

The Address—Mr. Yewchuk

at a rate sufficient to meet Canada's needs on an interim and long term basis.

We have been hearing and reading much in the last few months about an energy crisis in the world. I think it is fair to say that insofar as the world is concerned this is not a myth, although insofar as Canada itself is concerned, from the short term point of view, there probably is not a crisis in terms of availability of energy but rather a crisis in terms of transport of it from producing areas to consumer areas. This is simply the result of government neglect over the past 10 years.

Because of the unique position that Canada occupies in that the tar sands are located in this country, the solution to foreseeable energy problems faced by North America will in large part involve major activities on the part of Canadians. The estimate of reserves of conventional oil in North America insofar as present liquid hydrocarbon reserves are concerned is that they are equivalent to approximately 10 to 12 years' supply.

As production capabilities from these sources decline, new sources must be developed at a rate which meets both the increasing consumption and the declining capacity of conventional reserves. While the minister, in his comments, touched briefly on his intentions as they may relate to the tar sands, he by no means indicated any kind of a long-term plan, or indeed any specific short-term or interim plan for federal government assistance or participation in the development. He stated that the government proposes to spend \$40 million on oil sands research technology and that this will permit full and rapid development of that resource. He also stated that a national petroleum company will be established which will, among other things, involve itself in the tar sands.

As far as I am concerned, both of these suggestions could be considered at best a feeble, airy-fairy effort to meet a problem which could be severe and acute in a fairly short period of time. I have no objection to a national petroleum company in principle in that it will fulfill a certain need which exists in this country, but I certainly cannot see it as the solution to our petroleum requirements for the future. Much more important to consider if we are serious about long-term planning is the encouragement of private enterprise as well. We know that without encouragement of private enterprise which is already in the business, serious shortages could develop rather quickly, since it could well be a decade or more before a national petroleum company could get its production on stream.

The world energy crisis has placed a strain on many countries but it has also had its beneficial effects, namely, the new price structures which have been forced by international and economic pressures. These price structures have had the effect of making it possible to undertake with greater vigor the development of some of the more difficult sources of petroleum, such as the tar sands in our country, because these developments are now economically feasible and economically attractive in the long term. With the old price structure, there was some question as to whether the tar sands development was economically viable. With today's price structure on the international scene, there is certainly no question about viability, although with the price structure within our own country

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still held at \$4 a barrel, economic viability is questionable unless the prices are allowed to rise at least 5 per cent per year for the next 25 years or so. With that kind of Price increase, there would presumably be sufficient return on the investment to make investment in the tar sands as attractive as in a number of other types of private enterprises.

While the Prime Minister (Mr. Trudeau) has said in the recent past that he would allow the price of crude to rise sufficiently to make tar sands development a more attractive area for private investment, we have yet had no clarification from the Prime Minister or the minister as to what the government envisages this level to be. A positive statement from the government at this time in this area would be useful in terms of removing some of the doubts that now exist as to the real economic prospects for interested developers.

While there are other potential sources of liquid hydrocarbons, such as the vast coal reserves, the oil shales in Colorado, Arctic oil and offshore sources, the most obvious known potential source for which the technology now exists is the Athabasca tar sands. This source consists of some 700 billion barrels of oil, of which 60 billion barrels are obtainable by surface mining and another 90 billion by presently known in situ techniques.

To encourage further research and development, the very progressive Progressive Conservative government of Alberta has announced a \$100 million fund for mining and other research to develop more effective techniques to increase the percentage of recovery of oil from the tar sands. With this research, if it bears fruit, it is expected that an additional 150 billion barrels could be removed, adding up to a total of 300 to 350 billion barrels removable out of the total deposit of 700 billion barrels.

As I mentioned before, the United States has a projected reserve supply of somewhere in the area of 10 to 12 years, while Canada has a prospect of 15 to 17 years supply. It is, therefore, rather urgent that our alternate sources be developed not only for fuel but because these hydrocarbons are also sources of raw material for the petrochemical industries, synthetic rubber, plastics of many kinds and organic chemicals which generally require vast amounts of hydrocarbons for which there is no substitute raw material. At the same time, we should be taking appropriate steps to ensure that producing provinces cease to be exporters of the raw materials only. We should ensure that more and more of the exports from the producing provinces are in the form of fully manufactured products. Since there is no substitute raw material available to these petrochemical industries we must use our depleting reserves prudently and ensure that, while development takes place, some thought is given to the needs of future generations. So, while the short-term need requires maximum achievable output, long term need dictates development in keeping with principles of conservation.

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The appropriate level of development, to judge from the rate at which tar sands development has been going on so far, is not likely to be reached in less than 15 or 20 years from now. The plant which is already in production began research on the tar sands in the 1950's, applied for a permit