

Adjournment Debate

[English]

ENERGY—REASON FOR FAILURE TO SUBSIDIZE COST OF ELECTRICITY IN ATLANTIC REGION

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, in answering my questions on the failure of the federal government to subsidize increasing costs of electricity in the Atlantic region, especially Nova Scotia, the Minister of Energy, Mines and Resources (Mr. Gillespie) claimed that his department has to consider not only the present prices of imported oil but also the future increases. He said to me that his department has to look at the whole question in terms of a longer period "than the period to which the hon. gentleman referred".

In my first question I had dealt with the fact that a surplus of funds that were intended to be used by the federal government for oil import subsidies is allowed to increase quarter by quarter, month by month, and day by day. Part of our so-called energy policy includes an oil import compensation scheme whereby the federal government compensates oil companies for the higher cost of imported oil in return for their undertaking to sell oil at the Canadian wellhead price.

The funds for this purpose come from the export tax on oil and petroleum products, as well as the proceeds of a ten cents a gallon excise tax which was brought in last year. In my question I noted that the surplus for the third quarter of 1976 was a little less than \$100 million.

The picture for the first three quarters of 1976 looks like this. In the first quarter the oil export tax was \$812 million, in the second quarter \$820 million, and in the third quarter \$542 million. The gasoline excise tax in the first quarter was \$510 million, as it was in the second and third quarters. The oil import subsidy in the first quarter was \$1,268 million, in the second quarter \$1,188 million, and in the third quarter \$958 million. The surplus in the first quarter was \$54 million, in the second quarter \$142 million, and in the third quarter \$94 million. We are now in the fourth quarter. The quoted surplus shows that indeed there is a significant amount that can be paid out to Nova Scotia in order to help low income and middle income power users in that province.

The minister is arguing that there might be an increase by the cartel of the oil producing export countries next year and that time dimension has to be considered. We agree with him to some extent and we know that there is a strong possibility that there will be an OPEC oil price increase of at least 5 to 10 per cent in the new year. I wanted a guarantee though that any surplus that would still be in that fund would go to help offset future needs of the provinces of Nova Scotia and Prince Edward Island, especially, at least for the next three to four years until they get their energy program, including the use of more Cape Breton coal and their new rate structure and their conservation program into full swing. The surplus figures I have read show that the moneys are already available for a special subsidy for next year in any case.

● (2220)

The minister, once again in answering my questions refers to the fact that the federal government will have provided very close to \$1 billion to Atlantic Canada to offset the increases in oil prices. Now, the minister has used this figure in the House before and I have challenged him, as I do again, to prove this figure because the figure really relates, as far as I can find out, to all of the area east of the Ottawa Valley, which is the dividing line for the oil import compensation subsidy, and includes a good deal of the province of Quebec. If this is not the case, let the minister tell us so unequivocally tonight, but as of this date I consider the minister to be deceiving the people of Canada, deliberately or otherwise, when he keeps referring to this \$1 billion figure as having been the compensation for Atlantic Canada alone, since the province of Quebec is valued, to some extent, in that figure.

The minister has further said in one of his answers to me that an automatic increase in the equalization arrangements entered into by the federal government and the province of Nova Scotia, including an automatic increase in equalization this year, can be applied to offset the oil price increase. Again the automatic increase he refers to is, I think, in the neighbourhood of \$10 million. But surely the minister, in taking this interpretation of how the equalization grant increase might be applied in Nova Scotia, is grossly misinterpreting the meaning behind the equalization grants.

These equalization revenues, which are raised by taxation from all Canadian taxpayers, including corporations, come out of the general revenues of the Government of Canada. They were meant, and are still meant, to provide for such fundamental services as education, social services, and health care. The idea was that these services would be much more inferior in the lower income provinces without these equalization grants. Thus they were meant to guarantee that in respect to these services there would be no second class citizens in the Canadian confederation. To ask, at a time when the federal government is reducing its cost sharing agreements on health and hospital care, and when these and education demands are needed in the low income regions, that any automatic increases in the equalization grants be put towards decreasing power costs is, to my mind, a very serious distortion of the meaning of equalization.

The minister should know that one of the most important characteristics of the equalization of revenues notion under our Canadian federal setup is that equalization is a non-conditional transfer. In other words, the federal government cannot, and does not, have any say in the use of those funds for special emergencies such as the increase in power costs.

The minister has, time and again in this House, brought up the fact that the Premier of Nova Scotia has refused to allow him to make public their submission to his department in seeking a special subsidy arrangement. We, who represent Nova Scotia constituencies in this federal House, find it very difficult also to accept why Mr. Regan does not allow this to be made public. We were indeed shocked to find out recently on the Wreck Cove power project in Nova Scotia that the