In British Columbia several important studies are under way. The government of that province, in conjunction with Japanese interests, has been examining the possible application of South African liquefaction technology to the very large resource of low rank coal known to exist some 200 kilometres from Vancouver at Hat Creek. In northeastern B.C. our department is providing some measure of support to a study being undertaken by a consortium consisting of Westcoast Transmission, Petro-Canada and the British Columbia Resources Investment Corporation, together with some Japanese interests, who are looking at liquefaction processes applicable in that region of the province.

In Saskatchewan, which I am planning to visit tomorrow, a number of possibilities are currently being examined to determine how coal can be used in conjunction with the extraction and upgrading of the province's heavy oil resources.

Mr. Gurbin: On a point of order, Mr. Speaker. I wonder if the hon. member who is speaking would entertain a short question.

Mrs. Erola: Yes.

Mr. Gurbin: The hon. member has given information with regard to activities in the liquefaction of coal. Would this indicate that the government has made a decision that it would like to see Canada go into coal liquefaction in contrast to, perhaps, becoming involved with another tar sands plant?

Mrs. Erola: Mr. Speaker, it is not an either/or situation, it is both. My colleague, the Minister of Energy, Mines and Resources (Mr. Lalonde), has already addressed this problem. I believe he announced last fall that we would support coal liquefaction studies on a case by case basis, but certainly not in preference to oil sands projects. I would have thought that was very obvious to the hon. member.

I would now like to deal with Nova Scotia for a moment. A major feasibility study is now under way in Nova Scotia entitled Scotia liquid fuels project. The five partners in the study include Gulf and Nova from the private sector, the Cape Breton Development Corporation, Petro-Canada and Nova Coal from the Crown corporations. My department is participating actively in this study which involves the processing of a coal known to be readily soluble. One option of special interest in the latter study is the possibility of processing heavy oil and coal together using hydrogen derived from natural gas. We are hopeful that a fluidized bed combustion unit will be constructed at the adjoining facility of the Nova Scotia Power Corporation. We are examining the feasibility of using the waste product from the coal liquefaction plant as a fuel to power the plant itself.

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There is an existing refinery, not now in use, and should the coal processing option prove attractive at that site, we could see a number of facilities of this kind being built around the world. The important advantage of this project is that more modest quantities of coal, one to four million tons a year, could be processed into liquids without incurring the very high capital costs and the major risks involved in free standing coal liquefaction plants.

In Summerside, P.E.I., the construction of the atmospheric fluidized bed combustion heating plant has been annouced. The project will replace two obsolete heating boilers at the base with modern boilers that use a pioneer fluidized bed combustion process. In addition to providing a more efficient heating system for the base, the conversion will allow the system to burn a low-quality, high-sulphur coal while suppressing gaseous emissions of pollutants that cause acid rain.

The major advantage of fluidized bed combustion is that a wide variety of fuels can be used in an environmentally-acceptable manner. If limestone is added as a granular material, it reacts with the sulphur dioxide normally given off by coal burning, resulting in a substantial reduction of sulphur dioxide emissions which, as I mentioned a moment ago, is a major source of acid rain. Because combustion in these new boilers occurs at much lower temperatures than in conventional boilers, nitrogen oxide emissions are also reduced, and this is another major source of acid rain.

Therefore, I think it is obvious to members opposite that the government is moving ahead and that the Canadian people are aware of the fact. Canadians realize the situation that their federal government finds itself in, and the polls indicate that they support us in our movement.

Some hon. Members: Hear, hear!

Mrs. Erola: To listen to the rhetoric of the official opposition is to be lost in predictions and forecasts of gloom and doom. Far from their gloomy outlook, the realities of Canada today reflect a nation both strong and prosperous.

Some hon. Members: Hear, hear!

Mrs. Erola: The opposition would have Canadians believe that the economy is stagnant and that Canadians are a sorry lot. Well, I do not buy it, and the figures do not prove it. I want to take this opportunity to demonstrate that all is not gloom and doom, that on the contrary, this year is but a pause before an even greater period of growth.

In particular, I would like to share some insights as to where one of Canada's strongest industrial sectors is going. I would like to talk about an industry which gave Canada its greatest boom period in this century, an industrial sector which makes Canada the envy of the industrialized world, an industrial sector which will give Canada secure economic growth in the 1980s. I am, of course, talking about the Canadian mining industry, the minerals and metals sector.

Resources in general have proven to be Canada's strength throughout its short history and it would appear that resources will continue to be this nation's trump card in the worldwide game of international economics. By resources, in this case, I mean not only minerals and metals, but energy minerals, agricultural products, forestry, forestry products and our fisheries. World demand for all these resources is high and is