

requirements. It is for this reason, Mr. Speaker, that the bill provides for the extension of the mandatory allocation system to a full rationing program.

Before dealing with other aspects of the bill, Mr. Speaker, I would like to point out that the government's energy policy document tabled in this House in June 1973 had a number of important things to say in respect of the security of oil supply for eastern Canada. On page 121 of that document we find, and I quote:

In the past, the security of Canada's imported petroleum supply was not considered to be a problem in then prevailing conditions of world supply. However, the magnitude and nature of world oil operations are now such that traditional patterns of oil supply no longer have the same relevance.

In this decade, the Middle East will be the key in the balance of the supply and demand pattern. If the countries in that area which have the largest potential for increasing their output do so to the extent required, then a relatively stable world oil supply situation will pertain for the 1970's. If, however, even one of the very large exporters were to restrict its production for an extended period, a politically and economically unstable world oil situation would result. It is assumed that the impact on eastern Canada of an interruption of oil supply would be proportionate to the global diminution in the world trade in oil.

The last sentence which I read indicates that the present basis of the government's planning regarding the degree of curtailment of international oil deliveries was clearly set out in June of this year. The technical advisory committee has continued to reaffirm that this is an appropriate basis for planning in Canada.

If I might continue to quote from the same page of the energy policy document, Mr. Speaker:

A fourth outbreak of major Arab-Israeli hostilities is a possibility which cannot be ignored. The effects on world oil trade of such a development or other developments affecting the oil producing states, cannot be readily determined.

The United States oil industry has reached the stage where it is unable to expand its production significantly, at least in the short run.

The decline in oil discoveries in the traditional oil-producing areas in Canada and the decline in known reserves in these areas, are unlikely to be compensated for, in the short term, by the exploitation of sources in the Mackenzie Delta, the Arctic Islands or areas off the east coast.

In calculating the impact of a supply crisis on Canada, the assumption has been adopted that the impact on eastern Canada of an overseas supply interruption would be proportionate to the global dimensions in the world trade in oil. There are, of course, circumstances in which Canada might be proportionately better off or worse off than other oil importers.

● (1520)

It was factors such as those contained in the quotation I have just read from the energy policy document which led the government in early September to announce an intensive study of the question of the extension of the transportation system so as to make western crude oil available to Montreal. The government has now announced that it is its policy to see such a pipeline built in order that in future Canadian oil may be delivered on a continuing basis to Montreal and could, in an emergency, be delivered to Atlantic refiners.

There has been much discussion in recent days about the level of interruption in petroleum deliveries Canada is likely to experience. I have already indicated the difficulty, and indeed the hazard, of trying to guess that level.

### *Energy Supplies Emergency Act*

The far more important question is the level of interruption for which planning provision should be made. I have indicated the level recommended by the technical advisory committee. That level, and, indeed even a significantly higher level, would require appropriate action by the allocation board which the bill now before the House seeks to establish.

There is one aspect of this question of curtailment of overseas oil supplies which I believe requires serious thought by the House and by all Canadians. The Prime Minister (Mr. Trudeau) has referred to our assistance to the United States in its present time of crisis. There are others who are our friends and who could be in dire circumstances through oil shortages in a very few weeks. Some European nations may face curtailment amounting to as much as 70 per cent or 75 per cent of their heating oil during the depth of this winter. Those countries are our friends, as the Prime Minister has said, and friends help each other in times of crisis.

During the meeting which took place with the energy ministers of all the provinces in Toronto on November 23, I reviewed the general nature of the mandatory allocation program contained in the present bill. There was free discussion of these concepts with the provinces, both at that time and subsequently. The government has responded to a number of requests from the provinces and has made appropriate changes in the bill now before us. In this measure, the government is seeking authority to handle the present petroleum supply emergency, in any form it might take, over the coming months. No one knows the exact nature of this emergency, how deep it may go or how severe its impacts may be upon the various regions of Canada. Accordingly, the government has to be prudent by asking for sufficient authority to enable it to respond adequately and quickly as these fast moving events unfold. It is not the intention of the government to bring in controls applying to all products in all regions of Canada.

There is provision that alternative fuels and electricity can be administered by provincial authorities under appropriate agreements. In some instances use of these alternative fuels and electricity can make a positive contribution to easing the petroleum supply shortages. However, in other instances, due to limited transportation facilities, curtailment of the use of these alternate energy sources would bring little or no benefit to regions of Canada experiencing petroleum shortages. Thus it has seemed advisable to the government that these energy sources should remain under provincial control provided appropriate agreements can be worked out with the provincial governments.

In respect of petroleum products, it would be the intention of the government to have the Emergency Supplies Allocation Board establish a mandatory allocation program dealing with each product in short supply. This would only occur, of course, after the Governor-in-Council had by order stated that a national emergency existed by reason of actual or anticipated shortages of petroleum or disturbance in the petroleum markets affecting national security and the welfare and economic stability of Canada. The bill grants the allocation board power to make regulations subject to the approval of the Governor in Council