

● (1500)

[English]

**ENERGY**

## TABLING OF NATIONAL ENERGY BOARD REPORT ON EXPORT PRICING OF NATURAL GAS

**Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources):** Mr. Speaker, pursuant to Standing Order 41(2), and preparatory to a statement that I will be making under the next item, I should like to lay on the table copies, in both official languages, of the report of the National Energy Board on the export pricing of natural gas, dated March, 1975.

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**TEXTILE AND CLOTHING BOARD**

## TABLING OF INTERIM REPORT ON MEN'S SUITS IMPORTED FROM REPUBLIC OF KOREA

**Hon. Alastair Gillespie (Minister of Industry, Trade and Commerce):** Mr. Speaker, pursuant to Standing Order 41(2), I am tabling, in both official languages, copies of the interim report by the Textile and Clothing Board respecting men's suits imported from the Republic of Korea.

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**ENERGY**

## STATEMENT ON GOVERNMENT'S DECISION REGARDING PRICING OF NATURAL GAS EXPORTS

**Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources):** Mr. Speaker, I wish to advise the House of the government's decision regarding the pricing of natural gas exports. Acting on the advice of the National Energy Board, and in keeping with our policy of phasing natural gas prices to their commodity value in relation to competing fuels, the border price of export gas, with a few exceptions, will be set at \$1.60 per thousand cubic feet on November 1 of this year. We will phase towards that level by establishing a price of \$1.40 per thousand cubic feet on August 1. The exceptions I mentioned refer to one licence where the commodity value in that market area, in the board's opinion, will be reached at \$1.30 per thousand cubic feet; for a short-term shipment under special prices from Pan-Alberta; and for small quantities of winter peaking gas which are traditionally sold at higher prices.

The National Energy Board had recommended a border price of \$1.60. The government has decided on a phasing period to this level to help ease the impact in the export markets, especially those which are totally dependent on Canadian gas.

**Mr. James Gillies (Don Valley):** Mr. Speaker, we on this side of the House of course, welcome the statement of the minister to clarify some of the uncertainties that have been prevalent in this field for some time. I know the minister is aware of the fact that under the act establishing the National Energy Board in 1959, it was the policy of the Government of Canada at that time—a policy that has

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never really been specifically changed—that all our exports of natural materials and resources should be sold at a price on foreign markets certainly equivalent to the price on the domestic market, and that under the 105 per cent rule the products would be sold for 5 per cent higher than related commodities in the market to which they were going. We generally support that proposition which was brought in by the Conservative government at that time.

Since 1959, the National Energy Board has intervened in the pricing of exports in a way that has been favourable to many of the people who are buying our natural resources. Indeed, the announcement by the minister today merely means that we are extending once again to our neighbour—we do not, of course, oppose this—the opportunity to acquire our resources at attractive prices.

We support the proposition of staging. We think this is the proper approach and we appreciate the fact that the minister realizes, in this age of inflation and unemployment, that staging is a very important consideration. But we believe it is time the commodity value approach was followed in the pricing of many of our resources. The really critical question facing all Canadians and facing this government in the sale and the pricing of our resources is the fundamental question of assurance of supply, of being certain that we will have sufficient supply to meet our own needs and indeed to meet the needs of other countries to the extent that our own production is surplus to our own needs.

The question that the minister does not direct himself to in this statement, nor very directly in the press release that accompanied the statement, is how are the producers of natural gas going to be rewarded by these price changes? We have argued before, and we still contend, that the fundamental problem as far as resources in this country are concerned develops from the budgetary position taken by the government in the last budget some time ago. We hope that the Minister of Energy, Mines and Resources (Mr. Macdonald) will use all his strength and effort in the debate that goes forth on a new budget to make certain that adjustments are made in the tax system so that we have a policy that will encourage an increase in supply, which is the fundamental matter of concern to all Canadians as far as pricing and exports are concerned.

We also believe that the government must constantly bear in mind the fact that the producing provinces are making available a resource that is not renewable. We do not know what the reserves really are, but we hope that at some future time, certainly in the not too distant future, the government will move ahead and provide a *quid pro quo* to the producing provinces for making these resources available around the world at less than the world price.

On balance, Mr. Speaker, we welcome this statement. We believe that the introduction of certainty into this area is very important. We think that phasing is important, but we want to re-emphasize that until something is done in a budgetary way to make sure that supply will be increased, that the tax situation is altered so that producers can effectively operate, we will never come to a realistic solution of the problem of the production and sale of natural resources in this country.