

Energy Supplies

Some hon. Members: Order, order.

The Acting Speaker (Mr. Ethier): Order, please. The hour appointed for private members' business having expired, I do now leave the chair until eight o'clock tonight.

At six o'clock the House took recess.

● (2000)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[English]

ENERGY SUPPLIES EMERGENCY ACT, 1979**MEASURE TO CONSERVE STOCKS**

The House resumed consideration of the motion of Mr. Gillespie that Bill C-42, to provide a means to conserve the supplies of energy within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, before the supper hour I dealt with the introductory part of my remarks, but perhaps just briefly to recap I should say that I dealt with the instability of the Iranian situation. I dealt with the fact that Iran, as the second largest OPEC producer, produced in the order of six million barrels a day, and that production has not been available to OPEC consumers since late December. Even though other OPEC producers have tried to make up part of that, they have not been able to make it all up; indeed, perhaps only about half of it.

● (2010)

The result of that in terms of world consumption is that there has been a drop in equivalent oil production of 5 per cent. That 5 per cent is not very far off the trigger mechanism of the International Energy Agency which prescribes the 7 per cent figure. In the event that the consumption by IEA members is forced back to a 7 per cent lower level compared to a year ago, then the trigger mechanism would be activated, which would involve an allocation system throughout the IEA nations.

I also said that Canada is a net importer and that we are dependent on imports of oil. We have been able to reduce our dependence in a number of ways, partly through the extension

[Mr. Roche.]

of the pipeline from Sarnia to Montreal which has reduced our dependence by 300,000 barrels a day, from 800,000 barrels a day down to 500,000 barrels a day. That 500,000 barrels a day figure, however, is still a significant dependency by eastern Canada and part of Quebec.

I commented on the fact that Petro-Canada has been very active in seeking additional sources of supply through arrangements with the Mexican national company and, as members know, Petro-Canada has been active in a number of other ways to ensure that Canada's dependence on foreign oil can be reduced. I refer to the activities of Petro-Canada during the past year, its acquisition of Pacific Petroleum Ltd., and the emphasis it has given to the heavy oils. There has also been a very substantial initiative by Husky in the development of heavy oil since it was taken over by the Alberta Gas Trunk Line. This ownership, this repatriation to Canada, would never have taken place had it not been for Petro-Canada.

I referred to the reason that we should act now, given the fact that the world oil situation is in an unpredictable situation and that one cannot be sure whether the Iranians will be able to repair production. Nor can one be sure of how other OPEC nations may react to the current crisis or what other events may intervene.

As the adjournment occurred, Mr. Speaker, I was introducing some of the powers of the new board. I was pointing out under the legislation before us that the allocation of powers which we are seeking would be invoked by the governor in council when, in his opinion, by reason of shortages or market disturbances, the national security, welfare, or the economic stability of Canada is affected to the point where in the national interest it is necessary to conserve our supplies of petroleum products.

I would like to deal briefly now with some of the duties of the board. In the event of an emergency being declared by the governor in council, it will be the board's job to implement a mandatory allocation program to assure sufficient supplies of oil products and their equitable distribution. This is provided in part I of the bill. This activity would include, among other things, designating the regions of Canada in which the program is to be implemented—if the whole country is not to be involved—specifying the petroleum products that are to be controlled, providing for systematic allocation of the controlled products on a priority basis, and setting up an appeal system to hear possible complaints.

Under the planning which has already been done, three degrees of priority are recognized. The first priority is category critical which deals, for example, with health services, security, and food products. The second priority is essential, which has to do with the manufacturing industry and employment. The final category is non-essential as, for example, leisure activities.

With respect to prices, this House will, of course, recognize that price control is a necessary concomitant of any allocation scheme. The board will therefore also be empowered to make regulations prescribing the price at which, or a range of prices within which, any controlled product may be sold. This author-