

Natural Gas Pricing

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, for the past ten years Canada has been exporting more than half of its oil and gas supplies despite the fact that our new discoveries were not sufficient to replace these rapidly depleting resources. Even more serious is the fact that we have been selling these commodities at a price which was ridiculously low. The government took steps last year to deal with the oil situation by setting an export price, and it is now in the process of phasing out our exports of oil.

With respect to natural gas, we have been moving at a very slow pace indeed. On January 1, the minister announced the price of \$1 per thousand cubic feet. Now the National Energy Board has recommended a figure of \$1.60 per thousand cubic feet. The minister has apparently acceded to the request of the American delegation which visited this city a week or two ago and has decided to phase in this price by moving to \$1.40 on August 1 and then to \$1.60 on November 1.

Personally, Mr. Speaker, I agree with the National Energy Board. I see no reason for phasing in the increase, but if the minister feels he can establish better relations by doing so, then I will not raise any strenuous objection. I think, however, it should be pointed out to those who feel that we Canadians are seeking to exploit our American neighbours with regard to this very crucial energy supply by raising the price at this time, that they should keep in mind two things. First, that even \$1.60 per thousand cubic feet is less than the price at which some United States gas is being sold in the United States. I am informed that some of the Texas gas is being sold at a price as high as \$2 per thousand cubic feet. It should also be remembered that our gas reserves are running out very rapidly and that the replacement of those reserves will mean frontier supplies will be needed, which will cost a great deal more than the price we are securing for this gas we are now exporting.

I am glad the government has finally acted on this matter. I have felt for a long time that both the government and the National Energy Board have not acted expeditiously both with respect to the price at which we were selling natural gas and the amount that we were exporting. For years we have sold Canadian gas to the United States at a price lower in some instances than we were charging Canadian consumers. I hope the next thing the government will do will be to consider whether we can continue to send large quantities of gas to the United States in view of our domestic situation. I recognize the difficulty of cutting down exports of gas, but under the National Energy Board Act the board has power to amend, alter or rescind any of the gas contracts. I think this is a situation to which the government ought to be giving some consideration.

However, I am glad the minister has acted and that we are now going to have a price that is certainly more relative to the cost of other fuels in the United States. It will also mean that the price at which we are selling gas to the United States will at least bear a fair relationship to the price we are charging Canadian consumers.

[Mr. Gillies.]

● (1510)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have just been through the very important statement to the House by the Minister of Energy, Mines and Resources dealing with the price of natural gas.

I think the new policy as stated by the minister is in keeping with the National Energy Board's report, which mainly aims at bringing prices level with the price of crude oil on major Canadian market as well as increasing export prices.

It is perfectly normal, when we export a commodity to the United States or elsewhere, that prices should be at least the same as prices to Canadian consumers. And I think the minister's statement is a step in that direction.

At first sight, an increase in the prices looks acceptable. However, we shall have to be careful that it does not entail an excessive increase in the cost of some Canadian commodities, which manufacturers need in their production processes. We shall have to be very careful in that respect too.

Constitutionally, natural resources come under the jurisdiction of provinces. Revenues should therefore benefit provinces. In a confederated land like ours, when the central government assumes its responsibilities, especially with respect to exports, which fall under its jurisdiction, if we can take advantage of our natural gas exports to the United States, I hope Canada as a whole will benefit from those exports, because we shall obviously derive some benefit. Provinces which are not as richly endowed in that respect will have to be granted some sort of compensation through the equalization payment system.

I feel we have an obligation to make sure producers benefit from that, as the minister stated, so that there be an incentive to increase production and research efforts, first to cover our needs and also to meet our export commitments. The minister on the other hand will have to make sure there is no company profiteering at the expense of Canadian consumers.

The minister anticipates this new price policy will bring extra revenues in the order of \$583 million. That is a significant amount. I hope these expected extra revenues will help the Minister of Finance (Mr. Turner). It appears he is experiencing great difficulty in the final preparation of his budget to be tabled this month.

[*English*]

Mr. Speaker: Order, please. The statement of the minister was extremely brief and it would perhaps have taken extreme discipline to limit opposition spokesmen to anything like the same length of time. However, opposition statements were a good deal longer than the minister's statement, understandably so in the circumstances. That fact, coupled with the fact that quite frankly there is no substantial disagreement with the basic principle of the statement, leads me to the opinion that I ought to put a rather strong limitation on the questioning. I would, therefore, propose to recognize two members of the Official Opposition, one member of the New Democratic Party and one member of the Cr ditiste Party for questions.