be sure of that, Mr. Chairman. The question really was not narrowed down in this regard. I am not sure what the intention of Saskatchewan is, but I hope it will not be to take any action either prior to the determination of a national consensus or, conversely, until it is certain that no agreement can be arrived at between the consuming and the producing provinces.

The Prime Minister indicated to the premiers, and he repeated again for the public media, that while under this particular bill we are seeking authority from parliament for, in effect, setting a ceiling on prices, a ceiling, in my estimation, somewhat below the increase of \$2.50 per barrel that Premier Blakeney referred to, we will not take that authority unless there is a breakdown in the kind of consensus we have arrived at. While we will be seeking the authority under this particular bill to have that right after proclamation, we will not be proclaiming the parts of the bill dealing with the setting of prices of oil and natural gas without agreement until there is failure to come to an agreement by the consensus procedure to which I have referred.

To sum up, in response to the request for the hon. member for Peace River, the discussion will proceed to deal with the export price of gas in regard to which there is perhaps less interprovincial or federal-provincial disagreement than a technical problem to be overcome in redistributing the proceeds. From there we will proceed to the question of natural gas pricing, in regard to which there is a rather sharp difference of opinion between the producing and consuming provinces. We will then move on to the question of oil pricing as the third matter in time, with regard to which there has been rather less insistence on a strict timetable than there has been with the other two questions.

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The government, through my officials, through the National Energy Board and, in due course, with the participation of our provincial counterparts, will seek to achieve the kind of agreement to which the Prime Minister referred. If it cannot be achieved, if there is a breakdown in discussions and we find we cannot reach a general agreement which meets the general economic interest and the interest of the producing provinces, then the federal government, as Premier Davis indicated we should, will implement the authority provided by this bill and seek to determine a price for the Canadian market at levels which will be acceptable from the standpoint of the Canadian economy without being unduly unfair to the interests of producing provinces.

**Mr. Stanfield:** Without being unduly unfair?

**Mr. Macdonald (Rosedale):** The Leader of the Opposition takes exception to my phrase. I ought to have said that we will take action which will not be unfair to the producing provinces. We hope that the agreement will not break down. If it does, then, as Premier Davis indicated,