

Oil Substitution Act

upgraders and to learn some of the skills which were involved. By comparison with expenditures on oil exploration, the investment in the Canada Oil Substitution Program and the Canadian Home Insulation Program were vastly more productive in terms of the creation of jobs.

I am sure Hon. Members on the government side will say that I am suggesting that oil exploration should cease in Canada; far from it. We have to recognize that through such loopholes as superdepletion, the PetroCan presence in frontier areas and the subsidization and financing assistance given to some of the high rollers in that industry—which have now come a cropper—the federal Government was indeed heavily engaged in that area and certainly not to as good an effect as in the conservation programs which we debate today.

One of the things that concerns me most, and I believe should concern all Hon. Members of this House, is that the energy conservation and substitution industries in this country are being hit with a double-whammy by this Government. On the one hand, we have the elimination of the CHIP and COSP programs; on the other hand, what do we have in terms of the innovative alternative energy programs which were introduced during the last Government? We have the same picture, Mr. Speaker. We have the elimination of those programs so that those who are looking at this sector for their main means of employment and livelihood are going to find that the upgrading and retrofitting is being shrunk back and that it is far more difficult to get work in terms of alternate energy programs which were financed through the National Research Council.

I remember watching on television, I suppose, slightly over five years ago now, a former Minister of Finance of Canada saying that there was a necessity to inflict, or, shall we say, subject oneself to, short-term pain for long-term gain. By the elimination of the COSP and CHIP programs, we are indeed going to find ourselves in a position of accepting short-term gain for long-term pain. In my opinion, that is indicative of a reversal of policy by the Progressive Conservative Party over the years.

We must remember, after all, that oil is a finite resource; it isn't going to be there forever. We are taking it out of the ground and the more we take out the less there is left, no matter how fast we find it. We may indeed, Mr. Speaker, be reaching the end of what was known as the "elastic horizon". The observation was made as early as the 1930s in the U.S. Congress that every 10 years there was a cycle whereby the oil companies came to Congress and said that the reserves were running out and three years later the proven reserves had doubled. We have to recognize that, like the frog on the lily pad which doubles in area every second day, the lily pad will eventually cover the whole pond and the pool of Canadian oil reserves will eventually be depleted no matter how much is found through new exploration efforts. The National Energy Board, after all, predicts that production of conventional oil 20 years from now will have declined to 28 per cent of the current level.

● (1115)

Let us look at what that means. Does it mean, for example, that each of us is only going to do one quarter as much driving? Does it mean that we are going to heat our homes to an average of 45 degrees Fahrenheit instead of the average 68 degrees we heat them to today? Certainly there will be new oil discovered in the frontier areas and certainly we are going to see further technological advances in the upgrading of oil sands and heavy oil deposits, but in many cases the production costs of those resources are prohibitively high and they are located in highly environmentally-sensitive areas.

The Canadian Oil Substitution Program and the Canadian Home Insulation Program represented common sense investments by the Government in Canada's future energy security, and I think it would be a great shame if they were entirely eliminated. I would also like to mention a few of the effects of the deadlines set in the elimination of those programs. My belief is that those deadlines were set simply by a reference to a calendar and with very little consideration of what was going to happen to Canadians as a result. The deadline of March 31, 1985, for large parts of this country—not, of course, the most inhabited parts but the large geographical areas of this country where many Canadians live—means it would be impossible for a person to do in-ground installation and get in the program under the deadline. If that was a calculation on the part of the Government, and I hope it was not, then it was a cynical move.

I wonder, in looking at the elimination of this program, how much of it is owned to the pressure and influence of Canada's oil-producing provinces. I wonder if indeed we are seeing the effects of powerful interests in the Progressive Conservative Party which view conservation as a competitor for the resources which fill their slush—I am sorry, heritage—funds, and which give them the funds to make their governments go the way they want them to. We should look at evaluating the effect of the elimination of these programs on the world energy supply situation. The beauty, of course, of refined petroleum products as an energy source is their portability, their extreme flexibility. They cannot indefinitely or infinitely be substituted for by hydro-electric resources which this country is better endowed with. Thus the need to conserve them, because, after all, the countries which can supply the shortfall which Canada will inevitably have can also supply the shortfalls that other countries are experiencing, and which they may be better able to finance than Canada as we begin the 21st century.

● (1120)

There was no evaluation done on the Canadian Oil Substitution Program. There have been suggestions that middle and upper middle-income Canadians benefited disproportionately from this program. The figures indeed suggest that that is not the case. The total CHIP grant money given to low-income households was higher than that given to middle and high-income groups; 24.3 per cent of CHIP dollars were given to the 21.1 per cent of eligible home owners earning less than \$15,000 annually. Of course, when we consider the tax effects,