

Energy Supplies

At the federal-provincial conference on the economy held in October, 1978, the first ministers agreed on several points. Among those was energy about which they recognized that all regions of Canada had direct interest in achieving greater self-sufficiency in the field of energy and the early development of large projects, particularly in the areas of heavy oil, oil sands and hydroelectric power.

Since the beginning of 1979, Mr. Speaker, two events have shown the federal government has neither progressed toward self-sufficiency in energy nor seriously entertained the development of major projects, yet at the same time mortgaging the energy future of this country. The two events to which we are referring are these: the incident caused by the multinational Exxon and the introduction of emergency legislation, Bill C-48, that followed the National Energy Board report on natural gas in Canada. The first revealed the vulnerability of our foreign oil supplies while the second showed the fragility of our gas reserves. Today I want to shed light on those two events. In each case we want to describe the event, underline its significance, determine the role played by the federal government and come to a conclusion. We will also deal with the relationship between those two events which at first do not seem to have an apparent affinity. In short, we propose to show the results and the effects of the lack of planning by this government in the field of energy.

On February 28 last, the National Energy Board released its report on natural gas. The report, as many others, made the headlines and was forgotten. Yet it contained conclusions and recommendations likely to influence Canada's future and turn into an election issue for the Liberals during the coming campaign.

For the general public, which is not familiar with "ener-gese", the data and figures supplied by the report are of marginal interest. We shall therefore attempt to hold the debate in the vernacular while explaining the bearing of the report on the eve of an election. We shall dwell at greater length on the conclusions with regard to exporting our surpluses of natural gas and the eventual shortage of hydrocarbons.

The mandate of the National Energy Board is given on the first page of the report, and reads as follows:

To find out the views of the industries concerned, the provinces and general public on matters of supplies, demand and surpluses (of natural gas).

In order to do so, the members of the board undertook a 26-day flash-visit across Canada starting on October 11, 1978. They visited successively Calgary, Vancouver, Halifax, Quebec city and Ottawa. In all, the board received 89 briefs from both public and government organizations, and the gas industry. This industry submitted by far the greatest number of briefs.

We must first conclude that the board visited very few cities and in too short a time since it passed through five cities in 26 days. How could it really investigate all the pros and cons of

the issue? Moreover, only two relatively major groups truly defended the point of view of the public.

In the first place, the recommendations or conclusions of the board attempt to please everyone. In a few words, what it is saying is that there are exportable surpluses, but not as many as the industry would wish. We have schematized them, Mr. Speaker.

Canada has a natural gas surplus of two trillion cubic feet which could be exported over the next eight years. Second, proven remaining reserves in traditional areas amounted to 66.1 trillion cubic feet at the end of 1978, which represents an increase of 4.7 trillion cubic feet since 1976. Third, exports to the United States could be increased by 25 per cent. There could be natural gas shortages in Canada starting in 1992. The board anticipates that the opening of new markets in eastern Canada could represent about 180 billion cubic feet in 1990, providing this gas is competitively priced. Revenues of \$4.3 million a year from the sales of gas surpluses are expected during the next eight years. The demand for natural gas on existing markets will increase by about 3 per cent a year between 1978 and the year 2000.

The board is not infallible in its estimates, far from it! In its 1975 report, it came to three main conclusions about natural gas: first, the possibility of a natural gas shortage during the seventies; second, a restriction of exports to the United States, and third, a restriction in the expansion of the natural gas domestic market.

There has not been any gas shortage, exports to the United States have continued and only the conclusion concerning the restriction of the domestic market expansion has been proven valid.

With such a record, we must show some caution in accepting the conclusions contained in this report. We must admit that the task of estimating natural gas supplies and surpluses while attempting to predict eventual shortages is a rather risky and complex science. We kept reminding ourselves of that premise while we analysed the conclusions of the report. As we have already stated, such are the conclusions dealing with an exportable surplus of natural gas and with an eventual shortage which held our attention.

In reading that conclusion we realize that the board tried to sit on the fence. It tells us that two trillion cubic feet of natural gas could be exported to the United States, which is indeed only one-fifth of the demand made by the oil industry. Nevertheless the board mentions that there is a surplus. How can we explain that before February 28 last there was no exportable surplus and that overnight we have some?

Mr. Speaker, may I call it ten o'clock?