ing economic and employment ramifications"? I suppose I should now ask: Is it any wonder that your committee hears from witnesses who use the words "Fantasy Island" and "Disneyland" when describing both what is happening in Newfoundland and the attitude of the government in Ottawa?

When the Minister of Energy, Mines and Resources, Mr. Masse, appeared before the committee, he finally admitted that all might not be well. He stated: "It is up to us to discover the means of encouraging activities during the difficult period we are now facing." The disaster that was and is occurring on the east coast was now referred to as a "difficult period". Well, that was an advance. Furthermore, although Mr. Masse, in his statement, acknowledged that the government had a responsibility to help alleviate the problem, his words have not been followed by any action. Again, he stated, "It is up to us to discover the means of encouraging activities." But that was five months ago. After acknowledging its responsibilities, the government has apparently decided to abdicate them. No action has been taken to discover any means by which to encourage activities.

The question which must now be addressed is: What is to be done? Clearly something must be done, not only for the sake of the Canadian oil industry but also for the longer term security of Canada's energy needs. I know the deputy leader quite rightly used the words "energy security" and "energy supply", but there is nothing in the bill or in the policy that will bring that about, at least for the offshore.

Time and time again, concern was raised in the committee on security of supply. One oil analyst, Mr. Doig again, described how we are using our reserves faster than we are finding or creating new ones. Since 1976, our oil reserves have fallen by 6 per cent and American reserves have fallen by 22 per cent. The Alberta Energy Resources Conservation Board estimates that by the year 2010, Alberta's light and medium production will fall from 900,000 barrels per day to less than 100,000 barrels per day. As Mr. Doig pointed out in a brief submitted to the committee:

> Saving our bacon has been the growth of non-conventional reserves which now represents about one-third of the total. On the conventional side, we are only replacing seven barrels for every 10 barrels produced.

Honourable senators, it is clear that the government has turned its back on the growth of non-conventional reserves. Exploration in the offshore and the frontier regions is not a priority at all. Development of the Husky upgrader has been stalled. The government is content to live off the exploration gains made during previous administrations, all the while condemning them and letting the future somehow take care of itself. That is not a policy. That is an abdication of responsibility.

Others have been pointing out to the government what might be done. It is not up to me to prescribe the solutions, but it is certainly up to the government to tell us why it has not publicly addressed solutions which have been proposed.

In June of last year, the Standing Senate Committee on Energy and Natural Resources recommended loan guarantees for frontier oil projects and a floor price for both non-conventional oil production and for the first thousand barrels per day of conventional production for each Canadian producer. These recommendations were ignored by the government. In its earlier report of August, 1985, the same committee of this body recommended "that special incentives for both petroleum exploration and development on Canada Lands be established to encourage Canadian participants." That recommendation has not been acted upon by the Government of Canada.

More recently, on December 2, 1986, Mr. Art Price, president of Husky Oil Ltd., appeared before the House of Commons Committee on Energy and presented an innovative and interesting plan which immediately caught the imagination of the industry. Mr. Price began by noting that:

> The federal government is the only Canadian entity that can take steps that could temper the impacts of current low OPEC oil pricing policies on the Canadian economy and reduce the ability of OPEC to cause dramatic impacts through future pricing policies.

Honourable senators, I will not at the moment give expression to my views about OPEC and its role in the world economy. At another point I may. But Mr. Price certainly put his finger on a crucial problem existing in the world, namely, OPEC oil pricing policies, which are not intended in their formulation to assist the industrialized countries or the consumers of the industrialized countries, but are intended to increase long-term OPEC market power.

• (1550)

Any government or country which ignores the implications of OPEC pricing policies will live to regret it—but I will not go into that. I simply say that Mr. Price pinpointed the problem and proposed that the federal government enter into long-term contracts to buy oil at a specified price when it came on line some years in the future from major non-conventional sources.

Of course, we know that these sources include oil sands, Hibernia, the Beaufort Sea, and a floating production system on the Grand Banks. This proposal that was made in the House of Commons committee has many interesting aspects to it and should be examined. It was brought over three months ago, caused a stir in the industry, but the government has yet to respond officially.

It is regrettable that not only is the government unable to formulate new policies on its own, but it is also apparently incapable of evaluating and weighing the suggestions of others. The government is, in fact, acting as if Canada's needs will be met indefinitely by oil imported at less than $20 a barrel. That is simply not realistic. Unless we take action to ensure acceptable levels of future domestic production, we are inviting excessive and opportunistic future pricing by OPEC.

The government is pursuing a policy of non-intervention, a policy of no policy. It has introduced again this rather stale piece of legislation which is out of touch with current reality—