

Oil and Petroleum

I do not know how quickly the minister wants the other powers under this legislation. I imagine he needs them, for instance, in respect of compensation payments. However, he might give some thought to either of the alternatives I have suggested. He could take out the mandatory provisions, pass this legislation quickly and then later introduce a bill some time early in June. If the minister should find he cannot obtain any consensus, this might be a more efficient way to expedite the matter than by putting this bill through in its present form.

If the government has decided to raise the price, then I think there are some points which ought to be clarified. I do not think they were clarified by the minister's opening statement. There is no doubt concerning the government's intentions. The Prime Minister's opening statement to the first ministers' conference contained this comment:

So my colleagues in the government and I have come reluctantly to believe that the price of oil in Canada must go up—up towards the world price. It need not go all the way up. We should watch what happens to the world price and decide from year to year what we should do. But the price for the year beginning in July will have to be higher than it is now. How much higher we should discuss.

So, the government has made it perfectly clear that it thinks the price should rise. I was a little confused by the statement attributed to the Minister of Energy, Mines and Resources, although the press report may not be accurate, in which he said that it might not be necessary for the federal government unilaterally to set a price if he were convinced that the provinces would not unilaterally set a price. I was not clear about that.

I take it that the government has now committed itself to raising the price of crude oil at the end of June. I take it for granted that between now and the end of June the producing provinces will keep the commitment they made to adhere to the price of \$6.50 a barrel until June 30 this year, but we need to know now what will happen at the end of June in the event that the federal government and the producing provinces, or indeed all the provinces, are not able to reach a consensus. If the federal government is committed to raising the price, I think the federal government ought to give to the committee and to the Canadian people generally some idea of what increase it has in mind.

Much is made of Premier Blakeney having talked about an increase of \$2.50 a barrel. The minister said he thought it should be something less than that, so I make a guess that the minister probably has in mind \$2 a barrel. I think it would be helpful to the general discussion if we were dealing with something reasonably specific. The government does not make clear to the committee whether it endorses the suggestion of Saskatchewan in respect of \$2.50 or intends to satisfy Ontario by suggesting \$1.50. I realize there must be compromise, and I think the government should give us the target figure it has in mind.

However, from the point of view of this party, whatever the figure is, I hope there will be some explanation from the minister concerning the justification for reaching such a price at the end of June. Certainly, it cannot be on the basis of increased cost of operation. Certainly, it is not because the oil companies are hard up: the profits they have made during the last two years exceed the profits made by any other segment of our economy. In his television broadcast the other night, the minister stressed the

fact that there was a need for an increase in price because the oil industry needs more money for exploration.

I agree we would be justified in saying to the people of Canada that they will have to pay more for gasoline, for home heating fuel and for fuel to operate their farm machinery and fishing boats because the extra money they are being charged is to guarantee that they will have the wherewithal to heat their homes and run their cars, tractors and fishing boats ten years from now. However, I am not as optimistic as the minister when, according to press reports, he says he has received the assurance of the oil industry that any extra money it receives will be used for oil exploration. It certainly has not done so in the last few years. The price of oil has increased by about 120 per cent. Profits are at an all-time high, while exploration has gone down. In the last 12 months, 93 drilling rigs have left this country. What assurance do we have that any extra funds given to the oil industry will be used to find oil? It will go to finding oil, but will it go to finding oil in Canada? The multinational corporations will use their cash flow to look for oil in the North Sea, in the Middle East, in Brazil, in Venezuela or anywhere else where they have good opportunities.

• (1630)

If the Canadian people will pay \$2 or \$2.50 a barrel more than they are paying now—an increase which is totally unnecessary in order to meet operating costs—what assurance will they have that that money will be used in Canada to find oil supplies and additional gas reserves which will be used by the Canadian people? That is the question that the government must make clear to this committee and to the House. There can be no argument at all about any necessity for raising the price of crude oil in this country on any other basis than the fact that we need to find additional supplies for the years ahead.

The only way the Canadian people can be assured that the extra consumer price they pay will result in security of supply in the future is for the government and the producing provinces to control that extra amount of money and to see that it is used for exploration, rather than leaving it to the good intentions and tender mercies of the oil industry.

One of the ways in which the government could make it easier to work out some arrangement with the provinces to reach a consensus—which is what we are all hoping will happen—is for it to be prepared to review the measures with respect to resource taxation which it brought down in the last budget. It may be that the Minister of Finance, when he brings down his budget in the latter part of May, will be prepared to either drop the non-deductibility provision or at least to allow that 50 per cent of the royalties which an oil company or a resource company pays will be deductible for income tax purposes. Certainly, this is one of the areas which would help to bring about the consensus which is so badly needed.

I want to say a few words about the question of natural gas. The Minister of Energy, Mines and Resources, in his opening remarks to the first ministers' conference said the following:

The National Energy Board has recently completed its hearings and until we have its definitive view it is not possible to speak precisely.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]