

Oral Questions

An hon. Member: That's what he said.

Mr. Macdonald (Rosedale): Exactly, Mr. Speaker.

Mr. Stanfield: Then why didn't you say it?

Mr. Macdonald (Rosedale): It is exactly as has happened with regard to the eastern market.

Mr. Stanfield: Why didn't you say it?

Mr. Macdonald (Rosedale): Well, I did say it.

Mr. Stanfield: You did not.

OIL—INCREASE IN EXPORT TAX—GOVERNMENT
DISPOSITION OF ADDITIONAL REVENUE—INTRODUCTION
OF ENABLING LEGISLATION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct my question to the Minister of Energy, Mines and Resources. In view of the fact it is now some time since he announced an export tax on crude oil, and the government is already collecting that tax, I should like to ask two questions. How soon does the minister intend to introduce legislation to give legislative support to the action he is taking and give the House the particulars on which that action is based? Also, is he prepared tonight to give an indication to the oil producing provinces of his intentions regarding the disposition of the revenue which is to be received from this tax? The increase announced today, of course, means a great deal more money, and it seems to me the provinces are entitled to know the minister's intentions.

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, on the latter point, the intention is the same as I indicated initially to the province of Alberta on September 13, that we would be prepared to make good to the province the revenue which otherwise would have accrued to it, not by way of an increase in selling price to the United States; from the increase it would have got if the market as a whole had gone up. I have said that before in the House and to provincial representatives and it remains the federal position.

As to the balance of the question, we feel it is in the general interest of Canadians that the financial assets created by this windfall, in large part from action of the federal government, which would have gone entirely into the accounts of non-Canadian owned corporations should go toward the development of additional energy resources in Canada, particularly in those provinces which are now producing this resource.

Mr. Douglas: Mr. Speaker, would the minister be prepared to pay the provinces an amount related to the royalties they would have obtained had the Chicago rates been obtained at the wellhead? Does this apply equally to the price of domestic oil which, of course, is frozen and which would also have risen to the Chicago price had price ceilings and restraints not been imposed?

Mr. Macdonald (Rosedale): Yes, Sir. We would put the provinces in the revenue position which they determined

[Mr. Stanfield.]

to be fair from the standpoint of royalties which would have prevailed had the higher price prevailed throughout, whoever their customers might have been.

● (2110)

Mr. Douglas: Mr. Speaker, the minister said, and I agree with him, that there is a great deal of merit in seeing that part of this revenue goes into developing oil production in Canada to meet our future needs. Is the government making any proposals to the oil producing provinces indicating its willingness to take the balance of the money over and above what it pays the provinces in return for their royalties for the development of, for instance, the oil sands or the heavy oil in the Lloydminster area?

Mr. Macdonald (Rosedale): Yes, Mr. Speaker. We have talked both at the western conference and since then with the provinces with regard to the very heavy investment job which has to be done, for example, in defining the nature of the resource in the Athabasca oil sands and also in defining or establishing if there are better methods for lifting the heavy oil not only at Cold Lake but in the Lloydminster area, which applies to both Alberta and Saskatchewan. We have also talked with the government of Saskatchewan in this regard which has a very active interest regarding some of the additional levels in some of the fields they have in production now. So we have had discussions in this regard. I think it would be very fruitful, not only from the standpoint of these provinces but from the standpoint of Canadians generally, that these assets be put to work for Canadians generally and for the inhabitants of those provinces.

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[Translation]

POSSIBLE INCREASE IN PRICE OF PETROLEUM
PRODUCTS—INQUIRY AS TO STUDY

Mr. Gilles Caouette (Charlevoix): Mr. Speaker, I have a supplementary for the Minister of Energy, Mines and Resources.

Since he informs us that the refineries of eastern Canada which get their crude oil supplies from international markets will probably be allowed in the near future to hike again their prices according to the oil import costs, has a study been made to determine approximately how important the rise will be in October and November and whether the figure of 6 cents a gallon quoted by newsmen can be said to be realistic?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, in my comments I talked about \$1 a barrel, I think, as regards the possible increases for November. Divided by 35, the figure means for that month a possible increment of almost 3 cents a gallon.

Mr. André Fortin (Lotbinière): Mr. Speaker, I have a supplementary for the hon. Minister of Energy, Mines and Resources about a problem peculiar to the area located east of the Borden line.