

price, for petroleum products everywhere in Canada. This included the eastern part of the country which is still dependent on imported oil. To do this the government has been paying hundreds of millions of dollars in public funds to the oil importing companies to compensate them, in effect, for the difference between the price they say they are paying to the oil importing countries and the lower national price they are allowed to charge here.

Madam Speaker, the oil industry all over the world is organized on a multinational basis. Those multinational companies that dominate the oil industry in the United States are the same ones that dominate the industry here, or at least they control the firms that dominate our oil industry.

In light of these two factors, whatever auditing program the government had been carrying out prior to the disclosure of the American investigations, once their existence had become public one would have thought that the government would have wanted to contact the American authorities to see if any information they had obtained so far might be of significance in Canada. One would have thought the government would have taken a close look at its own auditing program to make certain it was adequate in light of the American investigations. Has the government done this? Has it been in touch with the American authorities to see if any information they have obtained might be relevant to the Canadian situation? The press reports of the American investigation indicate hundreds of customs inspectors are checking over customs invoices in dozens of American ports. How many personnel in comparison have been carrying out a Canadian program? I understand the numbers involved here are relatively few.

How complete, how thorough, how frequent has this Canadian government audit been? Have government auditors looked only at a small sample of the customs invoices of importing companies and their other books and records, or has it been a very complete and thorough investigation similar to that now apparently being carried out in the United States?

The press recently reported that because of a loophole in the legislation authorizing our oil compensation program, companies importing oil from the Middle East are entitled to compensation which is not only higher than that paid for imports from Venezuela but is even higher than the difference in price between Venezuelan and Middle Eastern oil. In other words, even though Middle Eastern oil costs only 35 cents per barrel more to import to Montreal than Venezuelan oil, the government pays importers of Middle Eastern crude \$1.35 per barrel more than importers of Venezuelan crude.

According to a report in the *Globe and Mail*, during the past year the proportion of oil reported as being imported from Venezuela has dropped from 60 per cent to 40 per cent and the proportion reported as being imported from the Middle East has risen from 40 per cent to 60 per cent. Is all this oil supposedly imported from the Middle East actually from there? What assurance can the government give that there are no unscrupulous importers bringing in oil which is actually from Venezuela but who are claiming the higher \$1.35 per barrel compensation on the basis that the oil is from the Middle East?

Adjournment Debate

I raised my question during the question period and I am raising it again during this adjournment debate so the government will have the opportunity to give the Canadian people the full assurances I think they want, that their interests are being fully protected and that there are no unscrupulous elements in the oil industry, and in particular, in the oil importing community who are unjustly profiting at their expense in this matter through being in receipt of public funds to which they are not properly entitled.

Mr. Maurice Foster (Parliamentary Secretary to Minister of Energy, Mines and Resources): In replying to the question by the hon. member for Windsor West (Mr. Gray), Madam Speaker, I want to assure him that the government has a very extensive system of auditing the records of companies receiving funds under the compensation program which provides a one-price system for crude oil in this country. This system of auditing the books, records and invoices of the companies has been approved by the Auditor General.

Each Canadian claimant of compensation has to declare that his books are subject to examination and that he will repay any amount to which he is not entitled. The auditing program involves an examination of the documentation which includes customs B-3 and M-1 invoices, ships manifests, bills of lading and suppliers' invoices. There is also a check of voyage times, comparative quality of loading and discharged crude, the amounts requested and discharged. All of these examinations are performed first by the shareholders' auditors, by the Energy Supplies Allocation Board which now operates the compensation program, by the Audit Services Bureau, and by the Auditor General's office.

This procedure, as I mentioned earlier, was approved by the Auditor General in his 1974 report at pages 71 and 72. I believe we do have an effective system for auditing and checking the records of those receiving compensation under this program.

AIR TRANSPORT—CRASH OF DC3 AT RIMOUSKI—REPORT ALLEGING NON-COMPLIANCE WITH REGULATIONS

Mr. Dan McKenzie (Winnipeg South Centre): Madam Speaker, with regard to the MOT Report on an aircraft accident involving a DC3 at Rimouski, Quebec, on May 24, 1973, the MOT just recently released this document covering the fatal crash which took four lives. This report is a matter of grave concern and is certainly very damaging in so far as the Ministry of Transport is concerned. In its findings it is stated:

The pilot-in-command did not follow the approved company procedures during the operation.

The pilot-in-command descended below the authorized instrument approach minimum altitude at Rimouski.

The supernumerary pilot (third pilot, occupying the copilot's seat), was not qualified on the aircraft type.

The carrier did not comply with the Ministry of Transport standards in pilot training, dispatch, flight watch, and operational control as specified in Air Navigation Order VII, No. 2.