

*Energy*

\$1.6 billion is being allocated for the oil conversion program which includes an improved distribution system for natural gas to ensure that Canadians across our country, whether they live in Quebec, the maritimes or on Vancouver Island, have the opportunity to utilize natural gas in their home heating so that we can further reduce our demand for imported oil.

Substitution of natural gas will also be encouraged by the fact that we are committed to a policy whereby natural gas will be held in price at two thirds of the oil energy equivalent. Canadians will have access to natural gas at 66⅔ per cent of the equivalent oil price, including those in eastern Canada where prices are being equalized to encourage households and businesses to switch to natural gas. As a percentage of oil prices, recent gas prices have been about 80 per cent of the oil equivalent. We are determined to bring them down to 66⅔ per cent by 1983.

Obviously producers of natural gas will benefit from this enlarged domestic market in Canada for their natural gas. They have experienced for some years, especially during 1980, the impact of a glut in natural gas. This has in turn brought about a reduction in exploration activities and in gas sales. We are eager to ensure partly through the expansion of the domestic market that their cash flow problems are further reduced.

In our energy policy the expanded role for Petro-Canada received special emphasis. Since coming to office we have taken measures to ensure that Petro-Canada, the national oil company, does play a greater role in the total energy picture. Since April, 1980, new funding of approximately \$80 million has been made available to Petro-Canada, and a capital spending program of \$900 million for 1981 is envisaged, compared with \$435 million in 1980. That expanded program of capital spending has been approved to ensure that Petro-Canada can accelerate its resource development activities throughout our country.

Additionally, as I have already noted, Petro-Canada has acquired the assets of Petrofina to provide further service to Canadians, to provide further opportunity for our state oil company to participate in the energy future which is so promising for our country. We look to that acquisition to parallel the earlier acquisitions of the Canadian assets of Atlantic Richfield and Pacific Petroleum to provide Canadians with a national oil company that will be visible and active in all aspects of the industry.

At the same time that we have sought the further expansion of our supply, we have emphasized in our program conservation and the promotion of alternate energy. Existing programs are being expanded, with the amount of \$1.2 billion being allocated for conservation and renewable energy initiatives. In particular, the Canadian Home Insulation Program, CHIP, which has now become so familiar to all Canadians, will be further increased to ensure that 70 per cent of Canadian homes are more adequately insulated by 1987.

In terms of renewable energy, in addition to the promotion of solar demonstration and biomass programs which were well under way prior to the National Energy Program, a new

alternate energy agency has been established in Winnipeg under the name of Canertech to accelerate the development and use of renewable energy. Our aim is that the contribution of such forms of energy to total energy demand will be doubled to 6 per cent by 1990.

I regret that the hon. member who immediately preceded me has since left the House, because in the course of his remarks he made reference not only to renewable energy generally but specifically to the question of federal support for tidal power research in Nova Scotia. I want the hon. member opposite to understand that the information he provided the House is not in accord with the facts. We remain willing to consider supporting an update of the Fundy tidal power study to the extent that that work meets the primary objective of oil conservation and substitution. We do not look for federal funding to be expended for extensive consideration of export opportunities, if that is what the hon. member had in mind. However, the export of surplus Fundy tidal output would certainly not be discouraged, provided it meets the normal criteria for export approval by the National Energy Board. With that brief digression I hope the hon. member opposite will rest assured that his fears are unwarranted.

● (1750)

We estimate that conservation and oil substitution measures will enable total domestic oil demand to be reduced, so that by 1990 we should be looking at a domestic supply situation of about 1.5 million barrels a day. In that connection hon. members would want to know that in the first four months of this year domestic oil demand was significantly lower in Canada—especially in eastern Canada—than it was last year. We are in fact consuming less oil today than we were a year ago.

It is my belief that the benefits of the measures I have touched upon in terms of conservation and substitution are beginning to appear. Indeed, that demand for oil had decreased substantially more than we had originally anticipated.

With regard to another major facet of the National Energy Program, that of Canadian ownership and control, we have set a target, which I think is now familiar to most Canadians, of 50 per cent Canadian ownership by 1990. That policy has consistently been supported in all provinces. It is one of the most popular aspects of the total National Energy Program. That fundamental change of direction in our petroleum sector is reflected in newspaper articles every day. I do not need to enumerate many examples, but an obvious one is the acquisition of Petrofina, to which I have already referred. Another is the creation of Dome Canada. Those are two examples which must now be well known to those who follow developments in the industry.

In addition, I draw the attention of hon. members to the substantial acquisitions involved in recent moves, such as the purchase by Canadians of CanDel, and of Hudson's Bay Oil and Gas. This has helped us to move forward in a dramatic