

Government report explains heating oil supply problems

The heating oil supply problems and increased prices experienced by retailers and consumers in Quebec and parts of eastern Ontario in February resulted from operating problems at a number of oil refineries combined with abnormally cold weather, according to a recently released report by the Department of Energy, Mines and Resources.

The investigation into heating oil supply problems in Eastern Canada was ordered last March following concern that refiners might misuse their dominant supply position at that critical time to squeeze out resellers.

The investigation found that inventory levels at the beginning of 1979 were not high enough to compensate for unforeseen operating problems at the Montreal refineries of Gulf, Shell, Imperial and

Texaco which reduced heating oil supplies by 1.2 million barrels and for February temperatures which were 15 per cent below normal for 20 consecutive days.

However, the refiners affected, and other members of the industry, made substantial efforts to alleviate the potentially serious impact of the temporary product shortages on their reseller customers and on the consumer, said the report.

The investigation also revealed that independent fuel oil resellers whose product supplies were subject to allocation suffered operating inconveniences and some extraordinary transportation costs, but no major product shortage. All resellers experienced substantial price increases over a relatively short period.

The report recommended that:

- The Department of Energy, Mines and Resources should not issue a price guideline at this time. However, it should regularly review the market share of independent resellers and terminal operators and obtain information on margins available to independent resellers.
- Refiners should better explain their pricing and supply policies to independent resellers, and terminal operators should enter sales agreements only to the extent that their product supply requirements have been assured.
- Because the fluctuations in inventory levels and unexpected breakdowns which occurred this past winter may occur again, the National Energy Board should consider making export licences for heating oil dependent on specific supply conditions prevailing at the time of shipment rather than only at the time of the granting of the licence.

News briefs

Brigadier-General Claude LaFrance, 50, commander of 10 Tactical Air Group in St. Hubert, Quebec, has been promoted to major-general and appointed deputy chief of staff, plans, NORAD headquarters, Colorado Springs has announced. In addition Colonel David Wightman, 47, commander of the aerospace engineering and testing establishment Canadian Forces Base, Cold Lake, Alberta, has been promoted to brigadier-general and becomes chief, NATO airborne early warning program management agency, Brunssum, the Netherlands, the Department of National Defence has announced.

The Export Development Corporation has concluded an arrangement with the Banque Nationale pour le Développement Economique du Maroc (BNDE), on behalf of the Kingdom of Morocco, for the use of a \$200-million line of credit

for the procurement in Canada of Canadian goods and services by Moroccan companies.

Federal payments to provincial and municipal governments will reach an estimated 11.2 billion dollars in fiscal year 1979-80, approximately 22 per cent of the estimated total budgetary expenditures of the Federal Government, according to a report released by Minister of State for Federal-Provincial Relations William Jarvis.

Under an agreement between Dome Petroleum Limited of Calgary and Mesa Petroleum Company of Amarillo, Texas, the former will acquire Mesa's Canadian oil and gas properties and related facilities and equipment. Mesa will receive \$200 million in cash and short term interest bearing notes at closing plus a \$440-million interest bearing term-royalty on the producing properties. Mesa will retain a 12.5 per cent gross overriding royalty interest in the undeveloped properties, consisting of about 1.2 million net acres.

The Bank of Montreal has announced that William D. Mulholland, its president and chief executive officer, was named vice-chairman of the supervisory board of Allgemeine Deutsche Credit-Anstalt of Frankfurt at the German bank's annual meeting. The Bank of Montreal recently acquired a 25.1 per cent interest in Deutsche Credit from Norddeutsche Landesbank of Hannover, West Germany, with

an option to produce an additional 25 per cent. The Bank of Montreal also announced J.A. Horton, London-based vice-president of its Europe, Middle East and Africa division, was elected a member of the Deutsche-Credit supervisory board. The bank is also locating a senior management team in Frankfurt headed by senior vice-president C.T.V. Arentschildt.

The Nova Scotia Government will use a new expense monitoring system to reduce 1978's \$55 million-\$75 million deficit to \$17.6 million in 1979, provincial Finance Minister Matheson has announced. A revised control system using computers, which will be in place by April 1980, will enable the Finance Department to monitor all programs and departments on a monthly, weekly or daily basis.

William Valliere believes any animal's life should be saved — even if it means giving mouth-to-mouth resuscitation to a skunk. A Toronto woman recently saw a family of skunks under a veranda and called the Toronto Humane Society, which referred her to Mr. Valliere the founder of the Sanctuary for Endangered Animals. "We flooded them out with a garden hose," Mr. Valliere explained. But the last baby skunk to surrender to the water appeared to be dead. I applied mouth-to-mouth resuscitation for about 20 minutes," he said, adding that even the ten-day-old kit had the familiar aroma.

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