

ince of Quebec and any other part of Canada dependent upon imported crude will pay a higher price for petroleum products than those from the Ottawa Valley west in the event of the international price of oil rising as is generally expected?

Mr. Macdonald (Rosedale): Mr. Speaker, the problem that we were dealing with in the freeze was the fact that each month there has been an increase in the price west of the Borden line. In August there had been an increase of 40 cents and there would have been a further increase in the price of crude of 40 cents but for the restraint imposed and the indication that we would establish a control mechanism. If there is an increase in the international price, in due course that would find itself into the refined product. The hon. gentleman will recall that at least at the moment the price offshore is below that in western Canada.

OIL EXPORT TAX—DISPOSITION OF REVENUE—REASONS FOR POSSIBLE INCREASE NEXT JANUARY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, while congratulating the minister on taking the first steps toward introducing a two-price system, may I ask him for some clarification regarding his announcement yesterday and the decision of the National Energy Board to impose a 40 cents per barrel levy on crude oil exported from Canada. What disposition will be made of this revenue which I believe is estimated at some \$15 million a month? Will any part of it be turned over to the oil-producing provinces? Will it go into a special fund? Has the minister any—

Mr. Speaker: Order, please. Perhaps the hon. member might allow the minister to reply to the question at this point.

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, I should indicate that every month the National Energy Board has, of course, been faced with the responsibility of determining what is a just and reasonable price for Canadian crude sold in the American market. Previously it was able to give a certificate that the price was just and reasonable because the single price applicable to both Canadian use and American export products had been increased each month. Of course, with the restraint the price has not been increased in Canada and this is the reason for the board refusing to issue licences. The intention would be that the difference of 40 cents as of October 1 would go into the public treasury. Very obviously, the producing provinces, particularly Alberta, are very much interested in the disposition of that 40 cents. That was one of the questions that was much discussed yesterday when I met the Alberta minister. I expect to be seeing him and his colleagues in the first month of October to get their further comments on the general proposal.

Mr. Douglas: Mr. Speaker, I have a supplementary regarding the statement attributed to the minister yesterday in which he said that when the present freeze on crude oil prices has expired on January 30, 1974, it is expected that the domestic price will rise to bring it more into line with the international price. I want to ask the

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minister what this decision is based on. Is it based on a study of the cost of production or is it merely raising the price in order to satisfy the demands of the major oil companies?

Mr. Macdonald (Rosedale): Mr. Speaker, the assumption would be that we would move from the situation of pricing Canadian crude using a Chicago basing point to using a Montreal basing point. That is to say, crude oil for sale in Canada would be priced in reference to overseas crude landed at Montreal. As I indicated to the Leader of the Opposition, of course there is no indication necessarily that the price will go up. I think the specific question from the journalist that I answered was that if the price at Montreal did go up, would this affect the whole market and I said if we used a Montreal basing price at that time of course it would.

[*Translation*]

Mr. Speaker: Does the hon. member for Champlain wish to ask a supplementary question?

Mr. Matte: Yes, Mr. Speaker.

[*English*]

Mr. Speaker: Perhaps the Chair might first recognize the hon. member for Nanaimo-Cowichan-The Islands on his supplementary and then the hon. member for Champlain.

Mr. Douglas: In view of the Prime Minister's statement that the government is considering a control mechanism which would either be an export tax or a national oil marketing board, may I ask the government if the decision taken yesterday means that the government has decided that the control mechanism will be an export tax, or may we hope that he has not ruled out the possibility of an oil marketing board for Canada?

Mr. Macdonald (Rosedale): Mr. Speaker, the advantage of an export tax is that in purely legislative drafting terms it is rather simpler to achieve at the moment than a marketing board. I would not rule out the possibility of an export tax first to be followed by a marketing board in due course.

[*Translation*]

INQUIRY RESPECTING QUEBEC'S POSITION ON FREEZING OF OIL PRICE AND PROPOSED PIPELINE EXTENSION TO MONTREAL

Mr. René Matte (Champlain): Mr. Speaker, I should like to ask the Minister of Energy, Mines and Resources whether he received from the Quebec government an official notice of approval or disapproval about his recent statement concerning discount prices of oil, and also if he received an official notice of disapproval about the proposed construction of a pipeline to Quebec province.

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Yes, Mr. Speaker, we have been meeting the representatives of the province of Quebec today and the talks are continuing this afternoon. At this point, discussions tend to consider the two sides of the projects into greater detail.