

Allocation Board have been attempting to arrive at some amendment in the regulations for the purpose of making the system neutral with respect to the source of oil.

The judgment I am given from the department is that the differential has not so far led to a switch from Venezuelan to eastern hemisphere oil greater than that which would have occurred without the compensation to them. That is not to say that a switch has not occurred from Venezuelan to Middle East oil but, rather, that a switch had been anticipated from Venezuelan to Middle East if the events of a year or so ago had not occurred and if the compensation program had not occurred.

Mr. Douglas (Nanaimo-Cowichan-The Islands): In the minister's opinion, is that switch due to a lessening of supply in Venezuelan crude? Is that the reason for the switch?

Mr. Macdonald (Rosedale): Yes, Mr. Chairman. It is really a question of production cutbacks in that country which have occurred primarily because of conservation practices by the Venezuelan government. I think one could argue, however, that some of the more recent cutbacks have reflected the general OPEC policy of the desirability of cutting back production.

The amount of Venezuelan oil that is available has declined and Canadian imports are down proportionately. As I have indicated, we are working on this program that we hope will secure a proper balance of equity as between companies and overseas supply sources which could be implemented with minimal impact on the consumer of the product refined from imported crude oil. The Energy Supplies Allocation Board is the primary agency for this purpose. Rather than going further into this at the moment, I think it might be useful for members of the committee to address questions to members of the board, when they are before the committee on Thursday, regarding some of the complicated problems involved in moving from the existing system to what we hope is a more equitable one.

Mr. Douglas (Nanaimo-Cowichan-The Islands): That will be satisfactory, Mr. Chairman.

The Deputy Chairman: Shall clause 70 carry?

Clause agreed to.

Clause 71 agreed to.

On clause 72—*Application*.

Mr. Macdonald (Rosedale): Mr. Chairman, there is an amendment to this clause as well. The amendment would provide for the insertion of the words "in Canada" to qualify the importation of "petroleum into Canada for processing, consumption, sale or other use". This limits compensation to fuel for consumption in Canada and follows both the practice under the import compensation program and the actual wording of Bill C-18. Perhaps the Minister of Communications would move that one. I have another one as well.

Mr. Pelletier (Hochelaga) moved:

That Bill C-32 be amended by striking out line 34 on page 27 thereof and substituting therefor the following:

Oil and Petroleum

"other use in Canada is eligible under this division to"

The Deputy Chairman: Shall the amendment to clause 72 carry?

Amendment (Mr. Pelletier, Hochelaga) agreed to.

Mr. Macdonald (Rosedale): Mr. Chairman, I have a further amendment to clause 72(2) which is required merely because of the time that has elapsed since the bill came before the House. The amendment is in the following terms:

That Bill C-32 be amended by striking out line 10 on page 28 thereof and by substituting therefor the following:

"lendar year 1974 and the first half of the calendar year 1975, and has or have given"

Again, the Minister of Communications would move that one.

Mr. Pelletier (Hochelaga): I so move.

Amendment (Mr. Pelletier, Hochelaga) agreed to.

Clause as amended agreed to.

Clause 73 agreed to.

On clause 74—*Time of payment of compensation*.

Mr. Macdonald (Rosedale): Mr. Chairman, I have an amendment to clause 74 further to the one that was previously circulated. It will cover both the substance of the previous amendment and a further amendment. It is as follows:

That Bill C-32 be amended by:

(a) striking out line 35 on page 28 thereof and by substituting therefor the following:

"Canada before the occurrence of the later";

(b) striking out lines 39 to 44, inclusive on page 28 thereof and by substituting therefor the following:

"leum under the purchase arrangements; and"; and

(c) striking out line 1 on page 29 thereof and by substituting therefor the following:

"(b) the date the petroleum was delivered,"

Mr. Pelletier (Hochelaga): I so move.

Mr. Macdonald (Rosedale): I am sure the significance of the amendment will immediately strike all members.

Amendment (Mr. Pelletier, Hochelaga) agreed to.

Clause as amended agreed to.

Clauses 75 and 76 agreed to.

On clause 77—*Regulations*.

Mr. Macdonald (Rosedale): Mr. Chairman, I have an amendment which would allow the designation of derivatives of both crude oil and natural gasoline or condensates as petroleum products, much along the lines noted earlier with respect to Canadian source crude in the context of the oil export charge. As hon. members will recall, there are some circumstances in which liquid petroleum products are produced in connection with natural gas and used as feedstock. This would permit compensation to be paid for this purpose.

The Minister of Communications, who has much concern about this matter, proposes an amendment as follows: